

INDIA MOTOR PARTS & ACCESSORIES LIMITED

IMPAL

2021 – 2022

68th ANNUAL REPORT

BOARD OF DIRECTORS

| | |
|-----------------------|---------------------------------|
| Sri S RAM | Chairman |
| Sri ANANTH RAMANUJAM | |
| Sri SRIVATS RAM | |
| Sri S PRASAD | |
| Sri RASESH R DOSHI | |
| Sri S VENKATESAN | |
| Sri T N P DURAI | |
| Ms SRIYA CHARI | |
| Sri N KRISHNAN | Managing Director |
| Sri MUKUND S RAGHAVAN | Deputy Managing Director |

COMMITTEES OF THE BOARD

Audit Committee

| | |
|-----------------------|-----------------|
| Sri S PRASAD | Chairman |
| Sri S VENKATESAN | |
| Sri RASESH R DOSHI | |
| Sri MUKUND S RAGHAVAN | |

Stakeholders Relationship Committee

| | |
|-----------------------|-----------------|
| Sri S VENKATESAN | Chairman |
| Sri ANANTH RAMANUJAM | |
| Sri MUKUND S RAGHAVAN | |

Nomination & Remuneration Committee

| | |
|------------------|-----------------|
| Sri S VENKATESAN | Chairman |
| Sri S RAM | |
| Sri S PRASAD | |

Corporate Social Responsibility Committee

| | |
|-----------------|-----------------|
| Sri T N P DURAI | Chairman |
| Ms SRIYA CHARI | |
| Sri S PRASAD | |
| Sri N KRISHNAN | |

Risk Management Committee

| | |
|-----------------------|-----------------|
| Sri N KRISHNAN | Chairman |
| Sri MUKUND S RAGHAVAN | |
| Sri RASESH R DOSHI | |
| Sri S RAMASUBRAMANIAN | |

CHIEF FINANCIAL OFFICER

Sri S RAMASUBRAMANIAN

COMPANY SECRETARY

Sri S KALYANARAMAN (Upto 31.05.2022)
Sri ADITYA SHARMA (From 01.06.2022)

EXECUTIVES

Sri L SRINIVASAN, Sr. Vice President (Marketing)
Sri P VENUGOPALAN, Vice President (Marketing)
Sri V KANNAN, Vice President (Marketing)

AUDITORS

M/S BRAHMAYYA & CO.
Chartered Accountants
48, Masilamani Road, Balaji Nagar,
Royapettah, Chennai – 600 014

SECRETARIAL AUDITORS

M/S DAMODARAN & ASSOCIATES
No.6, Appavoo Gramani 1st Street
Mandaveli, Chennai – 600 028

BANKERS

ICICI BANK LIMITED

REGISTERED & CORPORATE OFFICE

“Sundaram Towers” III Floor
#46, Whites Road, Chennai – 600 014
CIN: L65991TN1954PLC000958
Website: www.impal.net

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INDIA MOTOR PARTS & ACCESSORIES LIMITED

FINANCIAL HIGHLIGHTS

| Particulars | IGAAP | | | Ind AS | | | | |
|---|---------|---------|---------|---------|---------|---------|---------|----------------|
| | 2000-01 | 2010-11 | 2015-16 | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 |
| Share Capital (₹ In Crores) | 2.08 | 4.16 | 8.32 | 8.32 | 8.32 | 12.48 | 12.48 | 12.48 |
| Reserves & Surplus (₹ In Crores) (Refer Note No. 1 below) | 39.66 | 130.33 | 223.21 | 870.24 | 1001.55 | 922.73 | 1420.14 | 1210.04 |
| Net Worth (₹ In Crores) | 41.74 | 134.49 | 231.53 | 878.56 | 1009.87 | 935.21 | 1432.62 | 1222.52 |
| Sales (₹ In Crores) (Refer Note No. 2 below) | 178.93 | 427.99 | 500.60 | 474.62 | 510.17 | 517.06 | 516.73 | 626.27 |
| Profit Before Tax (₹ In Crores) | 10.40 | 41.54 | 37.86 | 43.65 | 57.08 | 60.02 | 65.49 | 71.31 |
| Profit After Tax (₹ In Crores) | 6.37 | 28.51 | 26.70 | 31.06 | 40.40 | 48.90 | 50.28 | 56.81 |
| Dividend % | 80 | 170 | 90 | 110 | 180 | 100 | 100 | 130 |
| Dividend Amount (₹ In Crores) | 1.66 | 7.07 | 7.48 | 9.15 | 14.97 | 12.48 | 12.48 | 16.22 |
| Earnings per Share (₹) | 30.63 | 68.55 | 32.10 | 37.34 | 48.57 | 39.18 | 40.28 | 45.52 |
| Book Value per Share (₹) | 200.67 | 323.32 | 278.30 | 1055.96 | 1213.79 | 749.37 | 1147.93 | 979.58 |

Note:

1. Reserves include impact of fair value of our investments.
2. Sales upto 30.6.2017 include incoming taxes of ED and CST estimated at 15%. In GST era, Sales figures are without incoming taxes.

BOARD'S REPORT

Your Directors are pleased to present the **68th Annual Report** together with Audited Accounts for the year ended 31st March, 2022. The summarized financial results of the Company are presented hereunder:

FINANCIAL HIGHLIGHTS: STANDALONE

(₹ in Crores)

| Particulars | 31.03.2022 | 31.03.2021 |
|--|---------------|------------|
| Profit before tax | 71.31 | 65.49 |
| Less: Provision for taxation (including deferred tax) | 14.50 | 15.21 |
| Profit after Tax | 56.81 | 50.28 |
| Add : Balance in P&L Account brought forward from previous year | 63.41 | 43.13 |
| Profit available for appropriation before dividend | 120.22 | 93.41 |
| Dividend for the year 2020-21 paid in September 2021 | 12.48 | - |
| Profit available for appropriation | 107.74 | 93.41 |
| Appropriations | | |
| Transfer to General Reserve | 0.00 | 30.00 |
| Dividend Proposed for the year 2021-22 | 16.22 | - |
| Surplus Balance in Profit & Loss Account | 91.52 | 63.41 |

Management Discussion and Analysis Report

The company achieved a sales of Rs.626.27 crores, during the year under review, a growth of approximately 21% over last year. Opening of new branches, in smaller towns with retail focus, helped your company to increase penetration in the market and improve sales. Commodity price inflation and its consequent effect on components, contributed partly to the increased sales value. During the difficult period of lockdowns and disruption in supplies, your company has been able to achieve sales during the year in spite of sporadic lockdowns in different parts of the country in the early part of the year.

In addition, strict monitoring of inventories and collection of outstanding enabled the company to withstand the periods of lockdowns without adversely affecting profits or cash flow.

Outlook:

We expect the trading conditions for the company will not be adversely affected to the extent it did last year, due to extended pandemic. We expect increased vaccination efforts, will enable better normalcy in the coming months.

Some manufacturers of passenger cars are planning to restrict their production due to supply chain constraints. This will result in passenger car customers deferring purchase of new vehicles and continue to maintain their old vehicles. This will help in demand for spares in passenger cars and light commercial vehicle segments.

The agricultural economy is expected to continue to grow with a normal monsoon.

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Investments:

In the last financial year, your company made investment in the shares of Brakes India Private Limited.

Dividend:

During the year under review the Company declared an interim dividend of Rs. 13/- Per share (130%) on the paid up capital of Rs.12.48 crores for the year 2021-22. The Dividend Distribution Policy is hosted website of the company– www.impal.net.

Subsidiary:

Our subsidiary CAPL Motor Parts Private Limited, had a good performance during the year under review. Its Accounts has been consolidated and forms part of the Consolidated Financial Statements. On a Standalone basis, CAPL Motor Parts Private Limited reported a turnover of Rs. 18.50 crores against Rs. 13.79 crores of the previous year 2020-21. During the year under review, CAPL Motor Parts Private Limited disbursed a dividend of Rs.1.20/- per share on the paid-up capital of Rs.5,00,00,000. Your Company has received a dividend of Rs. 54,00,000/- on its shareholdings.

Internal Control Systems:

The Company has adequate Internal Control Systems with appropriate policies and procedures covering all areas of operations commensurate with the size of its business. Company's Internal Audit Department monitors and evaluates the adequacy of internal control systems of the Company. Senior Management and Audit Committee periodically review the internal audit findings as well as the effectiveness of the internal control measures.

IT systems

The on-line application software hosted on a "cloud" environment with sufficient firewalls and safeguards built-in ensured 100% availability of data and access from remote locations. This has helped and is helping the Company to carry out its regular business without interruption even during pandemic disruptions.

Consolidated Financial Statements

In accordance with the provisions of Sections 129(3) of the Companies Act 2013, the Consolidated Financial Statements, drawn up in accordance with the applicable Accounting Standards, form part of the Annual Report.

A statement containing the salient features of the financial statement of the Subsidiaries and Associate Companies in **Form AOC-1** is provided in Annexure "A" forming part of this report.

The financial statements of the subsidiary M/s CAPL Motor Parts Private Limited is hosted in our website – www.impal.net

Board & Audit Committee

The details regarding number of Board meetings held during the financial year and composition of Audit Committee are furnished in Corporate Governance Report.

Risk Management

As statutorily required the Company constituted the Risk Management Committee, and had framed the Risk Management Policy. During the year 2 meetings were held.

Directors

Shareholders at the 67th Annual General Meeting held on 8th September, 2021 appointed Sri. Srivats Ram (DIN: 00063415) as Director effective, 08th March 2021.

Sri N Krishnan (DIN: 00041381) has been re-appointed as Managing Director for a further period of 3 years with effect from 5th July, 2022, subject to approval of the shareholders.

Sri Mukund S Raghavan (DIN: 03411396), Executive Director has been appointed as Deputy Managing Director for a period of 5 years with effect from 18th May, 2022, subject to approval of the shareholders. Sri Mukund S Raghavan is liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

All Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct approved and adopted by the Board of Directors.

The Company has received necessary declaration from each Independent Director of the Company under Section 149(7) of the Companies Act, 2013 that the Independent Directors of the Company meet the criteria of the Independence laid down in Section 149 (6) of the Companies Act, 2013.

Annual Board Evaluation

The Board has made a formal evaluation of its own performance and that of its committees and individual directors as required under Section 134(3) (p) of the Companies Act, 2013.

A Separate Meeting of Independent Directors was held during the year, in which the Independent Directors evaluated the performance of the Non-Independent Directors, the Board as a whole and the Chairman. The criteria for evaluation and the remuneration policy of the Company is attached vide Annexures "B" & "C".

Related Party Transactions

All Related Party Transactions that were entered into during the financial year were in the ordinary course of business and at arm's length. The Material Related Party transaction entered during the year in terms of Regulation 23 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, was approved by the shareholders in March, 2016 for entering into such transactions on a year to year basis.

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Since, the transaction is in the ordinary course of business and is at arm's length, disclosure in form AOC-2 is not required.

There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

The policy on Related Party Transactions as approved by the Board is available on the Company's Website www.impal.net/investor.htm

Corporate Social Responsibility

As part of its initiatives under Corporate Social Responsibility (CSR), the Company has contributed to various projects in the areas of Health, Education and Livelihood. Necessary details are provided in Annexure "D".

Business Responsibility Report

Business Responsibility Report is attached vide Annexure "E".

Secretarial Audit

The Report of the Secretarial Auditor is attached vide Annexure "F".

Disclosure under the Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act, 2013.

The Company has set up an Internal Complaints Committee (ICC) to redress complaints. No complaints were received during the year 2021-22.

Corporate Governance

A detailed report on corporate governance, is attached forming part of this report.

Auditors

Messrs. Brahmayya & Company, Chartered Accountants, Chennai (Firm Registration No.000511S), were appointed as Statutory Auditors of the Company from the conclusion of 63rd Annual General Meeting to 68th Annual General Meeting. The Audit Committee and the Board recommends appointing M/s Brahmayya & Co, Chartered Accountants Chennai, as the Auditors of the Company for an additional term of 5 years, from the conclusion of 68th Annual General Meeting upto the conclusion of 73rd Annual General Meeting. A certificate under Section 141 of the Companies Act, 2013 has been received from them. Accordingly, the subject for re-appointment of Auditors forms part of the Notice of the ensuing Annual General Meeting.

Comments on Auditors' report

There are no qualifications, reservations or adverse remarks or disclaimers made by the Statutory Auditors and the Secretarial Auditor in their reports respectively.

Extract of Annual Return

Annual Return in **Form MGT-7** is posted on the website of the Company at www.impal.net/investor.htm

Particulars of Employees

There is no employee, particulars of whom are to be furnished under Section 197 read with Rule 5 (2) (i) and (ii) :

- (i) & (ii) The ratio of average remuneration of Non-Whole Time Directors with that of the median remuneration of the employees for the financial year is 0.29 times and that of the Executive Director (inclusive of commission) is 60 times and Managing Director (inclusive of Commission) is 91 times.
- (iii) The number of permanent employees on the rolls of the Company as on 31st March 2022 is 826.
- (iv) Percentage increase in median remuneration of staff for the financial year, 9.88% for staff and 11.81% for Key Managerial Personnel.
- (v) The Company affirms that remuneration is as per the existing Remuneration Policy.

Statutory Statements

There are no material changes and commitments, affecting the financial position of the Company between the end of the financial year of the Company and the date of the report.

There are no significant material orders passed by the Regulators / Courts which impacts the going concern status of the Company and its future operations.

Your Company has no activity relating to conservation of energy or technology absorption. The Company did not have any foreign exchange earnings or outgo.

Your Company has not accepted any public deposits since 2002.

The Company has not given any loans or guarantees.

Investments made by the Company are part of the notes to the financial statements.

Directors' responsibility statement

As required under Section 134(5) of the Companies Act, 2013, your Directors state that:

- i) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- ii) the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at the end of the financial year ended 31st March, 2022, and the profit of the Company for that year;

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- iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) the Directors have prepared the annual accounts on a going concern basis and;
- v) the Directors have laid down adequate internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively;
- vi) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and such systems are adequate and are operating effectively.

Acknowledgement

Your Directors thank all our suppliers and customers for their continued support and co-operation during the year under review.

State Bank of India has been our bankers since inception of the Company until April 2022. Recent RBI regulations have imposed impediment to our Company in having banking arrangement with non-relationship bankers for transferring the proceeds of our collection from the branches to Head Office. Moreover, the Company has not utilized our CC limits for over 17 – 18 years excepting during the year 2020 for a few months on account of the pandemic. The Board wishes to place on record its appreciation and thank State Bank of India for their unstinted support for the last 67 years. We also take this opportunity to welcome our new bankers, ICICI Bank and would like to thank them for their support and assistance.

Your Directors place on record their appreciation for the commitment, initiative and excellent contribution of all the staff and executives of the Company.

On behalf of the Board of Directors

Place : Chennai
Date : 28th May, 2022

S Ram
Chairman

FORM NO. AOC - 1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014).

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A": Subsidiaries

| | |
|--|--------------------------------------|
| 1. Sl. No. | 1 |
| 2. Name of the Subsidiary | M/s.CAPL Motor Parts Private Limited |
| 3. Reporting period for the subsidiary concerned, if different from the holding company's reporting period | NA |
| 4. Reporting Currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries | NA |
| | ₹ in lakhs |
| 5. Share Capital | ₹ 500.00 |
| 6. Reserves & Surplus | ₹ 335.45 |
| 7. Total Assets | ₹ 1068.50 |
| 8. Total Liabilities | ₹ 233.05 |
| 9. Investments | ₹ 78.74 |
| 10. Turnover | ₹ 1850.45 |
| 11. Profit before Taxation | ₹ 165.20 |
| 12. Provision for Taxation | ₹ 42.67 |
| 13. Profit after Taxation | ₹ 122.53 |
| 14. Proposed Dividend | 12% (Interim Dividend – Paid) |
| 15. % of Shareholding | 90% |
| Notes: The following information shall be furnished at the end of the statement | |
| 1. Names of subsidiaries which are yet to commence operations | Not Applicable |
| 2. Names of subsidiaries which have been liquidated or sold during the year | Not Applicable |