

INDIA MOTOR PARTS & ACCESSORIES LIMITED

IMPAL

2022 - 2023

69th 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 VENKATESAN | Chairman (w.e.f. 19-05-2023) |
| Sri S PRASAD | Chairman (upto 19.05.2023) |
| 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 ADITYA SHARMA

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 | Ind AS | | | | | | | IGAAP | | |
|---|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| | 2022-23 | 2021-22 | 2020-21 | 2019-20 | 2018-19 | 2017-18 | 2016-17 | 2015-16 | 2014-15 | 2013-14 |
| Share Capital (₹ In Crores) | 12.48 | 12.48 | 12.48 | 12.48 | 8.32 | 8.32 | 8.32 | 8.32 | 8.32 | 8.32 |
| Reserves & Surplus (₹ In Crores) (Refer Note No. 1 below) | 1351.46 | 1210.04 | 1420.14 | 922.73 | 1001.55 | 870.24 | 739.02 | 223.21 | 205.52 | 188.52 |
| Net Worth (₹ In Crores) | 1363.94 | 1222.52 | 1432.62 | 935.21 | 1009.87 | 878.56 | 747.34 | 231.53 | 213.84 | 196.54 |
| Sales (₹ In Crores) (Refer Note No. 2 below) | 705.05 | 626.27 | 516.73 | 517.06 | 510.17 | 474.62 | 518.02 | 500.60 | 510.96 | 510.50 |
| Profit Before Tax (₹ In Crores) | 91.78 | 71.31 | 65.49 | 60.02 | 57.08 | 43.65 | 45.87 | 37.86 | 43.51 | 42.56 |
| Profit After Tax (₹ In Crores) | 73.67 | 56.81 | 50.28 | 48.90 | 40.40 | 31.06 | 32.14 | 26.70 | 31.00 | 29.55 |
| Dividend % | 240 | 130 | 100 | 100 | 180 | 110 | 110 | 90 | 140 | 90 |
| Dividend per share on a Face value of ₹10/- each (₹) | 24.00 | 13.00 | 10.00 | 10.00 | 18.00 | 11.00 | 11.00 | 9.00 | 14.00 | 9.00 |
| Dividend Amount (₹ In Crores) | 29.95 | 16.22 | 12.48 | 12.48 | 14.97 | 9.15 | 9.15 | 7.48 | 11.65 | 7.49 |
| Earnings per Share (₹) | 59.03 | 45.52 | 40.28 | 39.18 | 48.57 | 37.34 | 38.64 | 32.10 | 37.27 | 35.51 |
| Book Value per Share (₹) | 1092.90 | 979.58 | 1147.93 | 749.37 | 1213.79 | 1055.96 | 898.25 | 278.30 | 257.03 | 236.59 |

Note:

1. Reserves include impact of fair value of our investments.
2. Sales Figure 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 **69th Annual Report** together with Audited Accounts for the year ended 31st March 2023. The summarized financial results of the Company are presented hereunder:

FINANCIAL HIGHLIGHTS: STANDALONE

(₹ in Crores)

| Particulars | 31.03.2023 | 31.03.2022 |
|--|---------------|------------|
| Profit before tax | 91.78 | 71.31 |
| Less: Provision for taxation (including deferred tax) | 18.11 | 14.50 |
| Profit after Tax | 73.67 | 56.81 |
| Add : Balance in P&L Account brought forward from previous year | 107.74 | 63.41 |
| Profit available for appropriation | 181.41 | 120.22 |
| Appropriations: | | |
| - Dividend Paid | 27.46 | 12.48 |
| Surplus Balance in Profit & Loss Account | 153.95 | 107.74 |

Management Discussion and Analysis Report

Your Company has witnessed a 12.58% growth in sales turnover during the financial year 2022-23 with Sales of Rs. 705.05 Crore versus the Rs. 626.27 Crore of the previous year. Some of the growth came from increased prices of spare parts due to commodity price inflation. During the year under review, your Company has opened three new branches to improve its reach to its customers in the rural areas. We have also taken two additional product lines to augment sales volumes.

In the year 2021-22 (previous fiscal year), there was sporadic lock downs in the first quarter of that year. Consequent to that (low base effect), we recorded a significant growth of 59.14% in the corresponding quarter of the year under review. Our growth in the second half of the year under review was significantly affected by tightening of liquidity conditions in the market and softening of material prices.

During the year under review, other income of your company has grown to Rs. 30.38 Crores against Rs.15.27 Crores during the financial year 2021-22.

Outlook:

Cars and utility vehicle market is expected to maintain their higher level of sales during the year. The effect of this on replacement parts for older cars is to be watched.

Small Commercial Vehicle sales increased with demand from intra city delivery of consumer goods.

The bus segment, both institutional and intercity routes has been affected by prolonged covid spell.

Goods carrying medium and heavy commercial vehicles may stabilize at slightly higher levels with replacement of fleets.

We see more active participation of OEMs in the aftermarket spares. With higher interest costs and anticipated stability in commodity prices, parts dealers are likely to hold lower levels of parts inventory in the coming months of this year.

INDIA MOTOR PARTS & ACCESSORIES LIMITED

Investments:

Our Consolidated Financial Statements will reflect 100% of CAPL operations from this year onwards versus 90% captured in the prior years since we have acquired additional 10% stake from the erstwhile promoters.

Dividend:

Your Directors in January 2023 declared an interim dividend of Rs.9.00 per equity share (90%). Your Directors are pleased to recommend a final dividend of Rs.15.00 per equity share (150%), which, together with the interim dividend, aggregates to a total dividend of Rs. 24.00 per equity share (240%) on the paid-up share capital of Rs.12.48 crores. This will absorb a sum of Rs 29.95 Crores. The Dividend Distribution Policy is hosted on website of the company at <https://impal.net/pdf/Dividend%20Distribution%20Policy.pdf>

Subsidiary Company:

CAPL Motor Parts Private Limited has sales of Rs.18.64 Crore and profit after tax of Rs.1.44 Crore for the financial year 2022-23.

During the year under review the Board has approved the amalgamation of CAPL, a wholly owned subsidiary Company with IMPAL, subject to regulatory approvals.

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

Our company has an enterprise software system tailor-made for us by an US headquartered company. This organization has been providing this support in software and periodical migration to a new operating system as and when required for the past 20 years.

We have an inhouse IT department with dedicated personnel to keep this system in order at all times. This has been helping the Company to carry out its regular business without interruption.

Consolidated Financial Statements

Transenergy Private Limited

During the year under review, your company sold a part of its holding in Transenergy Private Limited. Consequent to this, with effect from 24th March, 2023 Transenergy Private Limited ceased to be an Associate of your Company.

A statement containing salient features of the Financial Statements of CAPL Motor Parts Private Limited, Wholly Owned Subsidiary in Form AOC-1 is provided in **Annexure "A"** forming part of this Report.

The Financial Statements of the Subsidiary 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 the Board and Audit Committee are furnished in Corporate Governance Report.

Risk Management

As statutorily required your Company constituted a Risk Management Committee, and framed a Risk Management Policy. During the year under review, 2 meetings were held. The role of the Risk Management Committee includes formulation of a detailed risk management policy and monitoring its implementation with periodic review of this policy etc.

Directors

During the year under review, the members of your Company vide resolution passed by Postal Ballot on 30th June, 2022, re-appointed Sri N Krishnan as Managing Director for a further period of 3 years with effect from 5th July, 2022 and appointed Sri Mukund S Raghavan as Deputy Managing Director for a period of 5 years with effect from 18th May, 2022.

Sri S Ram, Director 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 declarations 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 Independence as 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 are 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(s) entered during the year in terms of Regulation 23 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, was approved by the shareholders at the 68th Annual General Meeting held on 01st September, 2022. Since, these transactions are in the ordinary course of business and at arm's length, disclosure in form AOC-2 is not required.

INDIA MOTOR PARTS & ACCESSORIES LIMITED

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 at www.impal.net

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, Social Welfare and Art & Culture. Annual Report on CSR activities, containing necessary details is 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 under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. No complaints were received during the year 2022-23.

Corporate Governance

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

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.

Annual Return

Annual Return in Form MGT-7 is posted on the website of the Company at https://impal.net/pdf/DRAFT%20MGT-7%20ANNUAL%20RETURN_2022-23.pdf

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 0.51 times and that of the Deputy Managing Director (inclusive of commission) is 69 times and Managing Director (inclusive of Commission) is 101 times.

- (iii) The number of permanent employees on the rolls of the Company as on 31st March 2023 is 854.
- (iv) Percentage increase in median remuneration of staff for the financial year, 8.5% for staff and 15% 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.

The Statutory Auditors have not reported any incident of fraud to the Audit Committee of the Company during the year under review.

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, 2023, and the profit of the Company for that year;
- 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.

INDIA MOTOR PARTS & ACCESSORIES LIMITED

Acknowledgement

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

Your Directors also wish to thank ICICI Bank for its continued 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

S Ram

Chairman

DIN : 00018309

Place : Chennai

Date : 19th May, 2023

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 | 480.23 |
| 7. Total Assets | 1143.07 |
| 8. Total Liabilities | 162.84 |
| 9. Investments | 298.71 |
| 10. Turnover | 1864.04 |
| 11. Profit Before Taxation | 191.64 |
| 12. Provision for Taxation | 46.86 |
| 13. Profit After Taxation | 144.78 |
| 14. Proposed Dividend | NIL |
| 15. % of Shareholding | 100% |
| 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 |