

INDIA MOTOR PARTS & ACCESSORIES LIMITED

IMPAL

2006 – 2007

53rd ANNUAL REPORT

Distribution Network



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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 S PRASAD# | |
| Sri N KRISHNAN | Managing Director |

COMMITTEES OF THE BOARD

Audit Committee

| | |
|---------------------------|----------|
| Sri V GOPALAKRISHNAN* | Chairman |
| Sri S RAVINDRAN | |
| Sri N KRISHNAN | |
| Sri S PRASAD [§] | |

Shareholder / Investor Grievance Committee

| | |
|-----------------|----------|
| Sri S NARAYANAN | Chairman |
| Sri N KRISHNAN | |

GENERAL MANAGER – FINANCE

Sri G V KRISHNA MOHAN

DEPUTY GENERAL MANAGER – ACCOUNTS

Sri U RAVINDRANATH

SECRETARY

Sri B SHANMUGASUNDARAM

AUDITORS

M/S SUNDARAM & SRINIVASAN
Chartered Accountants, Chennai

BANKERS

STATE BANK OF INDIA and
STATE BANK OF MYSORE

REGISTERED & CORPORATE OFFICE

“Sundaram Towers” III Floor
#46, Whites Road
Chennai – 600 014

WEBSITE

www.impal.net

*Resigned effective April 30, 2007

#Co-opted on April 26, 2007

§ With effect from April 30, 2007

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INDIA MOTOR PARTS & ACCESSORIES LIMITED

EXECUTIVES

| | |
|----------------------|---|
| Sri P HARIHARAN | Vice President (Marketing) |
| Sri L KUMAR | Vice President (Marketing) |
| Sri V RAMAKRISHNAN | Vice President (Marketing) |
| Sri T K SUNDARARAJAN | Senior Advisor |
| Sri R SUNDARARAJAN | Asst. General Manager |
| Sri S R SWAMINATHAN | Asst. General Manager |
| Sri L SRINIVASAN | Asst. General Manager |
| Sri V SRIDHAR | Asst. General Manager (Systems & Materials) |
| Sri MUKESH RASTOGI | Senior Area Manager |
| Sri R SIVARAMAN | Senior Area Manager |
| Sri S P SRIVASTAVA | Senior Area Manager |
| Sri M S HARIGOPAL | Senior Area Manager |
| Sri N SUNDARAM | Senior Area Manager (Accounts) |
| Sri R RAMAN | Senior Area Manager (Accounts) |
| Sri M PARAMESWARAN | Senior Area Manager (Accounts & Information Systems) |

FINANCIAL HIGHLIGHTS

Rs. in Lakhs

| Particulars | 2002-03 | 2003-04 | 2004-05 | 2005-06 | 2006-07 |
|----------------------------|----------|----------|----------|----------|-----------------|
| Share Capital | 208.00 | 208.00 | 415.98 | 415.98 | 415.98 |
| Reserves & Surplus | 5047.42 | 5673.83 | 6148.66 | 6723.57 | 7387.56 |
| Net Worth | 5255.42 | 5881.83 | 6564.64 | 7139.55 | 7803.54 |
| Capital Employed | 5630.19 | 6200.41 | 6884.64 | 7812.75 | 8644.51 |
| Sales | 17975.39 | 19281.69 | 21349.62 | 20707.03 | 22702.44 |
| Profit before tax | 1287.00 | 1402.95 | 1517.06 | 1382.93 | 1639.36 |
| Profit after tax | 820.53 | 919.72 | 1014.84 | 906.94 | 1093.36 |
| Dividend Amount | 312.00 | 260.00 | 291.19 | 291.19 | 374.39 |
| Dividend % | 150 | 125 | 70 | 70 | 90 |
| Earnings per Share (Rs.) | 39.45 | 44.22 | 24.40 | 21.80 | 26.28 |
| Book Value Per Share (Rs.) | 252.66 | 282.78 | 157.81 | 171.63 | 187.59 |

NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the **Fifty-third Annual General Meeting** of the Shareholders of the Company will be held at **10:25 a.m. on Friday, the 7th day of September 2007**, 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, 2007 and to consider the reports of the Directors and Auditors thereon.
2. To declare a final dividend.
3. To elect a Director in the place of Sri S Narayanan, 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 Prasad 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 in accordance with the provisions of Sections 198, 269, 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, approval of the Company be and is hereby given for the reappointment of Sri N Krishnan as the Managing Director of the Company for a period of 5 years with effect from 05th July 2007 up to 4th July 2012 as per the terms set out hereunder: -

- a) Salary - Rs.1,52,000/- (Rupees One Lakh Fifty Two Thousand only) per month effective 1st April 2007 in the scale of Rs.1,50,000/- to Rs.2,50,000/-. Annual increase will be effective 1st April every year with the quantum decided by the Board of Directors.
- b) Commission - Subject to a ceiling of 1.5% on the net profits of the Company for the financial year, the quantum whereof to be determined by the Board of Directors.
- c) Perquisites - As detailed in the annexure to the Explanatory Statement

By Order of the Board

Chennai
16th July 2007

B Shanmugasundaram
Secretary

EXPLANATORY STATEMENT UNDER SECTION 173 OF THE COMPANIES ACT, 1956

Item No.5

Sri S Prasad was appointed as Additional Director on 26th April 2007. Pursuant to Section 260 of the Companies Act, 1956, Sri S Prasad 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 Prasad as a Director of the Company. The Board of Directors recommend his appointment.

Interest of Directors

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

Item No.6

At the Annual General Meeting held on 12th August 2002, Sri N Krishnan was appointed as Managing Director with effect from 05.07.2002 for a period of 5 years. The Board of Directors at their meeting held on 26.04.2007 have re-appointed Sri N Krishnan as the Managing Director of the Company for a period of 5 years commencing from 05.07.2007, on the terms set out in the resolution.

The term of office / remuneration payable to the Managing Director by way of Salary, Commission and Perquisites (as given in annexure) are within the specified limits laid down in Schedule XIII of the Companies Act, 1956 and requires Members approval. Accordingly, the said resolution is submitted for your consideration.

Interest of Directors

None of the Directors except Sri N Krishnan and Sri S Narayanan, who is related to him, is concerned or interested in the resolution.

By Order of the Board

Chennai
16th July 2007

B Shanmugasundaram
Secretary

Annexure to the Explanatory Statement

Details of Perquisites referred to in the Resolution No.6

1. Free use of furnished accommodation owned or leased by the Company with amenities including Water, Gas, Electricity and Furnishings. If no accommodation is provided, the Managing Director is entitled to House Rent Allowance subject to a ceiling of 70% of his salary. The expenditure incurred by the Company on Water, Gas, Electricity and Furnishings will be evaluated as per Income Tax Rules, 1962.
2. Medical Reimbursement for self and family including premium payable for medical insurance in accordance with the rules of the Company.
3. Leave Travel Concession for self and family once in a year in accordance with the rules of the Company.
Explanation: Family means the spouse, dependent children and dependent parents of the appointee.
4. Sitting Fee for attending the meeting of Board of Directors and Committee thereof, as applicable to other Directors.
5. Fees of clubs subject to a maximum of two clubs. This will not include admission fee and life membership fee.
6. Personal Accident Insurance as per the rules of the Company.
7. Contribution to Provident Fund, Superannuation Fund or Annuity Fund and payment of Gratuity as per the rules of the Company.
8. Encashment of leave at the end of the tenure.

9. Provision of Cars with driver for Company business, the value of which will be evaluated as per Income-tax Rules, 1962.
10. Provision of telephone at the residence of the Managing Director.
11. Such other perquisites, benefits and amenities as may be provided by the Company to the other senior executives from time to time.

PARTICULARS OF THE DIRECTORS SEEKING APPOINTMENT /RE-APPOINTMENT 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 S Narayanan
 Age : 82 years

Sri S Narayanan has been on the Board of the Company since 1965. He is the Chairman of the Board as well as the Chairman of Shareholders / Investor Grievance Committee. He also served as the Chairman of the Audit Committee. Sri S Narayanan is having over six decades of experience in automobile industry particularly in the distribution of automobile spare parts. He is a Member, Managing Committee of Motor Vehicle & Allied Industries Association, Chennai. Sri S Narayanan holds 1608 shares individually and 19744 shares jointly with others.

Details of other Directorships held by him:

- a) TVS Srichakra Limited
- b) Lucas Indian Service Limited
- c) Sundaram Finance Limited
- d) Sundharams Private Limited

Committee Membership in other Companies:

TVS Srichakra Limited – Chairman, Shareholders / Investor Grievance Committee

2. Item No.5 of the Notice

Name of the Director : Sri S Prasad
 Age : 59 years
 Qualification : Fellow Chartered Accountant

Sri S Prasad was appointed as Additional Director of the Company on 26th April 2007. He started his career as a Finance professional in industry and thereafter commenced independent practice from 1981. In this capacity, he now handles audits of reputed corporates. His special interests are with JVs and FDI. Sri S Prasad holds 480 equity shares in the Company.

Details of other Directorships held by him:

Wheels India Limited

Committee Membership in other Companies:

Wheels India Limited – Chairman, Audit Committee

3. Item No.6 of the Notice

Name of the Director : Sri N Krishnan
 Age : 54 years

Sri N Krishnan is a B.E. (Mechanical Engineering), with an MBA and MS from the University of Southern California at Los Angeles. Having served as General Manager (Sales) in Axles India Limited, he joined IMPAL in December 1993 as General Manager. Sri N Krishnan was inducted into the Board as Deputy Managing Director from 24.07.1997. His initial appointment as Managing Director was from 1st July 1999 and was later re-appointed on 05.07.2002 for a period of 5 years.

He does not hold Directorship in any other Company. Sri N Krishnan holds 8264 shares jointly with others.

DIRECTORS' REPORT TO THE SHAREHOLDERS

Dear Shareholders,

Your Directors are pleased to present the **53rd Annual Report** together with the Audited Accounts for the year ended 31st March 2007.

Rs. in Lakhs

| Financial Results | 31.03.2007 | 31.03.2006 |
|---|-------------------|------------|
| Profit before tax | 1639.36 | 1382.93 |
| Less: Provision for earlier years | 15.83 | 7.90 |
| Less: Provision for taxation (including deferred tax) | 530.17 | 468.09 |
| Profit after Tax | 1093.36 | 906.94 |
| Add : Balance in P&L Account brought forward from previous year | 294.82 | 319.91 |
| Profit available for appropriation | 1388.18 | 1226.85 |
| Appropriations | | |
| Dividend | | |
| - Interim | 291.19 | 291.19 |
| - Final | 83.20 | — |
| Dividend Tax (including surcharge) | 54.98 | 40.84 |
| General Reserve | 600.00 | 600.00 |
| Surplus Balance in Profit & Loss Account | 358.81 | 294.82 |

Performance

The Sales turnover of the Company for the year ended 31st March 2007 at **Rs. 22702.44** lakhs was higher than that achieved during the previous year by 9.64%. The previous year turnover was Rs.20707.03 lakhs.

The Profit before tax (PBT) for the year under review saw a growth of 18.5% to Rs.16.39 Crores from that of Rs.13.83 Crores achieved during the preceding year. The Profit after tax (PAT) also saw a growth of 20.5%, to Rs.10.93 Crores from Rs.9.07 Crores. Both the PBT and the PAT are the highest for your Company.

Dividend

The Board of Directors in March 2007 have declared and paid an Interim Dividend of Rs.7/- per equity share on 27th March 2007. Your Directors are now pleased to recommend a final dividend of 20%. Together, the total dividend aggregates to 90% for the year ended 31st March 2007, on the paid up capital of Rs. 415.98 lakhs. The dividend, together with a dividend tax of Rs.54.98 lakhs absorbs a sum of Rs.429.37 lakhs.

Permitted Trading in the Bombay Stock Exchange

Effective 28th December 2006, the shares of your company have been admitted for trading in the Bombay Stock Exchange (BSE) under the Permitted Trading Category.

Delisting of Equity Shares from the Madras Stock Exchange

The Company's shares were delisted from the Madras Stock Exchange with effect from 7th March 2007 in accordance with SEBI (Delisting of Securities) Guidelines, 2003 for voluntary delisting. The shares of your company are frequently traded on the National Stock Exchange and the Bombay Stock Exchange. Since there has been no trading on the Madras Stock Exchange (MSE) from April 2004, the shares have been delisted from MSE.

Management Discussion and Analysis

The Indian Economy continued to do well during 2006-07. The Gross Domestic Product (GDP) growth is estimated to have grown at 9.4%, exceeding the 9% growth achieved during 2005-06. All sectors excepting the agricultural sector grew at double-digit rates. Manufacturing sector did exceedingly well, with a growth rate estimated at 12%.

All segments in the automotive sector contributed to the growth with the Medium and Heavy duty commercial vehicles registering an impressive growth of 33% (previous year 4.5%); Light commercial vehicles (LCVs) grew at 34% versus 19.7% of the previous year; Cars and Multi Utility Vehicles (MUVs) had a growth of 21% versus 7.7% of the previous year. Multi Axle vehicles contributed to the growth in the Heavy Commercial Vehicle segment while the one-ton segment vehicles contributed in a substantial manner for the Light Commercial Vehicle sector.

The Value Added Tax (VAT) roll-out continued during the year under review and VAT was introduced in Jharkhand, Gujarat, Rajasthan and Chattisgarh from 1st April 2006 and in Tamilnadu from 1st January 2007. In many of the States, the VAT system, in addition to hiking the tax payable for automobile parts from an average of 9% to 12.5%, also brought into the net, dealers who were earlier not part of the system. Our turnover therefore, in the introductory year dipped in these States other than Tamilnadu.

The Company also did some restructuring in the product lines handled and due to lack of viability exited a major engine component segment. While this had an effect of diminishing our turnover, it did not affect profits.

In spite of the above factors, the Company registered a 10% growth in the sales and a 20% growth in profits.

On the taxation front, Central Salestax (CST) has been reduced from 4% to 3%. from 1st April 2007. We have passed on this benefit to trade in most of the States.

IT Initiatives

The concept and system of centralized purchase orders from the Head Office, on behalf of all branches, to the suppliers via the Internet, was introduced during the year under review. Further improvements are under consideration to step up the ordering / indenting frequency by the branches.

Internal Control Systems

The Company has an effective Internal Audit System and Internal Audit teams visit the branches regularly to check compliance. Internal Audit meetings involving all departments are held regularly and reports submitted to the Audit Committee of the Board.

The Audit Committee of the Board met 5 times during the year under review with the internal auditors and statutory auditors to review amongst others, internal control systems and procedures.

Human Resources

We are witnessing a lot of migration of trained people from trade segment to other segments of the economy. To contain this, the Company has revised its pay packages to all its key personnel, both at the branch level and at the Head Office. This will increase our wage costs from the fiscal year 2007-08. The management continues to have cordial relations with all its employees.

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

Your Directors have co-opted Sri S Prasad, a practicing Chartered Accountant as an Additional Director of the Company. His appointment requires the approval of the Members at the ensuing Annual General Meeting.

Sri S Narayanan, 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 2006-2007, 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 to be furnished under Section 217(2A) of the Companies Act, 1956.

Directors' responsibility statement

As required under Section 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, 2007 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

Your Directors express their grateful appreciation for the co-operation and support received from suppliers, dealers and also the bankers State Bank of India and State Bank of Mysore.

The Directors place on 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
16th July 2007

S Narayanan
Chairman

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 2007, 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, 2007 and taken on record by the Board of Directors, we report that none of the Directors are disqualified as on 31st March, 2007 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, 2007;
 - (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

Chennai
16th July 2007

M Padhmanabhan
Partner
Membership No.13291

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

Referred to in paragraph 3 of our report of even date

1. (a) The company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
(b) According to the information and explanations given to us, there is a regular programme of verification of fixed assets 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 fixed 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 procedures 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 its 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 or 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 its 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 weaknesses in internal control system.
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 prices 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, 2007 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/-
 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.

ANNEXURE TO THE AUDITORS' REPORT (Contd.)

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 is pending with Joint Commissioner of Commercial taxes for Rs.4,41,804/-
10. The Company has neither accumulated losses as at 31st March, 2007 nor has incurred any cash losses during the financial year ended on that date and 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

Chennai
16th July 2007

M Padhmanabhan
Partner
Membership No.13291

INDIA MOTOR PARTS & ACCESSORIES LIMITED

BALANCE SHEET AS AT 31ST MARCH , 2007

| | Schedule No. | 31.03.2007 Rs.in lakhs | 31.03.2006 Rs.in lakhs |
|---|-----------------|---------------------------|---------------------------|
| SOURCES OF FUNDS | | | |
| 1. Shareholders' Funds: | | | |
| (a) Capital | 1 | 415.98 | 415.98 |
| (b) Reserves and Surplus | 2 | <u>7,387.56</u> | <u>6,723.57</u> |
| | | 7,803.54 | 7,139.55 |
| 2. Deferred Tax Liability (Net) | | | |
| | | 60.59 | 36.42 |
| 3. Loan Funds: | | | |
| Secured Loans | 3 | <u>780.38</u> | 636.78 |
| Total | | <u>8,644.51</u> | <u>7,812.75</u> |
| APPLICATION OF FUNDS | | | |
| 1. Fixed Assets | | | |
| (a) Gross Block | 4 | 1,626.18 | 1,637.85 |
| (b) Less: Depreciation | | <u>583.27</u> | <u>553.48</u> |
| (c) Net Block | | 1,042.91 | 1,084.37 |
| 2. Investments | | | |
| | 5 | 3,415.52 | 3,406.72 |
| 3. Current Assets, Loans & Advances | | | |
| (a) Current Assets | 6 | 5,121.27 | 4,686.42 |
| (b) Loans & Advances | 7 | <u>770.09</u> | <u>469.07</u> |
| | | <u>5,891.36</u> | <u>5,155.49</u> |
| Less: Current Liabilities & Provisions | | | |
| (a) Current Liabilities | 8 | 1,528.62 | 1,490.13 |
| (b) Provisions | 9 | <u>176.66</u> | <u>343.70</u> |
| | | <u>1,705.28</u> | <u>1,833.83</u> |
| Net Current Assets | | 4,186.08 | 3,321.66 |
| Total | | <u>8,644.51</u> | <u>7,812.75</u> |
| Notes on accounts | 15 | | |

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

S Narayanan
Chairman

Ananth Ramanujam
S Ravindran

U Ravindranath
Dy. General Manager - Accounts

As per our attached Report
of even date
For **SUNDARAM & SRINIVASAN**
Chartered Accountants

N Krishnan
Managing Director

S Prasad
Directors

B Shanmugasundaram
Secretary

M Padhmanabhan
Partner
Membership No: 13291

Chennai
16th July, 2007

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH , 2007

| | Schedule No. | Year ended 31-03-2007 Rs.in lakhs | Year ended 31-03-2006 Rs.in lakhs |
|--|-----------------|---|---|
| INCOME | | | |
| Sales - Less Returns (Net) | | 22,702.44 | 20,707.03 |
| Operating Income | | 91.35 | 95.79 |
| Non Operating Income | 10 | 207.42 | 77.06 |
| Interest | 14 | 2.14 | 6.35 |
| | | <u>23,003.35</u> | <u>20,886.23</u> |
| EXPENDITURE | | | |
| Cost of Sales - Parts & Accessories | 11 | 19,985.42 | 18,168.95 |
| Establishment Charges | 12 | 626.91 | 607.87 |
| Administrative & Other Expenses | 13 | 688.76 | 662.64 |
| Depreciation | | 62.90 | 63.84 |
| | | <u>21,363.99</u> | <u>19,503.30</u> |
| Profit for the year (Before Tax) | | 1,639.36 | 1,382.93 |
| Less: Provision made for earlier years | | 15.83 | 7.90 |
| Less: Provision for Taxation (includes Wealth tax Rs.0.09 lakhs - previous year Rs.0.08 lakhs) | | 490.00 | 460.00 |
| (Add) / Less: Provision for Deferred Tax | | 24.17 | (7.41) |
| Less: Provision for Fringe Benefit Tax | | 16.00 | 15.50 |
| Net Profit after Tax | | 1,093.36 | 906.94 |
| Add: Balance brought forward from previous year | | 294.82 | 319.91 |
| Profit Available for Appropriation | | 1,388.18 | 1,226.85 |
| APPROPRIATIONS: | | | |
| Interim Dividend | | 291.19 | 291.19 |
| Dividend Tax (including Surcharge) | | 40.84 | 40.84 |
| Final Dividend | | 83.20 | - |
| Dividend Tax (including Surcharge) | | 14.14 | - |
| General Reserve | | 600.00 | 600.00 |
| Surplus-Balance carried to Balance Sheet | | 358.81 | 294.82 |
| | | <u>1,388.18</u> | <u>1,226.85</u> |
| Notes on accounts | 15 | | |
| EARNINGS PER SHARE (Basic/Diluted) | | 26.28 | 21.80 |

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

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

S Narayanan
Chairman

Ananth Ramanujam

S Ravindran

U Ravindranath
Dy. General Manager - Accounts

As per our attached Report
of even date
For **SUNDARAM & SRINIVASAN**
Chartered Accountants

N Krishnan
Managing Director

S Prasad
Directors

B Shanmugasundaram
Secretary

M Padhmanabhan
Partner
Membership No: 13291

Chennai
16th July, 2007

INDIA MOTOR PARTS & ACCESSORIES LIMITED

SCHEDULES

31.03.2007
Rs. in Lakhs

31.03.2006
Rs. in Lakhs

Schedule No. 1

SHARE CAPITAL

Authorised:

100,00,000 Equity Shares of Rs. 10/-each

1,000.00

1,000.00

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)

415.98

415.98

Schedule No. 2

RESERVES AND SURPLUS

Capital Reserve:

As per Last Balance Sheet

378.75

378.75

General Reserve:

As per Last Balance Sheet

6050.00

5,450.00

Add: Transfer from Profit & Loss Account

600.00

6650.00

600.00

6,050.00

Surplus as per Profit & Loss Account

358.81

294.82

7,387.56

6,723.57

Schedule No. 3

SECURED LOANS

Loan from Banks

Cash Credit

780.38

636.78

(Secured by hypothecation of book debts and stock)

780.38

636.78

Schedule No. 4

FIXED ASSETS

Rs. in Lakhs

| Description | GROSS BLOCK | | | | DEPRECIATION | | NET BLOCK | |
|--------------------------------|---------------------|---------------------------------|----------------------------------|--------------------------------|-----------------|--------------------|---------------------|---------------------|
| | As at 01/04/2006 | Additions during the year | Deductions during the year | Balance as on 31/03/2007 | For the Year | Upto 31/03/2007 | As at 31/03/2007 | As at 31/03/2006 |
| Land | 210.35 | - | - | 210.35 | - | - | 210.35 | 210.35 |
| Leasehold land & } Building | 76.92 | - | - | 76.92 | 1.24 | 24.18 | 52.74 | 53.98 |
| Buildings | 844.80 | - | - | 844.80 | 27.16 | 197.48 | 647.32 | 674.48 |
| Plant & Machinery | 78.93 | 2.19 | 2.67 | 78.45 | 5.53 | 44.55 | 33.90 | 37.84 |
| Electrical Fittings | 21.84 | 0.10 | 0.18 | 21.76 | 0.96 | 16.45 | 5.31 | 6.17 |
| Office Equipment | 150.29 | 3.05 | 8.13 | 145.21 | 8.82 | 122.01 | 23.20 | 29.17 |
| Furniture & Fixtures | 165.84 | 0.08 | 2.17 | 163.75 | 6.15 | 136.34 | 27.41 | 33.64 |
| Vehicles | 88.88 | 27.37 | 31.31 | 84.94 | 13.04 | 42.26 | 42.68 | 38.74 |
| TOTAL | 1,637.85 | 32.79 | 44.46 | 1,626.18 | 62.90 | 583.27 | 1,042.91 | 1,084.37 |
| Previous Year | 1,371.30 | 301.11 | 34.56 | 1,637.85 | 63.84 | 553.48 | 1,084.37 | |

SCHEDULES

| | 31.03.2007 | 31.03.2006 |
|---|---------------------|--------------|
| | Rs. in Lakhs | Rs. in Lakhs |
| <u>Schedule No. 5</u> | | |
| INVESTMENTS | | |
| Long Term (at cost) | | |
| In Government Securities / Trust Securities: | - | - |
| In Equity Shares:- | | |
| Long Term - At Cost - Non trade - Fully paid: | | |
| <u>Quoted:</u> | | |
| Sundaram Finance Ltd., | | |
| 6,94,231 equity shares of Rs. 10/- each. | 715.04 | 715.04 |
| <u>Unquoted:</u> | | |
| Royal Sundaram Alliance Insurance Company Ltd. | | |
| 115,12,308 equity shares of Rs. 10/- each | 1,151.23 | 1,151.23 |
| Transenergy Ltd., 15,000 equity shares of Rs.100/- each | 15.00 | 15.00 |
| Current Investments: (at cost or market value , whichever is lower) | | |
| <u>Unquoted:</u> | | |
| Birla Sunlife Cash Manager Institutional Plan-Daily Dividend Reinvestment 6405156.48 Units of Rs.10/- each , Face Value Rs.640.64 Lakhs (purchased during the year) | 640.64 | - |
| Standard Chartered Fixed Maturity Plan -Qtly series 6 Dividend -250000 Units of of Rs.10 each Face Value of Rs.25 Lakhs (purchased during the year) | 25.00 | - |
| Reliance Fixed Horizon Fund I (Qtly Plan series IV Dividend Plan-1000000 Units of Rs.10 each Face Value of Rs.100.00 Lakhs (purchased during the year) | 100.00 | - |
| Reliance Fixed Horizon Fund II (Qtly Plan series II Dividend Plan-750000 Units of Rs.10 each Face Value of Rs.75.00 Lakhs (purchased during the year) | 75.00 | - |
| HDFC Cash Management Fund -Call Plan -Dly Dividend Reinv -15373111.386 Units of Rs.1 each face value of Rs.160.29 Lakhs (purchased during the year) | 160.29 | - |
| HDFC Cash Management Fund -Savings Plan - Dly Dividend Reinv -1884175.032 Units of Rs.10 each face value of Rs.200.41 Lakhs (purchased during the year) | 200.41 | - |
| Standard Chartered Liquidity Manager - Daily Dividend Reinvestment -2578837.460 Units of Rs.10 each face value of Rs.257.91 Lakhs (purchased during the year) | 257.91 | - |
| UTI -Fixed Maturity Plan (Q FMP / 0107/1) Dividend Plan - 750000 Units of Rs.10 each Face value of Rs.75 Lakhs (purchased during the year) | 75.00 | - |
| Standard Chartered Liquidity Manager Plus -Daily Dividend 19,510 Units of Rs.1,000 each face value of Rs.195.10 Lakhs | - | 195.10 |
| UTI Money Market Fund Daily Income Option - 12,57,374 Units of Rs.10 each Face value of Rs. 125.74 Lakhs | - | 219.11 |

INDIA MOTOR PARTS & ACCESSORIES LIMITED

SCHEDULES

INVESTMENTS (Contd.)

| | 31.03.2007 | 31.03.2006 |
|---|------------------------|------------------------|
| | Rs. in Lakhs | Rs. in Lakhs |
| UTI Fixed Maturity Plan (Q FMP /0106/II) Dividend Plan 5,00,068 Units of Rs.10 each | - | 50.01 |
| UTI Fixed Maturity Plan (Q FMP /0306/I) Dividend Plan 5,00,000 Units of Rs.10 each | - | 50.00 |
| Chola FMP -Series 3 (Qtrly Plan -I) Dividend 5,00,000 Units of Rs.10 each | - | 50.00 |
| Reliance Fixed Maturity Fund -Quarterly Plan III Series II -Div 6,00,000 Units of Rs. 10/- each | - | 60.00 |
| DSP Meryl Lynch Liquidity Fund Institutional Plan Dly.Div.Reinv 59,083 Units of Rs.1,000/ - each | - | 590.95 |
| DSP Meryl Lynch Fixed Term Plan Series 1 C Dividend | - | 50.00 |
| Grindlays Fixed Maturity 7th Plan B growth - 5,00,000 Units of Rs.10/- each | - | 50.00 |
| JM Equity & Derivative Fund - Dividend 1,00,000 Units of Rs.10/- each | - | 10.28 |
| Deutsche Fixed Term Fund - Growth Option 7,50,000 Units of Rs.10/- each | - | 75.00 |
| Principal Deposit Fund Fixed Maturity Plan 7,50,000 Units of Rs.10/- each | - | 75.00 |
| J133 JM Fixed Maturity Plan -YSO1 , 5,00,000 Units of Rs.10/- each | - | 50.00 |
| | <u>3,415.52</u> | <u>3,406.72</u> |

| Aggregate value of Investments | Book value | Market Value | Book value | Market Value |
|--------------------------------|-----------------|-----------------|------------|--------------|
| Quoted | 715.04 | 2,746.38 | 715.04 | 2,693.62 |
| UnQuoted | 2,700.48 | | 2,691.68 | |

Current Investments bought and sold during the year

Rs. in Lakhs

| <u>Name</u> | <u>No.of Units</u> | <u>Face Value</u> | <u>At Cost</u> |
|---|--------------------|-------------------|----------------|
| DWS Money Plus Fund -Institutional Plan-Dly Div Reinv. | 5002599.111 | 500.27 | 500.67 |
| DWS Insta Cash Plus Fund -Institutional Plan-Dly Div Reinv. | 4992934.044 | 499.29 | 500.27 |
| Lotus India Liquid Fund-Retail Weekly Dividend | 303758.514 | 30.38 | 30.38 |
| Sundaram Money Fund-Super Institutional Plan DRI Dly | 54049529.391 | 5404.95 | 5456.46 |
| Sundaram Money Fund-Institutional Plan DRI Dly | 615293.686 | 61.53 | 62.12 |
| DSP ML Liquidity Fund Instl.Plan Daily Dividend Reinv. | 91334.414 | 913.34 | 913.53 |
| DSP ML Liquid Plus Daily Dividend Reinv. | 12621.412 | 126.21 | 126.24 |
| DBS Chola Liquid Instl.Plan -Daily Dividend Reinv | 3006539.052 | 300.65 | 301.58 |
| C99 Chola FMP Series 3 (Qrtly.Plan III) Dividend | 1000000.000 | 100.00 | 100.00 |
| C99 Chola FMP Series 4 (Qrtly.Plan III) Dividend | 750000.000 | 75.00 | 75.00 |
| C266 Chola FMP Series 5 (Qrtly Plan III) Dividend | 750150.000 | 75.02 | 75.02 |

SCHEDULES
INVESTMENTS (Contd.)
Current Investments bought and sold during the year (Contd.)
Rs. in Lakhs

| Name | No.of Units | Face Value | At Cost |
|--|--------------------|-------------------|----------------|
| Reliance Liquid Fund -Treasury Plan-Retail Option -Daily Div. Reinv. | 558242.680 | 55.82 | 85.06 |
| Reliance Fixed Horizon Fund -Monthly Plan- Variosys Series Dividend | 9350000.000 | 935.00 | 935.00 |
| Reliance Fixed Horizon Fund -Qtly Plan B - Series III Dividend Option | 1000000.000 | 100.00 | 100.00 |
| Reliance Fixed Horizon Fund I -Qtly Plan I - Dividend Option | 1000000.000 | 100.00 | 100.00 |
| Reliance Fixed Horizon Fund -Qtly Plan B - Series I Dividend Option | 1000000.000 | 100.00 | 100.00 |
| Reliance Fixed Horizon Fund -Qtly Plan B - Series V Dividend Option | 1000000.000 | 100.00 | 100.00 |
| Reliance Fixed Horizon Fund I -Qtly Plan B - Series III Dividend Option | 1000000.000 | 100.00 | 100.00 |
| Reliance Fixed Horizon Fund I -Qtly Plan B - Series II Dividend Option | 750000.000 | 75.00 | 75.00 |
| Reliance Fixed Horizon Fund I -Qtly Plan B - Series IV Dividend Option | 750000.000 | 75.00 | 75.00 |
| Reliance Fixed Horizon Fund I -Qtly Plan - Series II Dividend Option | 750000.000 | 75.00 | 75.00 |
| SBI Magnum Insta Cash Fund -Daily Dividend Reinv. | 5200684.852 | 520.07 | 871.08 |
| SBI Magnum Insta Cash Fund -Weekly Dividend Reinv. | 6397509.860 | 639.75 | 680.18 |
| SBI Magnum Institutional Savings -Dividend | 1153649.020 | 115.36 | 115.74 |
| SBI Debt Fund Series -60 Days (June '06) -Dividend Option | 500000.000 | 50.00 | 50.00 |
| Sundaram Fixed Term Plan Series VIII (30 Days) -Div. Plan | 500000.000 | 50.00 | 50.00 |
| Sundaram Fixed Term Plan Series X (30 Days) -Div. Plan | 1500000.000 | 150.00 | 150.00 |
| Sundaram BNP Paribas Fixed Term Plan Series IX (90 days) Div. Plan | 500000.000 | 50.00 | 50.00 |
| Sundaram BNP Paribas Fixed Term Plan Series XVII (90 days) Div. Plan | 500000.000 | 50.00 | 50.00 |
| Sundaram Fixed Term Plan Series VI June'06 (100 Days) -Div. Plan | 500000.000 | 50.00 | 50.00 |
| HDFC Cash Management Fund -Savings Plan-Daily Dividend | 12794661.320 | 1279.47 | 1,360.89 |
| Standard Chartered Liquidity Manager Plus Daily Dividend | 338961.588 | 3389.62 | 3,388.78 |
| DWS Insta Cash Plus Fund -Daily Dividend Reinvestment | 1365284.515 | 136.53 | 140.64 |
| UTI Money Market Fund -Daily Income Option | 547408.704 | 54.74 | 95.41 |
| UTI Liquid Cash Plan Regular -Daily Income Option | 4943.528 | 49.44 | 50.15 |
| UTI Liquid Cash - Institutional Plan -Daily Income Option | 217366.705 | 2173.67 | 2,215.78 |
| UTI Fixed Maturity Plan (QFMP /0806/ II) Dividend Plan | 750000.000 | 75.00 | 75.00 |
| Standard Chartered Fixed Maturity -5th PLAN-Dividend | 500000.000 | 50.00 | 50.00 |
| JM Equity & Derivative Fund Dividend | 3709.484 | 0.37 | 0.38 |

INDIA MOTOR PARTS & ACCESSORIES LIMITED

SCHEDULES

| | 31.03.2007 Rs. in Lakhs | 31.03.2006 Rs. in Lakhs |
|---|----------------------------|----------------------------|
| <u>Schedule No. 6</u> | | |
| CURRENT ASSETS | | |
| Stock-in-Trade at cost or Net realisable value whichever is lower as Certified by the Management | 2067.39 | 1,916.67 |
| Goods-in-Transit (at cost) | 184.58 | 121.63 |
| Sundry Debtors - Over six months (unsecured) considered good | 14.89 | 17.72 |
| Others (unsecured) considered good | 2010.54 | 1,935.61 |
| Cash and Bank Balances: | | |
| Cash and Cheques on Hand | 268.61 | 185.91 |
| With Scheduled Banks | | |
| Current Accounts | 199.62 | 134.62 |
| Fixed Deposit Accounts | 2.37 | 2.37 |
| Remittance in Transit | 373.27 | 371.89 |
| | <u>5,121.27</u> | <u>4,686.42</u> |

Schedule No. 7

LOANS AND ADVANCES

| | | |
|--|---------------|---------------|
| Advances recoverable in cash or in kind or for value to be received | 770.09 | 469.07 |
| | <u>770.09</u> | <u>469.07</u> |

Schedule No. 8

CURRENT LIABILITIES

| | | |
|--|-----------------|-----------------|
| Sundry Creditors - for purchases | 1144.00 | 1,181.63 |
| - for expenses | 91.15 | 89.64 |
| - for others | 213.03 | 197.25 |
| Unclaimed Dividend* | 79.98 | 21.01 |
| Unclaimed matured Fixed Deposits* | 0.16 | 0.16 |
| Interest accrued but not due on loans | 0.30 | 0.44 |
| (*There are no amounts outstanding to be credited to Investor Education and Protection Fund.) | <u>1,528.62</u> | <u>1,490.13</u> |

Schedule No. 9

PROVISIONS

| | | |
|--|---------------|---------------|
| Provision for Taxation (Net of Advance Tax and tax deducted at source) | 79.32 | 11.67 |
| Interim Dividend (Includes Dividend tax & Surcharge Rs.40.84 Lakhs) | - | 332.03 |
| Proposed Final Dividend (Includes Dividend tax & Surcharge Rs.14.14 Lakhs) | 97.34 | - |
| | <u>176.66</u> | <u>343.70</u> |

SCHEDULES

| | 31.03.2007 Rs. in Lakhs | 31.03.2006 Rs. in Lakhs |
|--|----------------------------|----------------------------|
| <u>Schedule No.10</u> | | |
| NON OPERATING INCOME | | |
| Dividend Receipts - | | |
| Long Term Investments in Equity Shares | 95.22 | 10.41 |
| Current Investments | 89.65 | 61.16 |
| Profit on Sale of Assets | 3.36 | 1.72 |
| Profit on Sale of Investments | | |
| Current Investments | 18.21 | 3.68 |
| Others | 0.98 | 0.09 |
| | 207.42 | 77.06 |
| <u>Schedule No.11</u> | | |
| COST OF SALES-PARTS & ACCESSORIES | | |
| Opening Stock | 1916.67 | 1,886.61 |
| Less : VAT Credit available on Opening Stock | 12.41 | 41.07 |
| | 1,904.26 | 1,845.54 |
| Add : Purchases | 20,148.55 | 18,240.08 |
| | 22,052.81 | 20,085.62 |
| Less : Closing Stock | 2067.3 9 | 1,916.67 |
| | 19,985.42 | 18,168.95 |
| <u>Schedule No.12</u> | | |
| ESTABLISHMENT CHARGES | | |
| Salaries, Allowances, Commission and Bonus | 513.83 | 490.18 |
| Contribution to PF and Other Funds | 54.13 | 51.53 |
| Gratuity | 18.29 | 25.20 |
| Staff Welfare Expenses | 40.66 | 40.96 |
| | 626.91 | 607.87 |
| <u>Schedule No.13</u> | | |
| ADMINISTRATIVE & OTHER EXPENSES | | |
| Rent | 70.90 | 84.00 |
| Rates, Taxes and Licences | 22.29 | 29.26 |
| Rebates and Discounts | 99.49 | 89.99 |
| Power and Lighting | 34.85 | 37.48 |
| Audit Fees : as Auditors | 2.13 | 2.13 |
| for Tax Audit | 0.23 | 0.23 |
| for Certification | 0.22 | 0.22 |
| out of pocket expenses | 0.13 | 0.10 |
| Directors' Sitting Fees | 2.70 | 2.70 |
| Insurance | 7.90 | 8.08 |
| Maintenance of Buildings | 29.00 | 39.90 |
| Maintenance of Plant & Machinery | 4.26 | 3.20 |
| Maintenance of Other Assets | 34.60 | 35.79 |
| Donations | 32.26 | 11.32 |
| Loss on account of Sale of Assets | 0.63 | 0.49 |
| Other Expenses | 347.17 | 317.75 |
| | 688.76 | 662.64 |

INDIA MOTOR PARTS & ACCESSORIES LIMITED

SCHEDULES

| | 31.03.2007 | 31.03.2006 |
|--|---------------|---------------|
| | Rs. in Lakhs | Rs. in Lakhs |
| <u>Schedule No. 14</u> | | |
| INTEREST & FINANCE CHARGES / (RECEIPTS) | | |
| Interest - Cash Credit | 0.27 | 0.10 |
| Finance Charges | <u>3.28</u> | <u>1.63</u> |
| | 3.55 | 1.73 |
| Less: Interest Receipts - Gross | | |
| Others | 5.69 | 8.08 |
| (Tax Deducted at source Rs.0.91 lakhs, Previous year Rs. 1.43 lakhs) | <u>(2.14)</u> | <u>(6.35)</u> |

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) 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.
- (d) Inventories are valued in line with the Accounting Standard (AS 2).Cost of inventories is net of VAT in States where ever VAT had been introduced from 01.04.2006.
- (e) Long term investments are carried at cost and provision for decline in value, if any , other than temporary, are made when ever necessary. Current Investments are stated at lower of cost or market value.
- (f) Liability towards Gratuity,encashment of leave to the employees are accounted on the basis of actuarial valuation.
- (g) Insurance claims are accounted as and when the claims are settled.
- (h) 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 crystallise.

2. Balance Sheet

- i) Balance with Scheduled Banks include:
 - (a) Fixed Deposits of Rs.2.37 lakhs (previous year Rs.2.37 lakhs).
 - (b) Unclaimed Dividend Bank Account Balance of Rs.79.98 Lakhs (previous year Rs.21.01 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 31.03.2007 are as follows:

| | 2006-2007 | 2005-2006 |
|----------------------------|--------------|--------------|
| | Rs in lakhs | Rs in lakhs |
| (a) Deferred Tax Liability | | |
| Depreciation | 78.16 | 51.71 |
| (b) Deferred Tax Asset: | | |
| Other Provisions | 17.57 | 15.29 |
| Net Deferred Tax Liability | <u>60.59</u> | <u>36.42</u> |

- iv) Income Tax demands relating to prior years amounting to Rs. 274.43 Lakhs, had been paid in full. The process of appeal has begun and there is a fair chance of success.

SCHEDULES

| NOTES ON ACCOUNTS (Contd.) | 2006-2007 Rs in lakhs | 2005-2006 Rs in lakhs |
|---|--------------------------|--------------------------|
| 3. Profit & Loss Account | | |
| i) Information for each class of goods purchased, sold and stocks during the year | | |
| Automobile Products and Accessories | | |
| Opening Stock | 1916.67 | 1886.61 |
| Purchases | 20148.55 | 18240.08 |
| Sales | 22702.44 | 20707.03 |
| Closing Stock | 2067.39 | 1916.67 |
| 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 | 16.50 | 15.00 |
| Commission | 21.00 | 14.31 |
| Contribution to Provident Fund & Other Funds | 4.46 | 4.05 |
| Perquisites | 15.20 | 13.86 |
| | 57.16 | 47.22 |
| b) Commission to non-whole time Directors | | |
| | 2.50 | 3.25 |
| | 59.66 | 50.47 |
| 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 | 1639.36 | 1382.93 |
| Add: Director's Remuneration | 59.66 | 50.47 |
| Directors' sitting fees (Other than Managing Director) | 2.04 | 2.34 |
| Loss on sale of Assets | 0.63 | 0.49 |
| | 1701.69 | 1436.23 |
| Less: Profit on Sale of Assets | 3.36 | 1.72 |
| Profit on Sale of Investments | 18.21 | 3.68 |
| | 1680.12 | 1430.83 |
| 1.5% thereof (previous year 1%) | 25.20 | 14.31 |
| Commission to Managing Director 1.25 % (Previous year 1%) | 21.00 | 14.31 |
| Commission to non-whole time Directors | 2.50 | 3.25 |
| iv) There was no Interest on Fixed Deposits paid/payable to the Directors (previous year Rs.nil lakhs) | | |

INDIA MOTOR PARTS & ACCESSORIES LIMITED

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 31/03/2007 are as follows.

Rs in lakhs

| Nature of Transaction | Associates | Key Management Personnel | Relatives of Key Management Personnel. |
|-----------------------|------------|--------------------------|--|
| Sale of Goods | 42.91 | 0.00 | 0.00 |
| Purchase of Goods | 12.72 | 0.00 | 0.00 |
| Receiving Services | 2.24 | 0.00 | 0.00 |
| Payable Balance | 1.50 | 0.00 | 0.00 |
| Receivable Balance | 2.61 | 0.00 | 0.00 |
| Remuneration | 0.00 | 57.16 | 0.74 |

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 :

| | | 2006-2007 | 2005-2006 |
|--|-----------|------------------|-----------|
| Profit after Taxation | Rs. Lakhs | 1093.36 | 906.94 |
| Total Equity Shares outstanding at the end of the year | Nos. | 4,159,800 | 4,159,800 |
| Weighted average number of Equity Shares | Nos. | 4,159,800 | 4,159,800 |
| Earnings per share (Basic and Diluted) | Rs. | 26.28 | 21.80 |
| Face value per share | Rs. | 10.00 | 10.00 |

v) Expenditure in foreign currency -

| | | | |
|---------------------------|----------|-------------|------|
| Travelling & Subscription | Rs.Lakhs | 1.03 | 1.08 |
|---------------------------|----------|-------------|------|

vi) Contingent Liability

| | | | |
|--|----------|--------------|-------|
| - Sales Tax Liability disputed at various forums of appeal | Rs.Lakhs | 15.40 | 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.: L65991TN1954PLC000958 | State Code | 18 |
| Balance Sheet Date | 31-03-2007 | |

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 | 864451 | Total Assets | 864451 |
|-------------------|---------------|--------------|---------------|

SOURCES OF FUNDS

| | | | |
|-----------------|--------------|------------------------|---------------|
| Paid-up Capital | 41598 | Reserves & Surplus | 738756 |
| Secured Loans | 78038 | Unsecured Loans | — |
| | | Deferred Tax Liability | 6059 |

APPLICATION OF FUNDS

| | | | |
|--------------------|---------------|-------------------|---------------|
| Net Fixed Assets | 104291 | Investments | 341552 |
| Net Current Assets | 418608 | Misc. Expenditure | — |

IV PERFORMANCE OF COMPANY (Amount in Rs. Thousands)

| | | | |
|--------------------------------------|----------------|----------------------|----------------|
| Turnover (including other income) | 2300335 | Total Expenditure | 2136399 |
| Profit Before Tax (+) | 163936 | Profit After Tax (+) | 109336 |
| Earnings Per Share in Rs. | 26.28 | Dividend Rate | 90% |

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

| | |
|---------------------|---|
| ITC Code | Not applicable |
| Product Description | Sale and Distribution of Automotive Spares |

CASH FLOW STATEMENT

| | 2006-2007 (Rs in lakhs) | 2005-2006 (Rs in lakhs) |
|--|----------------------------|----------------------------|
| A) Cash flow from Operating Activities | | |
| a) Net Profit Before tax | 1,639.36 | 1,382.93 |
| Adjustment for: | | |
| Depreciation | 62.90 | 63.84 |
| Interest & Finance Charges | 3.28 | 1.63 |
| Interest Receipts - Gross | | |
| Govt. | - | - |
| Others | (5.69) | (8.08) |
| Dividend Income | | |
| Long Term | (95.22) | (10.41) |
| Current | (89.65) | (61.16) |
| Loss on Sale of Assets | 0.63 | 0.49 |
| Profit on Sale of Assets | (3.36) | (1.72) |
| Profit on Sale of : | | |
| Long Term Investments | - | - |
| Current Investments | (18.21) | (3.68) |
| b) Operating Profit before Working Capital Changes | 1,494.04 | 1,363.84 |
| Adjustment for: | | |
| Decrease/ (Increase) in Trade Receivables | (72.10) | (63.94) |
| Decrease / (Increase) in Loans & Advances | (301.02) | (100.38) |
| (Increase) / Decrease in Inventories | (213.67) | 14.37 |
| (Decrease) / Increase in Trade Payable | (20.34) | (170.87) |
| | (607.13) | (320.82) |
| c) Cash Generated from Operations | 886.91 | 1,043.02 |
| Direct taxes Paid | (454.18) | (499.63) |
| | (454.18) | (499.63) |
| d) Cash flow before Extraordinary item | 432.73 | 543.39 |
| e) Extraordinary Item | - | - |
| Net Cash flow from Operating Activities | 432.73 | 543.39 |
| B) Cash flow from Investing Activities | | |
| Sale of Fixed Assets | 14.09 | 8.91 |
| Sale of Investments | | |
| Long Term | - | - |
| Current | 1,543.65 | 1,064.26 |
| Dividend received | | |
| Long Term | 95.22 | 10.41 |
| Current | 89.65 | 61.16 |

CASH FLOW STATEMENT (Contd.)

| | 2006-2007 (Rs in lakhs) | 2005-2006 (Rs in lakhs) |
|--|----------------------------|----------------------------|
| Interest received | | |
| Govt. | - | - |
| Others | 5.69 | 8.08 |
| Purchase of Fixed Assets | (32.79) | (301.11) |
| Purchase of : | | |
| Long Term Investments | - | (82.23) |
| Current Investments | (1,534.25) | (1,265.44) |
| Net Cash used in Investing Activities | 181.26 | (495.96) |
| C) Cash flow from Financing Activities | | |
| Borrowing / (Repayment) of Cash Credit | 143.60 | 360.61 |
| Repayment of Fixed Deposits | - | (0.69) |
| Interest paid on Fixed Deposits | (0.14) | (0.14) |
| Interest Others | - | - |
| Finance charges | (3.28) | (1.63) |
| Dividend Paid | (605.09) | (328.37) |
| Net Cash flow from Financing Activities | (464.91) | 29.78 |
| D) Net Increase in Cash & Cash Equivalent | 149.08 | 77.21 |
| Cash & Cash Equivalent at beginning of the year | 694.79 | 617.58 |
| Cash & Cash Equivalent at the end of the year | 843.87 | 694.79 |

S Narayanan
Chairman

Ananth Ramanujam
S Ravindran

U Ravindranath
Dy. General Manager - Accounts

As per our attached Report
of even date
For **SUNDARAM & SRINIVASAN**
Chartered Accountants

N Krishnan
Managing Director

S Prasad
Directors

B Shanmugasundaram
Secretary

M Padhmanabhan
Partner
Membership No: 13291

Chennai
16th July, 2007

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 Non Executive Chairman. Sri S Ram, Sri Ananth Ramanujam, Directors represent the promoter group. Sri V Gopalakrishnan and Sri S Ravindran 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 meeting and last Annual General Meeting

During the financial year 2006-07, the Board met 6 times on 28th April 2006, 14th July 2006, 26th July 2006, 30th October 2006, 30th January 2007 and 9th March 2007. Details of attendance at Board Meetings, Annual General Meeting and details of Directorship in other Boards and Board Committees:

| Name | Attendance Particulars | | No. of other Directorship & Committee membership / chairmanship other than IMPAL (as on 31.03.2007) | | |
|-----------------------|------------------------|----------|---|----------------------|------------------------|
| | Board Meeting | Last AGM | Other Directorship | Committee Membership | Committee Chairmanship |
| Sri S Narayanan | 4 | Yes | 3 | - | 1 |
| Sri N Krishnan | 6 | Yes | - | - | - |
| Sri S Ram | 6 | Yes | 9 | 3 | 1 |
| Sri V Gopalakrishnan* | 6 | Yes | - | - | - |
| Sri Ananth Ramanujam | 2 | Yes | 4 | 3 | - |
| Sri S Ravindran | 6 | Yes | 5 | 1 | 2 |

Note: 1. Other Directorship excludes Private Limited Companies and Foreign Companies.

2. Only Audit Committee, Shareholders/ Investors grievance committee & Remuneration Committee is reckoned for this purpose.

3. 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.

During the year, the Audit committee met 5 times on 25th April 2006, 13th July 2006, 26th July 2006, 30th October 2006 and 30th January 2007 The composition and attendance particulars are as follows: -

| Name | Position | No. of Meetings attended |
|-----------------------|----------|--------------------------|
| Sri V Gopalakrishnan* | Chairman | 5 |
| Sri S Ravindran | Member | 5 |
| Sri N Krishnan | Member | 5 |

* Ceased to be a Director with effect from 30.04.2007

4. Remuneration to Directors:

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

Managing 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 Managing Director is as under: -

| Rs in Lakhs | |
|--|--|
| Nature of Payment | Sri N Krishnan, Managing Director |
| Salary | 16.50 |
| Commission | 21.00 |
| Sitting Fees | 0.66 |
| Contribution to Provident Fund & other Funds | 4.46 |
| Perquisites | 15.20 |

Remuneration to Non Executive Directors

The Non- executive directors are being remunerated by way of sitting fees for every meeting of Board and Audit Committee.

The Non-Executive Directors are remunerated by way of commission within the ceiling of 1% of the net profits of the Company for each financial year as approved by the Board of Directors.

The details of remuneration paid and number of shares held by Non Executive Directors are as follows:-

| Name of the Director | Sitting Fee (Rs.) | Commission (Rs.) | No. of shares held (as at 31.03.2007) |
|----------------------|----------------------|---------------------|--|
| Sri S Narayanan | 24,000 | 50,000 | 1608 ¹ |
| Sri S Ram | 36,000 | 50,000 | 9950 ² |
| Sri Ananth Ramanujam | 12,000 | 50,000 | 18656 ³ |
| Sri V Gopalakrishnan | 66,000 | 50,000 | 916 |
| Sri S Ravindran | 66,000 | 50,000 | 400 |

Number of shares held jointly with others ¹19744 ²57132 ³28624

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.

Sri B Shanmugasundaram, Secretary of the company is the compliance officer. During the year under review, no investor complaints were received.

6. General Body Meetings:

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

| Year | Location | Date and time |
|--------------------------------|--|------------------------------|
| 50 th AGM (2003-04) | Music Academy 168, TTK Road, Chennai - 14 | August 27, 2004 10.15 a.m. |
| 51 st AGM (2004-05) | Music Academy 168, TTK Road, Chennai - 14 | September 5, 2005 10.25 a.m. |
| 52 nd AGM (2005-06) | Music Academy 168, TTK Road, Chennai - 14 | August 30, 2006 10.30 a.m. |

INDIA MOTOR PARTS & ACCESSORIES LIMITED

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

| Year | Date | Details of Special Resolution |
|--------------------------------|-------------------|--|
| 50 th AGM (2003-04) | August 27, 2004 | NIL |
| 51 st AGM (2004-05) | September 5, 2005 | NIL |
| 52 nd AGM (2005-06) | August 30, 2006 | 1. Amendment to Articles of Association 2. Delisting of shares from Madras Stock Exchange |

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

7. Disclosures:

- There were 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 relating to capital market, 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:

- 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.
- Quarterly results, Annual results including the Annual Report, shareholding pattern are all available on our Company's website www.impal.net and also in SEBI's website - Electronic Data Information Filing & Retrieval (EDIFAR) <http://sebidifar.nic.in>

9. General Shareholder Information:

| | | |
|----|--|---|
| a. | 53 rd Annual General Meeting | |
| | - Date and Time - Venue | 7 th September, 2007 – 10.25 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, 2007 Second quarter results ending September 30 2007 Third quarter results ending December 31, 2007 Fourth quarter results ending March 31, 2008 Audited results for the year ending March 31, 2008 | 7 th September 2007 July, 2007 October, 2007 January, 2008 April, 2008 July, 2008 |
| c. | Period of Book Closure | From 30 th August 2007 to 7 th September 2007 (Both days inclusive) |
| d. | Dividend payment date | 27 th March 2007 (Interim Dividend) 15 th September 2007 (Final Dividend) |
| e. | Listing on Stock Exchanges* | National Stock Exchange of India Limited (NSE) |
| f. | Stock Code | |
| | a) Trading Symbol | NSE - IMPAL |
| | b) Demat ISIN Numbers in NSDL & CDSL | INE547E01014 |

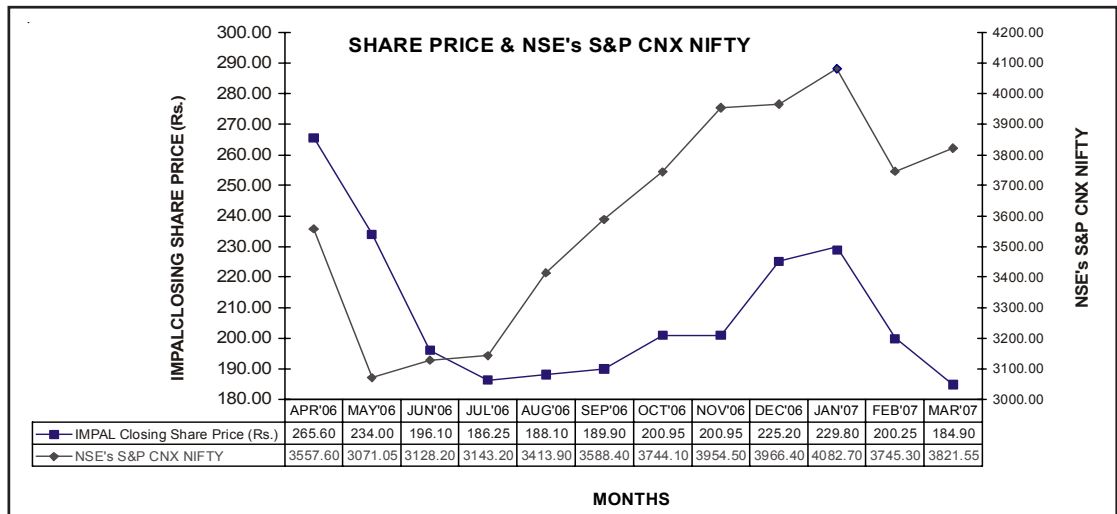
*The Company's shares were de-listed from the Madras Stock Exchange with effect from 7th March 2007 pursuant to SEBI (Delisting of Securities) Guidelines, 2003 for voluntary Delisting.

g. The Company has paid the listing fee up to the year 2007-08 to National Stock Exchange.

h. Market Price Data

| MONTH | | Apr -06 | May-06 | Jun-06 | Jul-06 | Aug-06 | Sep-06 | Oct-06 | Nov-06 | Dec-06 | Jan-07 | Feb-07 | Mar-07 |
|-------|------|---------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| NSE* | HIGH | 307.00 | 275.00 | 235.00 | 205.60 | 202.95 | 199.00 | 231.90 | 217.80 | 236.65 | 280.50 | 239.80 | 209.90 |
| | LOW | 233.00 | 218.50 | 165.00 | 169.00 | 181.85 | 182.05 | 186.10 | 190.10 | 184.50 | 215.00 | 190.00 | 174.00 |

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



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 & documents pertaining to both shares in physical form & dematerialised form to the Registrar at the following address:

| | |
|---|---|
| <p>M /S CAMEO CORPORATE SERVICES LIMITED UNIT: IMPAL V Floor, 'Subramanian Building' #1, Club House Road Chennai – 600 002 Phone: 044 -28460390 (5 Lines) Fax: 044 -28460129 Email: investor@cameoindia.com</p> | <p>Contact Person: Sri R D Ramaswamy Designation: Director</p> <p>Sri D Narasimhan Designation: Senior Executive (Shares)</p> |
|---|---|

INDIA MOTOR PARTS & ACCESSORIES LIMITED

k. (i) Distribution of Shareholding pattern as on March 31, 2007

| No. of Shares | Shareholders | | No. of Shares | |
|---------------|--------------|---------------|----------------|---------------|
| | Number | % | Number | % |
| Upto 500 | 6173 | 87.80 | 955889 | 22.98 |
| 501 -1000 | 587 | 8.35 | 394858 | 9.49 |
| 1001 -2000 | 145 | 2.06 | 200112 | 4.81 |
| 2001 -5000 | 67 | 0.95 | 218186 | 5.25 |
| 5001 -10000 | 25 | 0.36 | 207734 | 4.99 |
| 10001 & above | 34 | 0.48 | 2183021 | 52.48 |
| Total | 7031 | 100.00 | 4159800 | 100.00 |

(ii) Pattern of Shareholding as on March 31, 2007

| S.No | Particulars | No. of shares held | % of total |
|------|----------------------|--------------------|---------------|
| 1 | Promoters | 1952740 | 46.95 |
| 2 | Non Residents (NRI) | 26971 | 0.65 |
| 3 | Corporate Bodies | 101460 | 2.44 |
| 4 | Resident Individuals | 2078629 | 49.96 |
| | Total | 4159800 | 100.00 |

i. Dematerialisation of shares:

The trading in equity shares of the company is permitted only in dematerialised form. As of March 31, 2007 about 30.39% of total outstanding Shares have been dematerialised. Out of 2207060 equity shares held by the shareholders other than the promoters, 1244846 (forming 56.40 % of the non promoters shareholding) have been dematerialised upto 31st March 2007.

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:

| | |
|---|--|
| B Shanmugasundaram Company Secretary India Motor Parts & Accessories Limited 'Sundaram Towers' 3 rd Floor # 46, Whites Road, Royapettah, Chennai – 600 014. Designated email i.d. for investor complaints | Tel: +91 44 28591433 Tel: +91 44 28524097 Fax: +91 44 28523009 E - mail: bss@impal.net bss@impal.net |
|---|--|

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 India Motor Parts & Accessories Limited

1. We have reviewed the implementation of Corporate Governance procedures by INDIA MOTOR PARTS & ACCESSORIES LTD., for the year ended 31st March 2007 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 Exchange 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*

Chennai
13th July 2007

M Padhmanabhan
Partner
Membership No.13291

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 30th August, 2007 to 7th September, 2007 (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 up to 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), 1995-1996 to 1999-2000 has been transferred to Investor Education and Protection Fund. **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 such unclaimed dividend amount transferred to the Fund.**

Members who have not encashed their dividends for the financial year ended 31st March 2001 or any subsequent financial years are requested to lodge their claim with the Company / Share Transfer Agents. Reminders are sent to Members to claim their dividends before the amount is transferred to Investor Education & Protection Fund.

6. Shareholders may opt for receiving dividends through Electronic Clearing Service (ECS) for better convenience. The ECS application form is available in our website www.impal.net which may be downloaded for use. Such form is required to be duly filled in and sent to the company for registration.
7. Please bring the admission slip with you, duly filled and hand it over at the entrance of the meeting hall.
8. Members who are holding shares in identical order of names in more than one account are requested to intimate to the Registrar & Transfer Agents, the ledger folio of such accounts together with the share certificates to enable the Company to consolidate all the holdings into one account. The Share certificates will be returned to the Members after making necessary endorsement in due course.
9. 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.