

INDIA MOTOR PARTS & ACCESSORIES LIMITED

IMPAL

2005 – 2006

52nd ANNUAL REPORT

Distribution Network





INDIA MOTOR PARTS & ACCESSORIES LIMITED

BOARD OF DIRECTORS

Sri S NARAYANAN

Chairman

Sri S RAM

Sri V GOPALAKRISHNAN

Sri ANANTH RAMANUJAM

Sri S RAVINDRAN

Sri N KRISHNAN

Managing Director

AUDIT COMMITTEE

Sri V GOPALAKRISHNAN

Chairman

Sri S RAVINDRAN

Sri N KRISHNAN

AUDITORS

M/S SUNDARAM & SRINIVASAN
CHENNAI

Chartered Accountants

Sri S M SUNDARAM

Chief Financial Controller

Sri B SHANMUGASUNDARAM

Secretary

BANKERS

STATE BANK OF INDIA and
STATE BANK OF MYSORE

REGISTERED OFFICE

21, Patullos Road,
Chennai - 600 002

CORPORATE OFFICE

"Sundaram Towers"
III Floor, # 46, Whites Road,
Chennai - 600 014

WEBSITE

www.impal.net

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Branches: AGRA – AHMEDABAD – ALLAHABAD – ASANSOL – BANGALORE – BARODA – BATHINDA – BHILWARA – BHUBANESWAR – CALICUT – CHANDIGARH – CHENNAI – COCHIN – COIMBATORE – CUTTACK – DHANBAD – GANDHIDHAM – GUWAHATI – HISAR – HUBLI – HYDERABAD – JAIPUR – JALANDHAR – JAMSHEDPUR – JODHPUR – KANPUR – KOLHAPUR – KOLKATA – KOTA – LUDHIANA – MADURAI – MANGALORE – NAGPUR – NAVI MUMBAI – NEW DELHI – PATNA – PUNE – RAIPUR – RAJKOT – RANCHI – SALEM – SAMBALPUR – SILIGURI – SURAT – TRICHY – TIRUNELVELI – UDAIPUR – VARANASI – VIJAYAWADA

INDIA MOTOR PARTS & ACCESSORIES LIMITED

Executives

Sri P HARIHARAN	Asst. Vice President (Marketing)
Sri L KUMAR	Asst. Vice President (Marketing)
Sri U RAVINDRANATH	Dy. General Manager (Accounts)
Sri N KARTHIKEYAN	Dy. General Manager (Marketing)
Sri R SUNDARARAJAN	Asst. General Manager
Sri S R SWAMINATHAN	Asst. General Manager (Material Services)
Sri L SRINIVASAN	Area Manager
Sri V R RANGANATHAN	Area Manager
Sri MUKESH RASTOGI	Area Manager
Sri R SIVARAMAN	Area Manager
Sri K GOPALAKRISHNAN	Area Manager
Sri S P SRIVASTAVA	Area Manager
Sri M S HARIGOPAL	Asst. Area Manager
Sri V SRIDHAR	Senior Manager (Information Systems)
Sri N SUNDARAM	Senior Manager (Accounts)
Sri R RAMAN	Senior Manager (Accounts)

FINANCIAL HIGHLIGHTS

(Rs. in Lakhs)

	2001-02	2002-03	2003-04	2004-05	2005-06
Share Capital	208.00	208.00	208.00	415.98	415.98
Reserves & Surplus	4578.86	5047.42	5673.83	6148.66	6723.57
Net Worth	4786.86	5255.42	5881.83	6564.64	7139.55
Capital Employed	5233.63	5630.19	6200.41	6884.64	7812.75
Sales	17582.85	17975.39	19281.69	21349.62	20707.03
Profit Before Tax	1250.21	1287.00	1402.95	1517.06	1382.93
Profit After Tax	838.39	820.53	919.72	1014.84	906.94
Dividend Amount	249.60	312.00	260.00	291.19	291.19
Dividend %	120	150	125	70	70
Earnings per share (Rs.)	40.31	39.45	44.22	24.40	21.80
Book Value Per Share (Rs.)	230.14	252.66	282.78	157.81	171.63

NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the **Fifty-second Annual General Meeting** of the Shareholders of the Company will be held at **10:30 a.m. on Wednesday, the 30th day of August 2006**, at **The Music Academy**, 168 (Old No.306), T T K Road, Chennai – 600 014, to transact the following business:

Ordinary Business

1. To receive and adopt the audited statement of accounts for the year ended 31st March, 2006 and to consider the reports of the Directors and Auditors thereon.
2. To record interim dividend paid.
3. To elect a Director in the place of Sri V Gopalakrishnan, who retires by rotation and being eligible, offers himself for re-election.
4. To consider and if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution:
“**RESOLVED THAT** M/s Sundaram & Srinivasan, Chartered Accountants, the retiring Auditors be and are hereby reappointed as Statutory Auditors of the Company to hold office from the conclusion of this meeting upto the conclusion of the next Annual General Meeting of the Company on such remuneration as may be decided by the Board of Directors exclusive of out of pocket expenses and levies such as service tax.”

Special Business

5. To consider and if thought fit, to pass with or without modifications, the following Resolution as an Ordinary Resolution:
“**RESOLVED THAT** Sri S Ram be and is hereby appointed as a Director of the Company liable to retire by rotation.”
6. To consider and if thought fit, to pass with or without modifications, the following Resolution as an Ordinary Resolution:
“**RESOLVED THAT** Sri S Ravindran be and is hereby appointed as a Director of the Company liable to retire by rotation.”
7. To consider and if thought fit, to pass with or without modifications, the following Resolution as a Special Resolution:
“**RESOLVED THAT** pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be amended as follows:
Insertion of the following Article as 4(b) after the existing Article 4(a)
4(b) The Shares in the Company shall be transferred by an instrument in writing in prescribed form, and in the manner provided under the provisions of Section 108 of the Act, the Rules prescribed thereunder and any modification thereof.
Insertion of the following Article as 34(A) after the existing Article 34
34(A) No unclaimed dividend shall be forfeited by the Company before the claim becomes barred by law.
8. To consider and if thought fit, to pass with or without modifications, the following Resolution as a Special Resolution:
“**RESOLVED THAT** in accordance with the provisions of the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 and other applicable laws, if any, the Company hereby accords its approval to delist the equity share capital of the Company, comprising of 41,59,800 equity shares of Rs.10/- each, from the Madras Stock Exchange Limited.”

Chennai
14th July 2006

By Order of the Board
B Shanmugasundaram
Secretary

INDIA MOTOR PARTS & ACCESSORIES LIMITED

EXPLANATORY STATEMENT UNDER SECTION 173 OF THE COMPANIES ACT, 1956

Item No. 5

Sri S Ram was appointed as a Director of the Company on 24th January 2006 to fill the casual vacancy on the Board caused by the resignation of Sri S Viji. Pursuant to Section 262 of the Companies Act, 1956, Sri S Ram holds office up to the date of the forthcoming Annual General Meeting. A notice under Section 257 of the Companies Act, 1956 has been received from a member signifying his intention to propose the appointment of Sri S Ram as a Director of the Company. The Board of Directors recommend his appointment.

Interest of Directors

None of the Directors, except Sri S Ram is concerned or interested in the resolution.

Item No. 6

Sri S Ravindran was appointed as Additional Director on 24th January 2006. Pursuant to Section 260 of the Companies Act, 1956, Sri S Ravindran holds office up to the date of the forthcoming Annual General Meeting. A notice under Section 257 of the Companies Act, 1956 has been received from a member signifying his intention to propose the appointment of Sri S Ravindran as a Director of the Company. The Board of Directors recommend his appointment.

Interest of Directors

None of the Directors, except Sri S Ravindran is concerned or interested in the resolution.

Item No.7

The equity shares of the Company have been listed and admitted to dealings on the National Stock Exchange of India (NSE) with effect from 7th October 2005. As per listing requirements of NSE, amendments are proposed to the Articles of Association of the Company for including specific provisions relating to share transfers and unclaimed dividends. Accordingly, a special resolution is placed before the Members for their approval.

Interest of Directors

None of the Directors are interested in the resolution.

Item No. 8

The Equity Shares of your company are listed on the Madras Stock Exchange Limited (MSE) and the National Stock Exchange of India Limited (NSE), a stock exchange having nation wide terminals. While the shares of your Company are frequently traded on the NSE, there has been no trading on the MSE after March 2004. SEBI has issued Guidelines for delisting of securities which inter-alia provides for voluntary delisting of shares by a company from the stock exchanges.

It is therefore proposed to delist the equity shares of your company from the MSE subject to shareholders approval. The Equity Shares of the Company would however continue to be listed on NSE.

Accordingly, a Special Resolution is submitted for consent of shareholders.

Interest of Directors

None of the directors are interested in the resolution.

Chennai
14th July 2006

By Order of the Board
B Shanmugasundaram
Secretary

PARTICULARS OF THE DIRECTORS SEEKING APPOINTMENT / REAPPOINTMENT IN THE FORTHCOMING ANNUAL GENERAL MEETING PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT**1. Item No.3 of the Notice**

Name of the Director : Sri V Gopalakrishnan
Age : 76 Years
Qualification : B.E.

Sri V Gopalakrishnan has been on the Board of the Company since 1988. He is also a member of the Audit Committee. He was with M/s Binny Limited for many years and retired as its Chief Engineer. He was a member of the Technical Advisory Committee and the Vice Chairman of Karnataka Chapter of the Indian Institution of Plant Engineers. Sri V Gopalakrishnan holds 916 Equity Shares in the Company.

Other Directorships – Nil

2. Item No.5 of the Notice

Name of the Director : Sri S Ram
Age : 66 Years
Qualification : B.E.(Mech.), MS (Prod. Engg.)

Sri S Ram was appointed as Director of the company on 24th January 2006. He has over 3 decades of work experience in Vehicle and Component Industry. Sri S Ram holds 9950 Equity Shares in the Company.

Details of other Directorships / Committee membership held

Chairman & Managing Director

- (a) Wheels India Limited
- (b) Axles India Limited

Director

- (a) T V Sundram Iyengar & Sons Limited
- (b) Sundaram Industries Limited
- (c) Southern Roadways Limited
- (d) Sundaram Finance Limited
- (e) TVS Automotive Europe Limited., UK
- (f) Irizar TVS Limited
- (g) TVS Logistics Services Limited

Committee Membership

Axles India Limited - Chairman, Audit Committee
Wheels India Limited - Member, Shareholders/Investors Grievance Committee

3. Item No.6 of the Notice

Name of the Director : Sri S Ravindran
Age : 54 Years
Qualification : B.Com, A.C.A.

Sri S Ravindran was appointed as Additional Director of the company on 24th January 2006. He has diverse experience in various positions in Auto-ancillary industry, Educational printing, Publishing and Distribution Industry and Health Care Industry, in India and abroad for over 30 years. Sri S. Ravindran holds 400 Equity Shares in the Company.

Details of other Directorships / Committee membership held

- (a) Transenergy Limited
- (b) Light Alloy Products Limited
- (c) ABI-Showatech (India) Limited
- (d) Aztec Auto Limited
- (e) Wichitra Auto Limited

Committee Membership

ABI Showatech (India) Ltd – Member, Audit Committee

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors have pleasure in submitting the **52nd Annual Report** together with the Audited Accounts for the year ended 31st March 2006.

(Rs. in Lakhs)

Financial Results	31.03.2006	31.03.2005
Profit before Tax	1382.93	1517.06
Add: Provision written back no longer required	—	8.48
Less: Provision for taxation (including deferred tax)	475.99	510.70
Profit after Tax	906.94	1014.84
Add: Balance in P&L A/c brought forward from previous year	319.91	254.10
Profit available for appropriation	1226.85	1268.94
Appropriations		
Dividend:		
– Interim	291.19	291.19
– Final	—	—
Dividend Tax (Including Surcharge)	40.84	40.84
General Reserve	600.00	617.00
Surplus Balance in Profit & Loss Account	294.82	319.91

Performance

The Sales turnover of the Company for the year ended 31st March 2006 at **Rs.207.07** Crores was lower than that achieved during the previous year by 3%. The previous year turnover was Rs.213.50 Crores.

The Profit Before Tax for the year under review at Rs.13.83 Crores is lower than that of the previous year by 8.8%. Correspondingly, the Profit After Tax is also lower by 10.6%. While your Company's costs continue to be among the lowest in the industry, margins are under pressure due to increased competition.

Dividend

The Board of Directors in July 2006 have declared an Interim Dividend of Rs. 7/- per equity share on the

paid up capital of Rs.415.98 lakhs for the year ended 31st March 2006. The dividend, together with dividend tax of Rs.40.84 lakhs absorbs a sum of Rs.332.03 lakhs. The Board of Directors propose to treat the said interim dividend as the total dividend for the year.

NSE Listing

Your Company's shares have been listed and admitted for dealing on the National Stock Exchange of India on 07th October 2005, to provide more liquidity for our shares. The response from the market is good and the shares actively traded.

Management Discussion and Analysis Report

Management Discussion and Analysis, in compliance with clause 49 of the Listing Agreement is attached, forming part of this report.

Corporate Governance

A detailed report on corporate governance, together with a certificate from the Statutory Auditors in compliance with clause 49 of the Listing Agreement is attached, forming part of this report.

Directors

Sri S Viji, a Director since 1995, resigned from the Board with effect from 24th January 2006. Sri S Ram was appointed in his place as a Director of your Company on 24th January 2006 and will hold office upto the forthcoming Annual General Meeting. Sri S Ravindran was appointed as Additional Director of the Company on 24th January 2006 and will hold office upto the forthcoming Annual General Meeting. Notices under Section 257 of the Companies Act, 1956 have been received from Members, proposing their appointment as a Director of the Company at the ensuing Annual General Meeting. Sri K R Ragavan, a Director since 1983 resigned from the Board with effect from 20th March 2006.

The Chairman and the Board of Directors placed on record their appreciation of the valuable services,

counsel and guidance rendered by both Sri S Viji and Sri K R Ragavan during their period of long association with the Company.

Sri V Gopalakrishnan, Director, retires by rotation and being eligible offers himself for re-election.

Auditors

The Auditors, M/s. Sundaram & Srinivasan, Chartered Accountants, Chennai, retire and are eligible for re-appointment. A certificate under Section 224(1B) of the Companies Act, 1956 has been received from them.

Information as per Section 217 (1) (e) of the Companies Act, 1956

Your Company has no activity relating to conservation of energy or technology absorption. During 2005-2006, the Company did not have any foreign exchange earnings or outgo other than travel and subscription expenses.

Personnel

There is no employee, particulars of whom are required to be furnished u/s 217(2A) of the Companies Act, 1956.

Directors' responsibility statement

As required u/s 217(2AA) of the Companies Act, 1956, your Directors state that:

- i) in the preparation of the annual accounts, the applicable accounting standards have been followed.
- 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 at the end of the financial year ended 31st March, 2006 and of 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, 1956, 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.

Acknowledgement

The Directors thankfully acknowledge the excellent co-operation received from all the suppliers. The Directors also thank all the dealers for their good support. The Directors wish to thank State Bank of India and State Bank of Mysore for their continued support and co-operation. The Directors wish to record their appreciation for the sincere and dedicated services rendered by all the staff and executives of the Company.

On Behalf of the Board of Directors

Chennai
14th July 2006

S Narayanan
Chairman

MANAGEMENT DISCUSSION & ANALYSIS

The year under review witnessed moderate growth in vehicle industry. The Medium and Heavy commercial vehicle saw reasonable modest growth led by multi-axle and tractor trailer vehicles. In the light segment, growth was evident with the introduction of sub-one-ton vehicles for intra-city movements. Cars and multi-utility vehicles growth was boosted by sustaining the domestic market and exports. With good monsoons and agricultural credit availability, agricultural tractor segment witnessed robust growth in production.

Introduction of VAT in many of the States created hesitancy among the auto parts dealers in those States. The major markets of North and East were set-back due to this factor. Your Company managed to cross the Rs.200 Crores sales mark, registering sales of Rs.207.07 Crores compared to previous year's Rs.213.50 Crores. The effect of VAT in the earlier part of the year under review was significant. Your Company made vigorous efforts to bring up the sales volume in the second half to above Rs.200 Crore level. Profit after tax in the year under review ended with Rs.9.07 Crores versus previous year's Rs.10.15 Crores.

OUTLOOK

In the States where VAT was introduced in April 2005, it took sometime to persuade the trade to come under the new VAT regime and business gradually improved. VAT significantly affected us in North and East India in the first quarter; but by the end of the year under review, stability came in North India. However, in Kolkatta, Bihar etc normal business trends are yet to set in even at the end of the year.

As many VAT affected States hesitantly limped towards normalcy, more States introduced VAT on 1st April 2006. These are Gujarat, Rajasthan, Jharkhand and Chattisgarh. The Company has again been significantly impacted in these States in the first quarter, especially in April 2006. We are however hopeful that business will gradually improve.

Another significant development this year is the Union Government's act to increase the Excise Duty collection from the aftermarket business for automobile parts. Excise Duty, which was hitherto levied on List less Discount, has now been imposed on MRP less 33.5% abatement. This puts up the price of parts to trade in the range of 4% to 6%. Further, many items sourced by manufacturers from small-scale industries were earlier exempted from Excise Duty. By the new notification, this exemption has now been withdrawn. This development could affect our business in the second quarter of the year ending March 2007. However, we are pleased to inform you that in the first quarter of the year 2006-2007, the Company saw a sales increase of 25.28% compared to the corresponding quarter of the previous year (year under review).

Your Company has an extensive network of branches spread over almost all the States in the Union and a few Union Territories. We expect VAT introduction to curtail inter-State flow of material by arbitrageurs and progressively drive up sales in the consumption points. However, to enable this to happen fully, the Central Government will have to eliminate Central Sales Tax.

IT INITIATIVES

Your Company had installed a few years ago, a most modern and up-to-date retail transaction system tailor-made and custom built by a global technology firm. Reports are available up-to-date for data mining and to monitor the 49 branches from a single location. This system is further going to be improved upon for more efficiency during the coming year.

INTERNAL CONTROL SYSTEMS

The emphasis put forth by your company with respect to internal controls is extensive. There is an in-house Internal Audit Team, which visits branches regularly to check on the prevailing systems and controls and reports any shortcomings, which are rectified forthwith. Moreover, your Company also has External Auditors who have been appointed to carry out specific assignments at Head Office to check and improve the internal control systems.

The audit committee of the Board has met three times during the year under review along with internal auditors and the statutory auditors to review amongst others internal control systems and procedures.

HUMAN RESOURCES

The Management enjoys cordial relations with all its employees. In order to reduce attrition levels, especially with regard to our Accountants, modifications have been made in the remuneration package for most key personnel. This has been received well.

AUDITORS' REPORT TO THE MEMBERS OF M/S. INDIA MOTOR PARTS & ACCESSORIES LTD.

1. We have audited the attached Balance Sheet of M/S.INDIA MOTOR PARTS & ACCESSORIES LTD., as at 31st March 2006, the Profit & Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with Auditing Standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the Accounting Principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the annexure referred to above, we report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit ;
 - b) In our opinion, proper books of account as required by law have been kept by the company so far as appear from our examination of those books ;
 - c) The Balance Sheet, Profit & Loss account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet, Profit and Loss account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ;
 - e) On the basis of written representations received from the Directors as on 31st March, 2006 and taken on record by the Board of Directors, we report that none of the Directors are disqualified as on 31st March, 2006 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956 ;
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the matter so required and give a true and fair view in conformity with the Accounting Principles generally accepted in India :
 - (i) In the case of the Balance Sheet, of the State of Affairs of the Company as at 31st March, 2006;
 - (ii) In the case of the Profit and Loss account, of the Profit for the year ended on that date, and
 - (iii) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For Sundaram & Srinivasan
Chartered Accountants

M Padhmanabhan
Partner

Chennai
14th July 2006

Membership No.13291

ANNEXURE TO THE AUDITORS' REPORT

Referred to in paragraph 3 of our report of even date

1. (a) The company is maintaining proper records showing full particulars of quantitative details and situation of fixed assets.
(b) According to the information and explanations given to us, there is a regular programme of verification which, in our opinion is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies between the book records and the physical inventory have been noticed in respect of the assets physically verified.
(c) There was no substantial disposal of fixed assets during the year.
2. (a) Physical verification of inventory has been conducted at reasonable intervals by the management.
(b) The procedure of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of the business.
(c) The company is maintaining proper records of inventory and the discrepancies noticed during the physical verification of inventory between the physical stock and the book records were not material in relation to the size of operations of the company.
3. The company has not granted/taken any secured or unsecured loans, to/from the companies, firms and other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
4. The company has got adequate internal control system commensurate with the size and the nature of the business for the purchase of inventory, fixed assets and for the sale of goods and services. During the course of audit, we have not observed any continuing failure to correct major weakness in the internal control.
5. (a) The particulars of Contracts or Arrangements reported in Section 301 of the Act have been entered in the register required to be maintained under that Section and
(b) The transactions made in pursuance of such Contracts and Arrangements have been made at prices which are reasonable having regard to the prevailing market price at the relevant time.
6. The Company has not accepted any deposits from the public during the year covered by our audit report. The company has complied with the provisions of Section 58A, 58AA or any other relevant provisions of the Companies Act, 1956. To the best of our knowledge and according to the information and explanations given to us, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
7. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
8. This being a trading company, the rules made by the Central Government for the maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956 are not applicable.
9. (a) According to the information and explanations given to us, the company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax and other material statutory dues applicable to it.
(b) As at 31st of March, 2006 according to the records of the company, the disputes are as follows :
 1. Sales tax in Kerala for the year 1998 - 1999 is pending with Tribunal for Rs.1,71,299/- and for the year 1999 - 2000 is pending with Deputy Commissioner (Appeals) for Rs.3,74,574/-

ANNEXURE TO THE AUDITORS' REPORT (Contd.)

2. Sales tax in Jharkhand for the year 1999 - 2000 & 2000 - 2001 is pending with Deputy Commissioner (Appeals) for Rs.1,99,521/- & Rs.2,22,772/- respectively.
3. Sales tax in Orissa for the year 1996 - 1997 & 1998 - 1999 is pending with the Tribunal for Rs.18,041/- & Rs.1,14,313/- respectively.
4. Sales tax in Bihar for the year 2000 - 2001 & 2002 - 2003 is pending with Joint Commissioner of Commercial taxes for Rs.4,41,804/- & Rs.55,953/- respectively.
10. The Company has neither accumulated losses as at 31st March, 2006 nor has incurred any cash loss during the financial year ended on that date or in the immediately preceding financial year.
11. Based on our audit and on the information and explanations given by the management we are of the opinion that the company has not defaulted in the repayment of its dues to bankers during the year.
12. The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund / societies are not applicable to the Company.
14. In our opinion and according to information and explanations given to us the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of Clause 4 (xiv) of the Companies (Auditor's Report) Order 2003 are not applicable to the Company.
15. According to the information and explanations given to us the company has not given any guarantees for loans taken by others from banks or financial institutions.
16. The Company has not raised any term loans during the year.
17. Based on the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, in our opinion there are no funds raised on a short term basis which have been used for long term investment.
18. The Company has not made any preferential allotment of shares to parties and Companies covered in the register maintained under section 301 of the Companies Act, 1956 during the year.
19. The Company has not issued any debentures during the year.
20. The Company has not raised any money by public issue during the year.
21. Based upon the audit procedures performed and information and explanations given to us, we report that no fraud on or by the company has been noticed or reported during the course of our audit.

For Sundaram & Srinivasan
Chartered Accountants

M Padhmanabhan

Partner

Membership No.13291

Chennai
14th July 2006

INDIA MOTOR PARTS & ACCESSORIES LIMITED

BALANCE SHEET AS AT 31ST MARCH 2006

	Schedule No.	31.3.2006 Rs. in Lakhs	31.3.2005 Rs. in Lakhs
SOURCES OF FUNDS			
1. Shareholders' Funds:			
(a) Capital	1	415.98	415.98
(b) Reserves and Surplus	2	6723.57	6148.66
		7139.55	6564.64
2. Deferred Tax Liability (Net)		36.42	43.83
3. Loan Funds:			
Secured Loans	3	636.78	276.17
Total		7812.75	6884.64
APPLICATION OF FUNDS			
1. Fixed Assets	4		
(a) Gross Block		1637.85	1371.30
(b) Less: Depreciation		553.48	516.52
(c) Net Block		1084.37	854.78
2. Investments	5	3406.72	3119.62
3. Current Assets, Loans & Advances			
(a) Current Assets	6	4686.42	4559.64
(b) Loans & Advances	7	469.07	368.69
		5155.49	4928.33
Less: Current Liabilities & Provisions			
(a) Current Liabilities	8	1490.13	1658.17
(b) Provisions	9	343.70	359.92
		1833.83	2018.09
Net Current Assets		3321.66	2910.24
Total		7812.75	6884.64
Notes on accounts	15		

The schedules referred to above and notes attached thereto form an integral part of the Balance Sheet.

S Narayanan
Chairman

S Ram
S Ravindran

S M Sundaram
Chief Financial Controller

As per our attached Report of even date
For **Sundaram & Srinivasan**
Chartered Accountants

N Krishnan
Managing Director

V Gopalakrishnan
Directors

B Shanmugasundaram
Secretary

M Padhmanabhan
Partner
Membership No. : 13291

Chennai
14th July 2006

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2006

	Schedule No.	Year ended 31.03.2006 Rs. in Lakhs	Year ended 31.03.2005 Rs. in Lakhs
INCOME			
Sales - Less Returns (Net)		20707.03	21349.62
Operating Income		95.79	94.03
Non Operating Income	10	77.06	149.31
Interest	14	6.35	6.93
		20886.23	21599.89
EXPENDITURE			
Cost of Sales - Parts & Accessories	11	18168.95	18752.33
Establishment Charges	12	607.87	549.74
Administrative & Other Expenses	13	662.64	705.93
Depreciation		63.84	74.83
		19503.30	20082.83
Profit for the year (Before Tax)		1382.93	1517.06
Add : Provision written back no longer required		–	8.48
Less : Provision for Taxation (includes Wealth tax Rs.0.08 lakhs - previous year Rs.0.09 lakhs)		467.90	501.04
(Add) / Less: Provision for Deferred Tax		(7.41)	9.66
Less : Provision for Fringe Benefit Tax		15.50	–
Net Profit after Tax		906.94	1014.84
Add : Balance brought forward from previous year		319.91	254.10
Profit Available for Appropriation		1226.85	1268.94
APPROPRIATIONS:			
Interim Dividend		291.19	291.19
Dividend Tax (including Surcharge)		40.84	40.84
General Reserve		600.00	617.00
Surplus-Balance carried to Balance Sheet		294.82	319.91
		1226.85	1268.94
Notes on accounts	15		
EARNINGS PER SHARE (Basic/Diluted)		21.80	24.40

See Note No : 4 (iv) of Notes on Accounts

The schedules referred to above and notes attached thereto form an integral part of the Profit and Loss account.

S Narayanan <i>Chairman</i>	S Ram S Ravindran	S M Sundaram <i>Chief Financial Controller</i>	As per our attached Report of even date For Sundaram & Srinivasan <i>Chartered Accountants</i>
N Krishnan <i>Managing Director</i>	V Gopalakrishnan <i>Directors</i>	B Shanmugasundaram <i>Secretary</i>	M Padhmanabhan <i>Partner</i> Membership No. : 13291

Chennai
14th July 2006

INDIA MOTOR PARTS & ACCESSORIES LIMITED

SCHEDULES

	31.3.2006 Rs. in Lakhs	31.3.2005 Rs. in Lakhs
<u>Schedule No. 1</u>		
SHARE CAPITAL		
Authorised:		
100,00,000 Equity Shares of Rs. 10/-each	<u>1000.00</u>	1000.00
Issued, Subscribed and Paid up:		
41,59,800 Equity Shares of Rs. 10/- each fully paid up (Includes 34,69,800 Equity Shares of Rs.10/- each allotted as fully paid up by way of Bonus Shares by Capitalisation of Reserves)	<u>415.98</u>	<u>415.98</u>
<u>Schedule No. 2</u>		
RESERVES AND SURPLUS		
Capital Reserve:		
As per Last Balance Sheet	378.75	378.75
General Reserve:		
As per Last Balance Sheet	5450.00	5040.98
Less : Capitalised by issue of Bonus Shares	-	<u>207.98</u>
	<u>5450.00</u>	4833.00
Add: Transfer from Profit & Loss Account	600.00	617.00
Surplus as per Profit & Loss Account	<u>294.82</u>	319.91
	<u>6723.57</u>	<u>6148.66</u>
<u>Schedule No. 3</u>		
SECURED LOANS		
Loan from Banks		
Cash Credit	636.78	276.17
(Secured by hypothecation of book debts and stock)	<u>636.78</u>	<u>276.17</u>

SCHEDULES

Schedule No. 4

FIXED ASSETS

(Rs. in Lakhs)

Description	GROSS BLOCK				DEPRECIATION		NET BLOCK	
	As at 1.4.2005	Additions during the year	Deductions during the year	Balance as on 31.3.2006	For the Year	Upto 31.3.2006	As at 31.3.2006	As at 31.3.2005
Land	42.71	167.64	–	210.35	–	–	210.35	42.71
Leasehold land & Building	76.92	–	–	76.92	1.24	22.94	53.98	55.22
Buildings	733.96	110.84	–	844.80	23.40	170.32	674.48	587.04
Plant & Machinery	80.47	1.77	3.31	78.93	6.10	41.09	37.84	42.89
Electrical Fittings	21.89	0.07	0.12	21.84	1.08	15.67	6.17	7.21
Office Equipment	148.69	2.99	1.39	150.29	11.79	121.12	29.17	38.12
Furniture & Fixtures	166.23	0.09	0.48	165.84	7.50	132.20	33.64	41.07
Vehicles	100.43	17.71	29.26	88.88	12.73	50.14	38.74	40.52
TOTAL	1371.30	301.11	34.56	1637.85	63.84	553.48	1084.37	854.78
Previous Year	1354.40	70.01	53.11	1371.30	74.83	516.52	854.78	
						31.3.2006		31.3.2005
						Rs. in Lakhs		Rs. in Lakhs

Schedule No. 5

INVESTMENTS

Long Term (at cost)

In Government Securities / Trust Securities:

–

–

In Equity Shares:-

Long Term - At Cost - Non trade - Fully paid:

Quoted:

Sundaram Finance Ltd.,

6,94,231 equity shares of Rs. 10/- each.

715.04

715.04

Unquoted:

Royal Sundaram Alliance Insurance Company Ltd.

1,15,12,308 equity shares of Rs. 10/- each

1151.23

1069.00

(Previous year 1,06,90,000 equity shares of Rs. 10/- each)

Transenergy Ltd., 15,000 equity shares of Rs.100/- each

15.00

15.00

Current Investments: (at cost or market value , whichever is lower)

Unquoted:

Standard Chartered Liquidity Manager Plus -Daily Dividend 19,510 Units
of Rs.1,000/- each face value of Rs.195.10 Lakhs (Purchased during the year)

195.10

–

Sundaram Money Fund Institutional Plan Dly Div Reinv - 28,14,855 Units
of Rs.10/- each Face value of Rs.281.49 Lakhs (Sold during the year)

–

284.17

UTI Money Market Fund Daily Income Option - 12,57,374 Units of Rs.10/- each
Face value of Rs. 125.74 Lakhs (Purchased during the year)

219.11

–

INDIA MOTOR PARTS & ACCESSORIES LIMITED

SCHEDULES

INVESTMENTS (Contd.)	31.3.2006		31.3.2005	
	Rs. in Lakhs		Rs. in Lakhs	
UTI Liquid Cash Institutional Daily Income Option - 19,764 Units of Rs.1000/- each. Face value of Rs.197.64 Lakhs (Sold during the year)	-		200.34	
UTI Fixed Maturity Plan (Q FMP /0106/II) Dividend Plan 5,00,068 Units of Rs.10/- each - (Purchased during the year)	50.01		-	
UTI Fixed Maturity Plan (Q FMP /0306/I) Dividend Plan 5,00,000 Units of Rs.10/- each (Purchased during the year)	50.00		-	
Chola FMP -Series 3 (Qtrly Plan -I) Dividend 5,00,000 Units of Rs.10/- each (Purchased during the year)	50.00		-	
Reliance Fixed Term Scheme Monthly Plan Div - 14,00,000 Units of Rs.10/- each (Sold during the year)	-		140.00	
Reliance Fixed Term Scheme Quarterly Plan 7 Div - 6,00,000 Units of Rs.10/- each (Sold during the year)	-		60.00	
Reliance Fixed Maturity Fund -Quarterly Plan III Series II -Div 6,00,000 Units of Rs. 10/- each (Purchased during the year)	60.00		-	
HDFC Cash Management Fund Savings Plan Dly.Div.Reinv - 11,78,716 Units of Rs.10/- each (Sold during the year)	-		125.37	
DSP Meryl Lynch Floating Rate Fund Dly.Div.Reinv - 10,04,744 Units of Rs.10/- each (Sold during the year)	-		100.70	
DSP Meryl Lynch Liquidity Fund Instituional Plan Dly.Div.Reinv 59,083 Units of Rs.1,000/- each (Purchased during the year)	590.95		-	
DSP Meryl Lynch Fixed Term Plan Series 1 C Dividend 5,000 Units of Rs.1000/- each (Purchased during the year)	50.00		-	
Sundaram Floater LT Institutional Div Qtly -15,00,000 Units of Rs.10/- each (Sold during the year)	-		150.00	
Grindlays Fixed Maturity 7th Plan B growth - 5,00,000 Units of Rs.10/- each	50.00		50.00	
JM Equity & Derivative Fund - Dividend 1,00,000 Units of Rs.10/- each	10.28		10.00	
Deutsche Fixed Term Fund - Growth Option 7,50,000 Units of Rs.10/- each	75.00		75.00	
Principal Deposit Fund Fixed Maturity Plan 7,50,000 Units of Rs.10/- each	75.00		75.00	
J133 JM Fixed Maturity Plan -YSO1 , 5,00,000 Units of Rs.10/- each	50.00		50.00	
	<u>3406.72</u>		<u>3119.62</u>	
Aggregate value of Investments	Book Value	Market Value	Book Value	Market Value
Quoted	715.04	2693.62	715.04	1953.57
Unquoted	2691.68		2404.58	

SCHEDULES

INVESTMENTS (Contd.)

Current Investments bought and sold during the year

Name	No. of Units	Rs. In Lakhs	
		Face Value	At Cost
Sundaram Money Fund -Institutional Plan- Div Reinvestment Daily	56,931,003.62	5693.10	5747.36
Sundaram Money Fund -Super Institutional Plan- Div Reinvestment Daily	36,017,048.42	3601.70	3636.03
Reliance Liquid Fund Cash Plan Daily Dividend Reinvestment	1,257,741.84	125.77	140.13
SBI Magnum Institutional Income Savings - Daily Dividend Reinvestment	10,576,571.65	1057.66	1061.09
ABN AMRO Cash Fund Institutional Daily Dividend Reinvestment	1,910,633.81	191.06	191.06
HDFC Cash Management fund Savings Plan Daily Dividend Reinvestment	3,305,722.85	330.57	351.61
Standard Chartered Liquidity Manager Dly Dividend Reinvestment	7,422,696.57	742.27	742.34
UTI Money Market Fund Daily Dividend Option Reinvestment	1,434,465.03	143.45	249.96
UTI Liquid Cash Institutional Plan Daily Dividend Reinvestment	191,834.62	1918.35	1947.80
DSP ML Liquidity fund Institutional Plan Daily Dividend Reinvestment	7,998.40	79.98	80.00
DSP ML Floating Rate Fund Regular Plan Daily Dividend Reinvestment	24,650.35	2.47	2.47
DSP ML Floating Rate Fund Instl. Plan Daily Dividend Reinvestment	10,375.14	103.75	103.75
Reliance Fixed Term Fund - Monthly Plan - Dividend	21,000,000.00	2100.00	2100.00
Reliance Fixed Term Fund - Quarterly Plan - Dividend	2,400,000.00	240.00	240.00

Schedule No. 6

31.3.2006
Rs. in Lakhs

31.3.2005
Rs. in Lakhs

CURRENT ASSETS

Stock-in-Trade at cost or Net realisable value whichever is lower as Certified by the Management	1916.67	1886.61
Goods-in-Transit (at cost)	121.63	166.06
Sundry Debtors -		
Over six months (unsecured) considered good	17.72	25.40
Others (unsecured) considered good	1935.61	1863.99

Cash and Bank Balances:

Cash and Cheques on Hand	185.91	127.84
With Scheduled Banks		
Current Accounts	134.62	123.13
Fixed Deposit Accounts	2.37	6.12
Remittance in Transit	371.89	360.49
	<u>4686.42</u>	<u>4559.64</u>

Schedule No. 7

LOANS AND ADVANCES

Advances recoverable in cash or in kind or for value to be received	469.07	368.69
	<u>469.07</u>	<u>368.69</u>

INDIA MOTOR PARTS & ACCESSORIES LIMITED

SCHEDULES

	31.3.2006 Rs. in Lakhs	31.3.2005 Rs. in Lakhs
<u>Schedule No. 8</u>		
CURRENT LIABILITIES		
Sundry Creditors - for purchases	1181.63	1385.41
- for expenses	89.64	80.83
- for others	197.25	173.15
Unclaimed Dividend *	21.01	17.35
Unclaimed matured Fixed Deposits *	0.16	0.85
Interest accrued thereon *	-	0.14
Interest accrued but not due on loans	0.44	0.44
(* There are no amounts outstanding to be credited to Investor Education and Protection Fund.)		
	<u>1490.13</u>	<u>1658.17</u>
<u>Schedule No. 9</u>		
PROVISIONS		
Provision for Taxation (Net of Advance Tax and tax deducted at source)	11.67	27.89
Interim Dividend (Includes Dividend tax & Surcharge Rs.33.31 Lakhs)	332.03	332.03
	<u>343.70</u>	<u>359.92</u>
	<u>2005-2006</u>	<u>2004-2005</u>
	Rs. in Lakhs	Rs. in Lakhs
<u>Schedule No. 10</u>		
Non Operating Income		
Dividend Receipts -		
Long Term Investments in Equity Shares	10.41	90.25
Current Investments	61.16	36.81
Profit on Sale of Assets	1.72	14.85
Profit on Sale of Investments		
Long Term	-	1.57
Current Investments	3.68	5.63
Others	0.09	0.20
	<u>77.06</u>	<u>149.31</u>
<u>Schedule No. 11</u>		
COST OF SALES-PARTS & ACCESSORIES		
Opening Stock	1886.61	1515.36
Less : VAT Credit available on Opening Stock	41.07	-
	<u>1845.54</u>	<u>1515.36</u>
Add : Purchases	18240.08	19123.58
	<u>20085.62</u>	<u>20638.94</u>
Less : Closing Stock	1916.67	1886.61
	<u>18168.95</u>	<u>18752.33</u>

SCHEDULES

	2005-2006 Rs. in Lakhs	2004-2005 Rs. in Lakhs
<u>Schedule No. 12</u>		
ESTABLISHMENT CHARGES		
Salaries, Allowances, Commission and Bonus	490.18	456.91
Contribution to PF and Other Funds	51.53	50.70
Gratuity	25.20	2.91
Staff Welfare Expenses	40.96	39.22
	<u>607.87</u>	<u>549.74</u>
<u>Schedule No. 13</u>		
ADMINISTRATIVE & OTHER EXPENSES		
Rent	84.00	87.98
Rates, Taxes and Licences	29.26	35.18
Rebates and Discounts	89.99	83.14
Power and Lighting	37.48	37.06
Audit Fees : as Auditors	2.13	1.93
for Tax Audit	0.23	0.17
for Certification	0.22	0.16
out of pocket expenses	0.10	0.09
Directors' Sitting Fees	2.70	2.76
Insurance	8.08	8.13
Maintenance of Buildings	39.90	38.16
Maintenance of Plant & Machinery	3.20	3.25
Maintenance of Other Assets	35.79	33.80
Donations	11.32	41.57
Loss on Write off of Assets	-	1.65
Loss on Sale of Assets	0.49	0.51
Loss on Sale of Current Investments	-	0.48
Other Expenses	317.75	329.91
	<u>662.64</u>	<u>705.93</u>
<u>Schedule No. 14</u>		
INTEREST & FINANCE CHARGES / (RECEIPTS)		
Interest - Cash Credit	0.10	0.14
- Fixed Deposits	-	2.12
- Others	-	1.17
Finance Charges	1.63	1.63
	<u>1.73</u>	<u>5.06</u>
Less: Interest Receipts - Gross		
Govt.	-	0.71
Others	8.08	11.28
(Tax Deducted at source Rs.1.43 lakhs, Previous year Rs. 2.03 lakhs)	<u>(6.35)</u>	<u>(6.93)</u>

SCHEDULES

Schedule No. 15

NOTES ON ACCOUNTS

1. Significant Accounting Policies

- (a) The accounts are presented on going concern basis under the historical cost convention, adopting accrual method of accounting and in accordance with the generally accepted accounting principles.
- (b) Sales are net of trade discounts, returns and exclusive of VAT/Sales Tax .
- (c) Dividend income on Investments are accounted for when the right to receive the same is established.
- (d)
 1. Fixed Assets are valued at cost less depreciation.
 2. Depreciation has been provided based on written down value method, in accordance with Schedule XIV of the Companies Act, 1956.
 3. Individual assets costing less than Rs.5,000/- are depreciated in full in the year of purchase.
 4. Depreciation on lease hold assets are amortised over the period of lease.
- (e) Inventories are valued in line with the Accounting Standard (AS 2).Cost of inventories is net of VAT in States wherever VAT had been introduced from 01.04.2005
- (f) Long term investments are carried at cost and provision for decline in value, other than temporary, are made whenever necessary. Current Investments are stated at lower of cost or market value.
- (g) Liability towards Gratuity,encashment of leave to the employees are accounted on the basis of actuarial valuation.
- (h) Insurance claims are accounted as and when the claims are settled.
- (i) Deferred tax resulting from timing differences between book and tax profits is accounted for at the current rate of tax to the extent that the timing differences are expected to crystalise.

2. Balance Sheet

- i) Balance with Scheduled Banks include:
 - (a) Fixed Deposits of Rs.2.37 lakhs (previous year Rs.6.12 lakhs).
 - (b) Unclaimed Dividend Bank Account Balance of Rs.21.01 Lakhs (previous year Rs.17.35 lakhs).
- ii) Liability provided for but contested in appeal - ESI Contribution Rs.19.16 Lakhs (previous year Rs.19.16 lakhs).
- iii) The components of Deferred Tax Liability / Asset as on 31.03.2006 are as follows:

	2005-2006	2004-2005
	Rs. in Lakhs	Rs. in Lakhs
(i) Deferred Tax Liability		
Depreciation	51.71	54.20
(ii) Deferred Tax Asset:		
Other Provisions	15.29	10.37
Net Deferred Tax Liability	<u>36.42</u>	<u>43.83</u>

SCHEDULES

NOTES ON ACCOUNTS (Contd.)

3. Profit & Loss Account

i) Information for each class of goods purchased, sold and stocks during the year

	2005-2006	2004-2005
	Rs. in Lakhs	Rs. in Lakhs
Automobile Products and Accessories		
Opening Stock	1886.61	1515.36
Purchases	18240.08	19123.58
Sales	20707.03	21349.62
Closing Stock	1916.67	1886.61

None of the individual items account for 10% or more of the total value of opening stock, purchases, sales and closing stock.

ii) Remuneration to Directors:-

a) Remuneration to Managing Director

Salary	15.00	12.00
Commission	14.31	15.45
Contribution to Provident Fund & Other Funds	4.05	3.24
Perquisites	13.86	12.18
	47.22	42.87

b) Commission to Non-Whole time Directors

	3.25	2.50
	50.47	45.37

iii) Computation of Net Profit in accordance with Section 198 read with sections 349 and 350 of the Companies Act, 1956 for the purpose of managerial remuneration.

Net Profit as per Accounts	1382.93	1517.06
Add: Director's Remuneration	50.47	45.37
Directors' sitting fees (Other than Managing Director)	2.34	2.28
Loss on Sale of Assets	0.49	2.16
Loss on Sale of Investments	0.00	0.48
	1436.23	1567.35

Less: Profit on Sale of Assets

	1.72	14.85
--	-------------	-------

Profit on Sale of Investments

	3.68	7.20
--	-------------	------

	1430.83	1545.30
--	----------------	---------

1% there of

	14.31	15.45
--	--------------	-------

Commission to Managing Director

	14.31	15.45
--	--------------	-------

Commission to Non-Wholetime Directors

	3.25	2.50
--	-------------	------

iv) Interest on Fixed Deposits includes Rs.Nil (previous year Rs.0.52 lakhs) paid/payable to the Directors.

INDIA MOTOR PARTS & ACCESSORIES LIMITED

SCHEDULES

NOTES ON ACCOUNTS (Contd.)

4) General

i) Segment Reporting:

The company operates only in one business segment.
viz. "Distribution of Automobile spare parts and accessories".

ii) Related Party Disclosures

1. Related parties:

a. Associates:

T V Sundram Iyengar & Sons Ltd.,

b. Key Management Personnel:

Sri N Krishnan, Managing Director

2. The disclosure of related party transactions during the year and balances as on 31/03/2006 are as follows.

Rs. in Lakhs

Nature of Transaction	Associates	Key Management Personnel	Relatives of Key Management Personnel
Sale of Goods	45.20	0.00	0.00
Purchase of Goods	8.42	0.00	0.00
Receiving Services	1.20	0.00	0.00
Payable Balance	0.31	0.00	0.00
Receivable Balance	4.21	0.00	0.00
Remuneration	0.00	47.22	0.92

iii) There are no dues of more than 30 days to small scale industries.

iv) Basic and diluted Earning Per Share (EPS) of Face Value of Rs.10/- each is calculated as under:

		<u>2005-2006</u>	<u>2004-2005</u>
Profit after Taxation	Rs. Lakhs	906.94	1014.84
Total Equity Shares outstanding at the end of the year	Nos.	41,59,800	41,59,800
Weighted average number of Equity Shares	Nos.	41,59,800	41,59,800
Earnings per share (Basic and Diluted)	Rs.	21.80	24.40
Face value per share	Rs.	10.00	10.00

v) Expenditure in foreign currency -Travelling & Subscription Rs. Lakhs **1.08** 0.77

vi) Contingent Liability

- Sales Tax Liability disputed at various forums of appeal Rs. Lakhs **15.98** 15.98

vii) Previous year's figures have been re-grouped wherever necessary, to make them comparable.

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I REGISTRATION DETAILS

Registration No. : U34300TN1954PLC000958	State Code	18
Balance Sheet Date	31-03-2006	

II CAPITAL RAISED DURING THIS YEAR (Amount in Rs. Thousands)

Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

III POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Amount in Rs. Thousands)

Total Liabilities	781275	Total Assets	781275
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SOURCES OF FUNDS

Paid-up Capital	41598	Reserves & Surplus	672357
Secured Loans	63678	Unsecured Loans	-
		Deferred Tax Liability	3642

APPLICATION OF FUNDS

Net Fixed Assets	108437	Investments	340672
Net Current Assets	332166	Misc. Expenditure	-

IV PERFORMANCE OF COMPANY (Amount in Rs. Thousands)

Turnover (including other income)	2088623	Total Expenditure	1950330
Profit Before Tax (+)	138293	Profit After Tax (+)	90694
Earnings Per Share in Rs.	21.80	Dividend Rate	70%

V GENERIC NAME OF PRINCIPAL PRODUCT/SERVICE OF THE COMPANY (As per Monetary Terms)

ITC Code	Not applicable
Product Description	Trading in Automobile Spares & Accessories

INDIA MOTOR PARTS & ACCESSORIES LIMITED
CASH FLOW STATEMENT

	2005-2006 Rs. in Lakhs	2004-2005 Rs. in Lakhs
A) Cash flow from Operating Activities		
a) Net Profit Before tax	1382.93	1517.06
Adjustment for:		
Depreciation	63.84	74.83
Interest & Finance Charges	1.63	4.92
Interest Receipts - Gross		
Govt.	-	(0.71)
Others	(8.08)	(11.28)
Dividend Income		
Long Term	(10.41)	(90.25)
Current	(61.16)	(36.81)
Loss on Write off of Assets	-	1.65
Loss on Sale of Assets	0.49	0.51
Loss on Sale of Investments	-	0.48
Profit on Sale of Assets	(1.72)	(14.85)
Profit on Sale of :		
Long Term Investments	-	(1.57)
Current Investments	(3.68)	(5.63)
b) Operating Profit before Working Capital Changes	1363.84	1438.35
Adjustment for:		
(Increase) in Trade Receivables	(63.94)	(157.28)
Decrease / (Increase) in Loans & Advances	(100.38)	314.43
(Increase) / Decrease in Inventories	14.37	(407.23)
(Decrease) / Increase in Trade Payable	(170.87)	227.38
	(320.82)	(22.70)
c) Cash Generated from Operations	1043.02	1415.65
Direct taxes Paid	(499.63)	(487.76)
	(499.63)	(487.76)
d) Cash flow before Extraordinary item	543.39	927.89
e) Extraordinary Item	-	-
Net Cash flow from Operating Activities	543.39	927.89

	2005-2006 Rs. in Lakhs	2004-2005 Rs. in Lakhs
CASH FLOW STATEMENT (Contd.)		
B) Cash flow from Investing Activities		
Sale of Fixed Assets	8.91	25.91
Sale of Investments		
Long Term	–	11.91
Current	1064.26	310.60
Dividend received		
Long Term	10.41	90.25
Current	61.16	36.81
Interest received		
Govt	–	0.71
Others	8.08	11.28
Purchase of Fixed Assets	(301.11)	(70.01)
Purchase of :		
Long Term Investments	(82.23)	–
Current Investments	(1265.44)	(981.36)
Net Cash used in Investing Activities	(495.96)	(563.90)
C) Cash flow from Financing Activities		
Borrowing / (Repayment) of Cash Credit	360.61	29.14
Repayment of Fixed Deposits	(0.69)	(38.17)
Interest paid on Fixed Deposits	(0.14)	(10.66)
Interest Others	–	(1.17)
Finance charges	(1.63)	(1.63)
Dividend Paid	(328.37)	(290.70)
Net Cashflow from Financing Activities	29.78	(313.19)
D) Net Increase in Cash & Cash Equivalent		
Cash & Cash Equivalent at beginning of the year	617.58	566.78
Cash & Cash Equivalent at the end of the year	694.79	617.58

S Narayanan
Chairman

S Ram
S Ravindran

S M Sundaram
Chief Financial Controller

As per our attached Report of even date
For **Sundaram & Srinivasan**
Chartered Accountants

N Krishnan
Managing Director

V Gopalakrishnan
Directors

B Shanmugasundaram
Secretary

M Padhmanabhan
Partner
Membership No. : 13291

Chennai
14th July 2006

REPORT ON CORPORATE GOVERNANCE

1. Company's Philosophy on Corporate Governance: The Company's Philosophy on Corporate Governance is to ensure transparent functioning of the Company in the conduct of its business. Management's goal is to enhance Shareholder value and stakeholders' interests through sound business decisions, prudent financial management and high standards of ethics in the Organization.

2.1 Board of Directors: The Board comprises of six members. Out of this, five members are Non-Executive Directors. The Board has one Executive Director, Sri N Krishnan, designated as Managing Director. Sri S Narayanan is a Non-Executive Chairman. Sri S Ram, Sri Ananth Ramanujam, Directors represent the promoter group. Sri S Ravindran and Sri V Gopalakrishnan are the Independent Directors. The composition of the Board is in conformity with the listing requirements.

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

2.2 Attendance at Board meetings and last Annual General Meeting

During the financial year 2005-06, the Board met 6 times on 28th April 2005, 22nd July 2005, 20th October 2005, 14th December 2005, 24th January 2006 and 20th March 2006.

Details of attendance at Board Meetings, Annual General Meeting and details of directors in other Boards and Board Committees:

Name	Attendance Particulars		No. of other Directorship & Committee Membership / Chairmanship (as on 31.03.2006)		
	Board Meeting	Last AGM	Other Directorship	Committee Membership	Committee Chairmanship
Sri S Narayanan	5	Yes	3	–	1
Sri N Krishnan	6	Yes	–	–	–
Sri S Viji *	4	Yes	9	5	–
Sri S Ram **	2	NA	9	–	–
Sri K R Ragavan #	6	Yes	2	–	1
Sri V Gopalakrishnan	6	Yes	–	–	–
Sri R Srikanth ***	2	NA	4	–	–
Sri Ananth Ramanujam ###	4	Yes	4	1	–
Sri S Ravindran ####	2	NA	5	1	–

Note:

1. Other Directorship excludes Private Limited Companies.
2. Only Audit Committee, Shareholders / Investors Grievance Committee and Remuneration Committee are reckoned for this purpose.

* Resigned as Director of the Company w.e.f. 24.01.2006

** Co-opted as Director of the Company on 24.01.2006

*** Resigned as Director of the Company w.e.f. 22.07.2005

Resigned as Director of the Company w.e.f. 20.03.2006

Co-opted as Director of the Company on 22.07.2005

Co-opted as an Additional Director of the Company on 24.01.2006

3. Audit Committee:

a) Constitution:

The Audit Committee of the company was constituted in September 2001 and comprises of three members. The Committee at present consists of Sri V Gopalakrishnan, Sri S Ravindran, Directors and Sri N Krishnan, Managing Director as its members. Sri V Gopalakrishnan is the Chairman of the Audit Committee. The Audit Committee inter alia reviews the annual financial statements, unaudited quarterly financial results

the adequacy of internal control systems, related party transactions, compliance to listing and other legal requirements relating to financial statements. Heads of Finance & Internal Audit are invitees to the Committee Meetings. The Committee also interacts with internal and statutory auditors on audit related issues.

b) Meetings, attendance and composition:

During the year, the Audit committee met 3 times on 26th April 2005, 21st July 2005 & 23rd January 2006. The composition and attendance particulars are given hereunder:-

Name	Position	No. of Meetings attended
S Narayanan*	Chairman	2
Sri K R Ragavan	Member	3
Sri V Gopalakrishnan	Member	3
Sri S Ravindran**	Member	N.A.
Sri N Krishnan#	Member	N.A.

* Member and Chairman up to 24.01.2006

** Co-opted as member of Committee on 24.01.2006

Co-opted as member of Committee on 20.03.2006

4. Remuneration of Directors:

Directors of the Company are paid a sitting fee of Rs. 6000/- each for every meeting of the Board and Audit Committee.

Executive Director

The Managing Director has been appointed on contractual terms for a period of five years. The remuneration package comprises of salary, allowances and perquisites. The quantum of commission payable to the Managing Director is decided by the Board of Directors for each financial year. The remuneration is within the limits prescribed under Schedule XIII to the Companies Act, 1956. Details of remuneration paid to Executive Director is as under:-

Rs. in Lakhs

Nature of Payment	Sri N Krishnan, Managing Director
Salary	15.00
Commission	14.31
Sitting Fees	0.36
Contribution to Provident Fund & other funds	4.05
Perquisites	13.86

Remuneration to Non-Executive Directors

The Non- Executive Directors are being remunerated by way of sitting fees and commission within the ceiling of 1% of the net profits of the Company for each financial year as approved by the Board of Directors. Details of remuneration paid to Non-Executive Directors are as follows:-

Name of the Director	Sitting Fee (Rs.)	Commission (Rs.)	No. of shares held (as on 31.03.2006)
Sri S Narayanan	42,000	50,000	1608 ¹
Sri K R Ragavan	54,000	50,000	— ²
Sri V Gopalakrishnan	54,000	50,000	916
Sri S Viji	24,000	50,000	23662
Sri S Ram	12,000	25,000	9950
Sri R Srikanth	12,000	25,000	22252 ³
Sri Ananth Ramanujam	24,000	50,000	18252 ⁴
Sri S Ravindran	12,000	25,000	400

Number of shares jointly held with others - ¹19744 ²3572 ³28220 ⁴28220

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5. Shareholders / Investors Grievance Committee:

The Shareholders / Investors Grievance Committee was constituted to attend to shareholders and investors complaints from September 2001. The Committee consists of Sri S Narayanan and Sri N Krishnan as its members. Sri S Narayanan is the Chairman of the Committee.

As required by the Securities & Exchange Board of India (SEBI), Sri P. Vijaya Madhava, Secretary of the company was appointed as the compliance officer. During the year under review, the Company received 6 investor complaints, which were all immediately attended to and resolved.

6. General Body Meeting:

a) Details of location and time of the last three Annual General Meetings

Year	Location	Date and time
49 th AGM (2002-03)	The Music Academy, # 168, TTK Road, Chennai – 14	August 21, 2003 - 10.15 a.m
50 th AGM (2003-04)	The Music Academy, # 168, TTK Road, Chennai – 14	August 27, 2004 - 10.15 a.m
51 st AGM (2004-05)	The Music Academy, # 168, TTK Road, Chennai – 14	September 5, 2005 - 10.25 a.m

b) Details of Special Resolutions passed in the previous three Annual General Meetings (AGM) and Extraordinary General Meetings (EGM): -

Year	Date	Details of Special Resolution
49 th AGM (2002-03)	21 st August 2003	1. Amendment of Articles of Association 2. Payment of Commission to Non-Wholetime Directors 3. To maintain Register and Index of Members at the office of the Registrar and Transfer Agents of the Company.
EGM	31 st January 2005	Increase in Authorised Share Capital of the Company

There was no requirement for seeking approval of the shareholders by a postal ballot in the above Meetings.

7. Disclosures:

- There have been no materially significant related party transactions with the Company's Promoters, Directors, the Management or Relatives, which may have a potential conflict with the interest of the Company at large.
- There have been no instances of non-compliance by the Company on any matters related to the capital markets, nor has any penalty / strictures been imposed on the Company by the Stock Exchange or SEBI or any other Statutory authority on such matters.
- All the mandatory requirements specified under Clause 49 of the Listing Agreement have been complied with.
- The Company proposes to adopt other non-mandatory requirements as and when necessary.

8. Means of Communication:

- a) The half-yearly report of the company is not being sent to the members. However, the quarterly unaudited financial results of the Company is being published in leading national newspapers such as Business Line, The Economic Times and in the vernacular (Tamil) newspaper in the prescribed format.
- b) The Company has also provided a Management Discussion and Analysis Report, which forms part of the Directors' Report.

9. General Shareholder Information:

a.	52 nd Annual General Meeting - Date and Time - Venue	30 th August, 2006 – 10.30 a.m. The Music Academy, 168, (Old No. 306), T T K Road Chennai 600 014.
b.	Financial Calendar (Tentative)	
	Annual General Meeting First quarter results ended June 30, 2006 Second quarter results ending September 30 2006 Third quarter results ending December 31, 2006 Fourth quarter results ending March 31, 2007 Audited results for the year ending March 31, 2007	30 th August, 2006 July, 2006 October, 2006 January, 2007 April, 2007 July, 2007
c.	Period of Book Closure	From 28 th August, 2006 to 30 th August, 2006 (Both days inclusive)
d.	Dividend payment date	On or before 09 th August, 2006
e.	Listing on Stock Exchanges	Madras Stock Exchange Limited, Chennai (MSE) National Stock Exchange of India Limited (NSE)
f.	Stock Code a) Trading Symbol b) Demat ISIN Numbers in NSDL & CDSL	MSE - IMP NSE - IMPAL INE547E01014

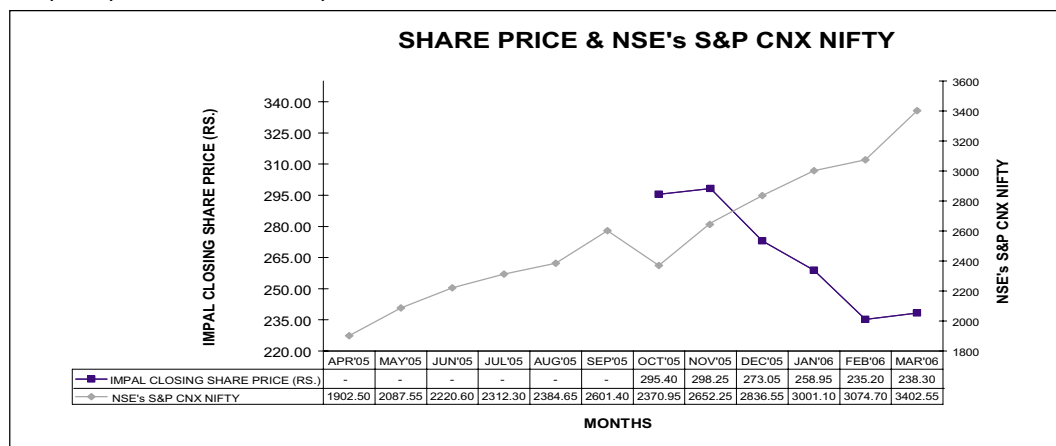
g. The Company has paid the listing fee upto the year 2006-2007 to the National Stock Exchange and Madras Stock Exchange.

h. Market Price Data

Month	Apr-05	May-05	June-05	July-05	Aug-05	Sep-05	Oct-05	Nov-05	Dec-05	Jan-06	Feb-06	Mar-06
NSE*	High	-	-	-	-	-	556.90	327.00	312.00	283.70	280.00	257.00
	Low	-	-	-	-	-	199.00	281.15	270.00	256.25	231.80	215.00

* Equity Shares of the Company was listed and admitted to dealings on National Stock Exchange of India Limited from 7th October 2005. No trading was reported during the year on Madras Stock Exchange.

i. Share price performance in comparison to broad-based indices:-



INDIA MOTOR PARTS & ACCESSORIES LIMITED

j. Share Transfer Systems / Registrar and Transfer Agents:

M/s Cameo Corporate Services Limited, Chennai, is Registrar and Transfer Agent for the Company providing connectivity with the NSDL and CDSL for demat services. They also handle physical share transfer and related services. The share transfer and other requests are processed within 15 days from the date of receipt subject to documents being complete in all respects.

Members are requested to send all their communications and documents pertaining to both shares in physical form and dematerialised form to the Registrar at the following address:

M/S CAMEO CORPORATE SERVICES LIMITED

Contact Person:

UNIT: IMPAL

V Floor, 'Subramanian Building'

Sri R D Ramasamy

1, Club House Road

Designation: Vice President (Corporate Affairs)

Chennai - 600 002.

Phone : + 91 - 44 - 28460390 (5 Lines)

Sri Narasimhan

Fax : + 91 - 44 - 28460129

Designation: Senior Executive (Shares)

Email : cameo@cameoindia.com

k. (i) Distribution of Shareholding pattern as on March 31, 2006

No. of Shares	Shareholders		No. of Shares	
	Number	%	Number	%
Upto 500	6017	87.33	952765	22.90
501-1000	608	8.82	407708	9.80
1001-2000	140	2.03	194447	4.68
2001-5000	63	0.92	200693	4.83
5001-10000	27	0.39	221947	5.33
10001 & above	35	0.51	2182240	52.46
Total	6890	100.00	4159800	100.00

(ii) Pattern of Shareholding as on March 31, 2006

Sl.No.	Particulars	No. of shares held	% of total
1	Promoters	1952160	46.93
2	Non Residents (NRI)	26279	0.63
3	Corporate Bodies	98742	2.37
4	Resident Individuals	2082619	50.07
	Total	4159800	100.00

l. Dematerialisation of shares:

The trading in equity shares of the company is permitted only in dematerialised form. As of March 31, 2006 about 28.55 % of total outstanding Shares have been dematerialised. Out of 2207640 shares held by the shareholders other than the promoters, 1180609 (forming 53.48 % of the non promoters shareholding) have been dematerialised upto 31st March 2006.

m. Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity:
The Company has not issued GDRs /ADRs / Warrants or any convertible instruments.

n. Address for Correspondence and any assistance / clarification:

<p>Company Secretary India Motor Parts & Accessories Limited "Sundaram Towers", III Floor # 46, Whites Road, Royapettah Chennai - 600 014.</p>	<p>Phone : + 91 - 44 - 28591433 + 91 - 44 - 28524097 Fax : + 91 - 44 - 28523009 E-mail : secy@impal.net Website : www.impal.net</p>
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N Krishnan
Managing Director

AUDITORS' CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT

To the Members of M/s. India Motor Parts & Accessories Limited

1. We have reviewed the implementation of Corporate Governance procedures by M/s. INDIA MOTOR PARTS & ACCESSORIES LTD., for the year ended 31st March 2006 with the relevant records and documents maintained by the Company, furnished to us for our review and the report on Corporate Governance as approved by the Board of Directors.
2. The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.
3. On the basis of our review and according to the information and explanations given to us, the conditions of Corporate Governance as stipulated in Clause 49 of the listing agreement with the Stock Exchanges have been complied with in all material respect by the Company.
4. As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that there are no investors' grievance pending for a period exceeding one month against the Company as per the records maintained by the Company.

For Sundaram & Srinivasan
Chartered Accountants

M Padhmanabhan
Partner
Membership No. 13291

Chennai
14th July 2006

SHAREHOLDER INFORMATION:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.**
2. The proxy form duly stamped and executed, should be deposited at the Corporate Office of the Company atleast forty-eight hours before the time fixed for the commencement of the meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 28th August, 2006 to 30th August, 2006 (both days inclusive).
4. Members desiring any information as regards Accounts are requested to write to the Company atleast 7 days before the meeting so as to enable the Management to keep the information ready.
5. Pursuant to the erstwhile provisions of Section 205A of the Companies Act, 1956, all dividends upto the financial year 1993-94 and Interim Dividend for the financial year 1994-95, which remained unclaimed have been transferred to the General Revenue Account of the Central Government. Members, who have not encashed their dividend warrants for the said period may claim the amount from the Registrar of Companies, Shastri Bhavan, #26 Haddows Road, Chennai 600 006.

The unclaimed dividends in respect of financial year 1994-95 (final dividend), 1995-96 to 1997-98 has been transferred to Investor Education and Protection Fund. It may be noted that as per provisions of Section 205C of the Companies Act, 1956, no claims will lie against the Company or the Investor Education and Protection Fund in respect of the said unclaimed dividend amount transferred to the Fund.

Members who have not encashed their dividends for the financial year ended 31st March 1999 or any subsequent financial years are requested to lodge their claim with the Company / Share Transfer Agents.

6. Please bring the attendance slip with you, duly filled and hand it over at the entrance of the meeting hall.
7. Members who are holding shares in identical order of names in more than one folio are requested to intimate to the Registrar & Transfer Agents, such folio numbers together with the share certificates to enable the Company to consolidate all the holdings into one folio. The Share certificates will be returned to the Members after making necessary endorsement in due course.
8. Members, who are individuals may avail the facility of nomination as provided in Section 109A of the Companies Act, 1956 wherein a Member may nominate in the prescribed manner, a person to whom his shares in the company shall vest in the event of his demise. Where more than one person holds the shares jointly, the joint holder may together nominate a person to whom all the rights in the shares of the company shall vest in the event of demise of all the joint holders.