

# 51st Annual Report



**2004-2005**



## INDIA MOTOR PARTS & ACCESSORIES LIMITED

### BOARD OF DIRECTORS

Sri S NARAYANAN

Chairman

Sri S VIJI

Sri K R RAGAVAN

Sri V GOPALAKRISHNAN

Sri R SRIKANTH\*

Sri ANANTH RAMANUJAM

Sri N KRISHNAN

Managing Director

\*upto 22-07-2005

### AUDIT COMMITTEE

Sri S NARAYANAN

Chairman

Sri K R RAGAVAN

Sri V GOPALAKRISHNAN

### AUDITORS

M/S SUNDARAM & SRINIVASAN

CHENNAI

### 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

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**Branches:** AGRA ñ AHMEDABAD ñ ALLAHABAD ñ ASANSOL ñ BANGALORE ñ BARODA ñ BATHINDA ñ BHILWARA ñ BHUBANESWAR ñ CALICUT ñ CHANDIGARH ñ CHENNAI ñ COCHIN ñ COIMBATORE ñ CUTTACK ñ DHANBAD ñ GANDHIDHAM ñ GURGAON ñ GUWAHATI ñ HUBLI ñ HYDERABAD ñ JAIPUR (2 Branches) ñ JALANDHAR ñ JAMSHEDPUR ñ JODHPUR ñ KANPUR ñ KOLHAPUR ñ KOLKATA ñ KOTA ñ LUDHIANA ñ MADURAI ñ MANGALORE ñ NAGPUR ñ NAVI MUMBAI ñ NEW DELHI ñ PATNA ñ PUNE ñ RAIPUR ñ RAJKOT ñ RANCHI ñ SALEM ñ SAMBALPUR ñ SILIGURI ñ SURAT ñ TRICHY ñ TIRUNELVELI ñ UDAIPUR ñ VARANASI ñ VIJAYAWADA

*Founder Director and Chairman Emeritus Sri T S Santhanam passed away on the 15th of April, 2005. Sri T S Santhanam's visionary leadership and his genuine concern for shareholders, employees and customers and the high standards set by him will be a guiding force for your Company in the years to come.*





Sri T.S. Santhanam

08.11.1912 – 15.04.2005

## INDIA MOTOR PARTS & ACCESSORIES LIMITED

### Executives

Sri S M SUNDARAM

Chief Financial Controller

Sri P HARIHARAN

General Manager (Marketing)

Sri L KUMAR

General Manager (Marketing)

Sri U RAVINDRANATH

Asst. General Manager (Accounts)

Sri R SUNDARARAJAN

Asst. General Manager

Sri S R SWAMINATHAN

Asst. General Manager (Material Services)

Sri P VIJAYA MADHAVA

Secretary

### FINANCIAL HIGHLIGHTS

(Rs. in Lakhs)

	2000-01	2001-02	2002-03	2003-04	2004-05
Share Capital	208.00	208.00	208.00	208.00	415.98
Reserves & Surplus	3966.34	4578.86	5047.42	5673.83	6148.66
Net Worth	4174.34	4786.86	5255.42	5881.83	6564.64
Capital Employed	4668.48	5233.63	5630.19	6200.41	6884.64
Sales	17893.53	17582.85	17975.39	19281.69	21349.62
Profit Before Tax	1040.03	1250.21	1287.00	1402.95	1517.06
Profit After Tax	637.01	838.39	820.53	919.72	1014.84
Dividend Amount	166.40	249.60	312.00	260.00	291.19
Dividend %	80	120	150	125	70
Earnings per share (Rs.)	30.63	40.31	39.45	44.22	24.40
Book Value Per Share (Rs.)	200.69	230.14	252.66	282.78	157.81

**NOTICE TO SHAREHOLDERS**

NOTICE is hereby given that the **Fifty-first Annual General Meeting** of the Shareholders of the Company will be held at **10.25 A.M.**, on **Monday, the 5<sup>th</sup> September 2005**, at the **Music Academy**, 168 (Old No.306) , T T K Road, Chennai ñ 600 014, to transact the following business:

Ordinary Business

1. To receive and adopt the Audited Statement of Accounts for the year ended 31<sup>st</sup> March, 2005 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 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:  
î**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.î

Special Business

5. To consider and if thought fit, to pass with or without modifications, the following Resolution as an Ordinary Resolution:  
î**RESOLVED THAT** Sri Ananth Ramanujam be and is hereby appointed as a Director of the Company liable to retire by rotation.î

Chennai  
22<sup>nd</sup> July 2005

By Order of the Board  
P. Vijaya Madhava  
Secretary

**EXPLANATORY STATEMENT UNDER SECTION 173 OF THE COMPANIES ACT, 1956**Item No. 5

Sri. Ananth Ramanujam was appointed by the Board as a Director of the Company on 22<sup>nd</sup> July 2005 to fill the casual vacancy on the Board caused by the resignation of Mr. R Srikanth. Pursuant to Section 262 of the Companies Act, 1956, Mr. Ananth Ramanujam holds office upto the date of the forthcoming Annual General Meeting. Notice under Section 257 of the Companies Act, 1956 has been received from a member signifying his intention to propose the appointment of Sri Ananth Ramanujam as a Director of the Company. The Board of Directors recommend his appointment.

None of the Directors, except Sri Ananth Ramanujam is concerned or interested in the resolution.

Chennai  
22<sup>nd</sup> July 2005

By Order of the Board  
P. Vijaya Madhava  
Secretary

## INDIA MOTOR PARTS & ACCESSORIES LIMITED

### INFORMATION REQUIRED TO BE FURNISHED UNDER THE LISTING AGREEMENT RELATING TO DIRECTORS WHO ARE PROPOSED TO BE APPOINTED / RE-APPOINTED AT THE 51<sup>st</sup> ANNUAL GENERAL MEETING OF THE COMPANY

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#### 1. Item No.3 of the Notice

Name of the Director : Sri S. Narayanan

Age: 80 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 Audit Committee. Sri. S. Narayanan is having over 6 decades of experience in the automobile industry, particularly in the distribution of automobile spare parts.

#### Details of other Directorships held by him:

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

#### Committee Membership in other Companies

TVS Srichakra Limited ñ Chairman, Shareholders / Investors Grievance Committee

#### 2. Item No.5 of the Notice

Name of the Director : Sri. Ananth Ramanujam

Age: 39 Years

Sri Ananth Ramanujam was appointed as Director of the company on 22nd July 2005. He is an Economics Graduate and holds a Masters Degree in Development Economics from the University of Bath, U.K. He has more than 15 years experience in export & manufacturing of auto components.

#### Details of other Directorships held by him:

- (a) ABI- Showatech (India) Ltd.
- (b) Turbo Energy Ltd.
- (c) Light Alloy Products Limited
- (d) Transenergy Ltd.
- (e) ABI- Showatech Pte Ltd. Singapore.
- (f) ABI- Showatech International Pte Ltd. Singapore.

#### Committee Membership

ABI- Showatech (India) Ltd. - Member, Audit Committee.

## DIRECTORS' REPORT TO THE SHAREHOLDERS

With deep regret, we record the passing away of Sri T S Santhanam, our revered Founder Director and Chairman Emeritus, on 15<sup>th</sup> April 2005. Having helped start IMPAL with a cash capital of Rs.15 lakhs in 1954, under his Chairmanship, the Company progressed from an initial turnover of Rs.6.67 lakhs to Rs.214 crores today. Over a period of time, under his visionary leadership, your Company has emerged as one of the leading automobile spare parts distributing companies in India with a network of branches spread throughout the country. He always stood for ethical business practices, good corporate governance, absolute customer satisfaction through excellent services, transparency in business dealings and maintenance of high standards of integrity at all levels of the Company. By advocating prudence and conservatism in the Company's operations, he had always sought to protect the interests of the stake holders.

The Directors wish to place on record their appreciation of the invaluable contribution rendered by Sri T S Santhanam throughout his association with the Company. His principles and philosophy would continue to be a guiding force for us to take the Company to greater heights.

Your Directors submit the **51<sup>st</sup> Annual Report** together with the Audited Accounts for the year ended 31<sup>st</sup> March 2005.

Financial Results	(Rs. in Lakhs)	
	31.03.2005	31.03.2004
<b>Profit before Tax</b>	<b>1517.06</b>	1402.95
<b>Add:</b> Provision written back no longer reqd.	<b>8.48</b>	ó
<b>Less:</b> Provision for taxation (including deferred tax)	<b>510.70</b>	483.23
<b>Profit after Tax</b>	<b>1014.84</b>	919.72
<b>Add:</b> Balance in P&L A/c brought forward from previous year	<b>254.10</b>	227.69
Profit available for appropriation	<b>1268.94</b>	1147.41
<b>Appropriations</b>		
Dividend:		
ñ Interim	<b>291.19</b>	260.00
ñ Final	—	ó
Dividend Tax (Including Surcharge)	<b>40.84</b>	33.31
General Reserve	<b>617.00</b>	600.00
Surplus Balance in Profit & Loss Account	<b>319.91</b>	254.10

### Performance

The Sales turnover of the Company for the year ended 31<sup>st</sup> March, 2005 at Rs. 213.50 Crores was higher than that achieved during the previous year by 10.72 %. The previous year turnover was Rs.192.82 Crores. The sales volume achieved in 2004-05 is an all time high and improves upon the previous high recorded in 2003-04.

The profit before tax for the year under review at Rs.15.17 crores and the profit after tax at Rs.10.15 crores are both the highest ever achieved by the Company. The performance of the Company is satisfactory.

### Dividend

The Board of Directors in July 2005 declared an Interim Dividend of Rs. 7/- per equity share on the increased paid up capital of Rs.415.98 lakhs for the year ended 31<sup>st</sup> March 2005. 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.

## INDIA MOTOR PARTS & ACCESSORIES LIMITED

### Capitalisation of Reserves (Issue of Bonus Shares)

During the year, the Company with the approval of the members, capitalised a portion of the reserves and issued Bonus Shares in March 2005 in the ratio of one equity share for every one existing equity share to the members of the Company. The Paid up Share Capital of the Company has increased to Rs.415.98 Lakhs after this bonus issue.

With regard to the buy-back of shares proposal announced by the Company in December 2003, there has been no further communication from SEBI on the proposal. In view of the inordinate delay experienced, the Board of Directors reviewed and decided to cancel and withdraw the proposal. The decision of the Board has been communicated to SEBI.

### Deposits

The Company is repaying all deposits on maturity with effect from 1<sup>st</sup> April 2002. Your directors wish to thank all the depositors for reposing confidence in the Company. The Company has repaid a sum of Rs.38.17 lakhs during the financial year ended March, 2005. With this, all deposits have been repaid by the Company with the exception of 5 unclaimed deposits amounting to Rs. 0.85 Lakh as on 31.03.2005. Out of this, Rs. 0.50 Lakh has subsequently been repaid. Efforts are on to locate and repay the balance matured unclaimed deposits.

### 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. R Srikanth, Director resigned from the Board with effect from 22<sup>nd</sup> July 2005. Sri. Ananth Ramanujam was appointed in his place as a Director of your Company. He retires at the forthcoming Annual General Meeting and a Notice under Section 257 of the Companies Act, 1956 has been received from a member, proposing his appointment as a Director of the Company.

The Board of Directors place on record their appreciation of the valuable services rendered by Sri R Srikanth during his long association with the Company.

Sri. S. Narayanan, Chairman, retires by rotation and being eligible offers himself for re-election.

### Auditors

The Auditors, Messrs. Sundaram & Srinivasan, Chartered Accountants, Chennai retire and are eligible for re-appointment.

### 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 2004-05, 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 31<sup>st</sup> March, 2005 and of the profit of the Company for that year.
- iii) the Directors had 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 the suppliers. The Directors also thank all 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 employees of the Company.

On Behalf of the Board of Directors

Chennai  
22<sup>nd</sup> July, 2005

S Narayanan  
Chairman

### MANAGEMENT DISCUSSION & ANALYSIS

The year under review was another good year for the motor vehicle industry, continuing the surge in volumes experienced in the previous year. For the year ending March 2005, sale of commercial vehicles, Passenger Cars and Utility vehicles recorded over 19% growth and Tractors 38%. The manufacturing sector did extremely well with the index of industrial production recording 8.8% growth vs 7.4% in the previous year.

#### OPERATING AND FINANCIAL PERFORMANCE

Your Company for the first time since inception crossed the Rs.200 Crore mark in turnover in the year under review. Overall sales at Rs.213.50 crores recorded an impressive over 10% growth over that of the previous year. The last time the Company witnessed double digit growth was 8 years ago, in the year ended 31<sup>st</sup> March 1997. As the company's base increases, it is becoming difficult to sustain a higher trajectory of growth. The Company has been improving its profits year after year and from a level of Rs.10.40 Crores in 2000-01 it reached Rs.14.03 Crores during the year ending March 2004. The Company has passed yet another milestone in 2004-05 with the Profit Before Tax and the Profit After Tax for the first time, crossing the Rs.15 crores mark and the Rs.10 crores mark respectively.

Another notable event this year has been the issue of Bonus Shares to the shareholders in the ratio of one for one in March 2005.

#### OPPORTUNITIES AND THREATS

Many State Governments have introduced Value Added Tax (VAT) system from 1<sup>st</sup> of April 05. VAT has been introduced in Delhi, Punjab and Haryana in the North, West Bengal, Assam, Orissa and Bihar in the East, Maharashtra in the West and Kerala, Karnataka and Andhra Pradesh in the South. Your Company which has a big presence in Delhi and Calcutta saw VAT severely curtailing the offtake in the initial months. The Company is active both in distribution centres and in consuming centres. The transition to the new VAT regime was smooth in retail markets and consuming centres. In Delhi, which is mostly a distribution centre, we have experienced a steep drop in sales in the first quarter of 2005-06. Business has also dropped in West Bengal and Punjab. As a consequence, the turnover in the first quarter of this year is lower than that of the corresponding period of the previous year by 8.6%. The challenge before us is to make the transition smooth and then try to make up the lost volumes.

The fact remains that while many of the States in the country have gone to the VAT mode, on date many others are yet to do so. Your Company has a strong presence in Tamilnadu, Gujarat and Rajasthan which are yet to change to VAT. Uttar Pradesh and Jharkhand are also still on the old sales tax mode. We may experience some disturbances in the market place in these States too, as and when the changeover happens.

The Company has tied up with a leading Clutch manufacturer to distribute its products in the East Zone commencing from May 05. During the year under review the Company has opened one more outlet in Maharashtra at Kolhapur.

#### IT INITIATIVES

During the year ending March 04, the Company had implemented a new retail transaction system with the help of a global technology firm. The system has since stabilised. Efforts are on to utilise the data generated by the system to improve stocking patterns and operating efficiency.

#### INTERNAL CONTROL SYSTEMS

The Company has an active internal audit cell. This cell consists of 2 teams supervised by a Senior Executive and these 2 teams visit every branch, for audit, atleast twice a year. In addition, the Company has engaged external auditors to carry out specific audit assignments at the Head Office.

The audit committee of the Board has met 3 times during the year under review along with internal auditors and the statutory auditors to review internal control systems and procedures.

#### HUMAN RESOURCES

The Management enjoys cordial relations with all its employees. A new wage agreement for a 3-year period commencing from 1<sup>st</sup> April 2005 was entered into with the Union. Efforts are made on a continuous basis to keep employees motivated. A new scheme has been launched to reward management at branch level who achieve high levels of efficiency in warehouse management.

**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 2005, 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, 2005 and taken on record by the Board of Directors, we report that none of the Directors are disqualified as on 31st March, 2005 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, 2005 ;
    - (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  
Membership No.13291

CHENNAI  
Date: 22<sup>nd</sup> July, 2005

**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 any secured or unsecured loans, to the companies covered in the register maintained under Section 301 of the Companies Act, 1956. The company has not taken any loans, secured or unsecured, from Companies covered in the register maintained under Section 301 of the Companies Act, 1956.
4. The company has got adequate internal control procedure commensurate with the size and the nature of the business for the purchase of inventory, fixed assets and for the sale of goods. During the course of audit, we have not observed any major weakness in the internal control.
5. (a) The transactions that need to be entered in Section 301 register have been entered and  
(b) These transactions exceeding the value of Rupees Five Lakhs in respect of any party during the year 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 and the Companies (Acceptance of Deposits) Rules, 1975. 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.
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 is 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 Fund, Income Tax, Sales Tax, Wealth Tax, Service Tax and other material statutory dues applicable to it.

**ANNEXURE TO THE AUDITORS' REPORT (Contd.)**

- (b) As at 31st of March, 2005 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.
  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, 2005 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 security.
  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 (Auditoris 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 and vice versa.
  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.

CHENNAI

Date: 22<sup>nd</sup> July, 2005

For SUNDARAM & SRINIVASAN  
Chartered Accountants  
M. PADHMANABHAN  
Partner  
Membership No.13291

## INDIA MOTOR PARTS & ACCESSORIES LIMITED

### BALANCE SHEET AS AT 31ST MARCH 2005

	Schedule No.	31.3.2005 Rs. in Lakhs	31.3.2004 Rs. in Lakhs
<b>SOURCES OF FUNDS</b>			
<b>1. Shareholders' Funds:</b>			
(a) Capital	1	415.98	208.00
(b) Reserves and Surplus	2	<u>6148.66</u>	<u>5673.83</u>
		<b>6564.64</b>	5881.83
<b>2. Deferred Tax Liability (Net)</b>		<b>43.83</b>	34.17
<b>3. Loan Funds:</b>			
(a) Secured Loans	3	276.17	247.03
(b) Unsecured Loans	4	<u>—</u>	<u>37.38</u>
		<b>276.17</b>	284.41
Total		<u><b>6884.64</b></u>	<u>6200.41</u>
<b>APPLICATION OF FUNDS</b>			
<b>1. Fixed Assets:</b>	5		
(a) Gross Block		1371.30	1354.40
(b) Less: Depreciation		<u>516.52</u>	<u>481.57</u>
(c) Net Block		<b>854.78</b>	872.83
<b>2. Investments</b>	6	<b>3119.62</b>	2460.77
<b>3. Current Assets, Loans &amp; Advances:</b>			
(a) Current Assets	7	4559.64	3944.34
(b) Loans & Advances	8	<u>368.69</u>	<u>683.12</u>
		<b>4928.33</b>	4627.46
<b>Less: Current Liabilities &amp; Provisions:</b>			
(a) Current Liabilities	9	1658.17	1437.51
(b) Provisions	10	<u>359.92</u>	<u>323.14</u>
		<b>2018.09</b>	1760.65
Net Current Assets		<b>2910.24</b>	2866.81
Total		<u><b>6884.64</b></u>	<u>6200.41</u>

Notes on accounts

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

S NARAYANAN Chairman	S VIJI R SRIKANTH K R RAGAVAN	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	P VIJAYA MADHAVA Secretary	M PADHMANABHAN Partner Membership No. : 13291

Chennai  
22nd July, 2005

## PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2005

	Schedule No.	Year ended 31.03.2005 Rs. in Lakhs	Year ended 31.03.2004 Rs. in Lakhs
<b>INCOME</b>			
Sales - Less Returns (Net)		<b>21349.62</b>	19281.69
Operating Income	11 A	<b>94.03</b>	82.19
Non Operating Income	11 B	<b>149.31</b>	114.12
Interest	15	<b>6.93</b>	25.69
		<b>21599.89</b>	19503.69
<b>EXPENDITURE</b>			
Cost of Sales - Parts & Accessories	12	<b>18752.33</b>	16772.32
Establishment Charges	13	<b>549.74</b>	558.63
Administrative & Other Expenses	14	<b>705.93</b>	691.02
Depreciation		<b>74.83</b>	78.77
		<b>20082.83</b>	18100.74
<b>Profit for the year (Before Tax)</b>		<b>1517.06</b>	1402.95
Add: Provision written back no longer required		<b>8.48</b>	ó
Less: Provision for Taxation (includes wealth tax Rs.0.09 lakhs - previous year Rs.0.05 lakhs)		<b>501.04</b>	475.00
Less: Provision for Deferred Tax		<b>9.66</b>	8.23
<b>Net Profit after Tax</b>		<b>1014.84</b>	919.72
Add: Balance brought forward from previous year		<b>254.10</b>	227.69
<b>Profit Available for Appropriation</b>		<b>1268.94</b>	1147.41
<b>APPROPRIATIONS:</b>			
Interim Dividend		<b>291.19</b>	260.00
Final Dividend		<b>—</b>	ó
Dividend Tax (including Surcharge)		<b>40.84</b>	33.31
General Reserve		<b>617.00</b>	600.00
Surplus-Balance carried to Balance Sheet		<b>319.91</b>	254.10
		<b>1268.94</b>	1147.41

Notes on accounts 16

### EARNINGS PER SHARE (Basic/Diluted)

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

**24.40**

22.11

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

S NARAYANAN Chairman	S VIJI R SRIKANTH K R RAGAVAN	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	P VIJAYA MADHAVA Secretary	M PADHMANABHAN Partner Membership No. : 13291

Chennai  
22nd July, 2005

## INDIA MOTOR PARTS & ACCESSORIES LIMITED

### SCHEDULES

	31.3.2005 Rs. in Lakhs		31.3.2004 Rs. in Lakhs
Schedule No. 1			
<b>SHARE CAPITAL</b>			
<b>Authorised:</b>			
100,00,000 (50,00,000) Equity Shares of Rs. 10/- each	<u>1000.00</u>		<u>500.00</u>
<b>Issued, Subscribed and Paid up:</b>			
41,59,800 (20,80,000) Equity Shares of Rs. 10/- each fully paid up (Includes 34,69,800 (13,90,000) Equity Shares of Rs. 10/- each allotted as fully paid up by way of Bonus Shares by Capitalisation of Reserves) Refer Schedule No:16, Note 2 (i)	<u>415.98</u>		<u>208.00</u>
Schedule No. 2			
<b>RESERVES AND SURPLUS</b>			
<b>Capital Reserve:</b>			
As per Last Balance Sheet	<b>378.75</b>		378.75
<b>General Reserve:</b>			
As per Last Balance Sheet	<b>5040.98</b>	4440.98	
Less: capitalised by issue of Bonus Shares	<u>207.98</u>	ó	
	<b>4833.00</b>	4440.98	
Add : Transfer from Profit & Loss Account	<u>617.00</u>	600.00	5040.98
Surplus as per Profit & Loss Account	<b>319.91</b>	<u>254.10</u>	
	<u><b>6148.66</b></u>		<u>5673.83</u>
Schedule No. 3			
<b>SECURED LOANS</b>			
<b>Loan from Banks:</b>			
Cash Credit (Secured by hypothecation of book debts and stock)	<b>276.17</b>		247.03
	<u>276.17</u>		<u>247.03</u>
Schedule No. 4			
<b>UNSECURED LOANS</b>			
Fixed Deposits	—		37.38
	—		<u>37.38</u>

**SCHEDULES**

Schedule No. 5

**FIXED ASSETS**

(Rs. in Lakhs)

Description	GROSS BLOCK				DEPRECIATION		NET BLOCK	
	As at 1.4.2004	Additions during the year	Deductions during the year	Balance as on 31.3.2005	For the Year	Upto 31.3.2005	As at 31.3.2005	As at 31.3.2004
Land	42.71	ó	ó	42.71	ó	ó	42.71	42.71
Leasehold land & Building	76.92	ó	ó	76.92	1.24	21.70	55.22	56.47
Buildings	702.10	37.21	5.35	733.96	29.61	146.92	587.04	581.77
Plant & Machinery	84.23	1.25	5.01	80.47	6.91	37.58	42.89	49.57
Electrical Fittings	23.24	0.03	1.38	21.89	1.20	14.68	7.21	8.43
Office Equipment	149.14	10.13	10.58	148.69	13.47	110.57	38.12	42.59
Furniture & Fixtures	171.12	2.47	7.36	166.23	9.75	125.16	41.07	48.75
Vehicles	104.94	18.92	23.43	100.43	12.65	59.91	40.52	42.54
<b>TOTAL</b>	<b>1354.40</b>	<b>70.01</b>	<b>53.11</b>	<b>1371.30</b>	<b>74.83</b>	<b>516.52</b>	<b>854.78</b>	<b>872.83</b>
Previous Year	1352.22	25.23	23.05	1354.40	78.77	481.57	872.83	

**31.3.2005**  
Rs. in Lakhs

31.3.2004  
Rs. in Lakhs

Schedule No. 6

**INVESTMENTS**

**Long Term (at cost)**

**In Government Securities / Trust Securities:**

At Cost Non-trade-Quoted:

Quoted:

10.52% Govt. of TN Loan 2010 (Rs.7.50 Lakhs Face value sold during the year)	—	7.50
11.30% Govt. of India Loan 2010 (Rs.3.50 Lakhs Face value sold during the year)	—	4.41

**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
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Unquoted:

Royal Sundaram Alliance Insurance Company Limited 1,06,90,000 equity shares of Rs. 10/- each	1069.00	1069.00
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 :

Sundaram Bond Saver - 92,298 Units of Rs 10/- each Face value of Rs.9.23 Lakhs (Sold during the year)		10.00
Less : Provision for Diminution in value of current Investments	—	0.44
Sundaram Money Fund Instl Dly Div Reinv - 28,14,855 Units of Rs 10/- each Face value of Rs.281.49 Lakhs purchased during the year	284.17	545.19
Grindlays Cash Fund Dly Div Reinv - 3,78,199 Units of Rs.10/- each Face value of Rs.37.82 Lakhs (Sold during the year)	—	40.02

## INDIA MOTOR PARTS & ACCESSORIES LIMITED

### SCHEDULES

<b>INVESTMENTS (Contd.)</b>	<b>31.3.2005</b>			<b>31.3.2004</b>
	<b>Rs. in Lakhs</b>			<b>Rs. in Lakhs</b>
UTI Liquid Cash Instl Daily Income Option - 19,764 Units of Rs.1000/- each				
Face value of Rs.197.64 Lakhs purchased during the year	<b>200.34</b>			45.05
Reliance Fixed Term Scheme Monthly Plan Div - 14,00,000 Units of Rs.10/- each purchased during the year	<b>140.00</b>			10.00
Reliance Fixed Term Scheme Qtly Plan Div-6,00,000 units of Rs. 10/- each purchased during the year	<b>60.00</b>			ó
HDFC Cash Management Fund Savings Plan Dly. Div Reinv-11,78,716 Units of Rs. 10/- each purchased during the year	<b>125.37</b>			ó
DSP Merrill Lynch floating Rate Fund Dly. Div Reinv-10,04,744 Units of Rs. 10/- each purchased during the year	<b>100.70</b>			—
Sundaram Floater L T Institutional Div Qtly -15,00,000 Units of Rs.10/-each Purchased during the year	<b>150.00</b>			ó
Grindlays Fixed Maturity 7th Plan B growth -5,00,000 Units of Rs.10/-each purchased during the year	<b>50.00</b>			ó
JM Equity & Derivative Fund - Dividend 1,00,000 Units of Rs. 10/- each purchased during the year	<b>10.00</b>			ó
Deutsche Fixed Term Fund - Growth Option 7,50,000 Units of Rs. 10/- each purchased during the year	<b>75.00</b>			ó
Principal Deposit Fund Fixed Maturity Plan 7,50,000 Units of Rs. 10/- each purchased during the year	<b>75.00</b>			ó
J133 JM Fixed Maturity Plan-YSO1 5,00,000 Units of Rs. 10/- each purchased during the year	<b>50.00</b>			ó
	<b>3119.62</b>			<b>2460.77</b>
Aggregate value of Investments	<b>Book value</b>	<b>Market Value</b>	<b>Book Value</b>	<b>Market Value</b>
Quoted	<b>715.04</b>	<b>1953.57</b>	726.95	1554.52
Unquoted	<b>2404.58</b>		1733.82	
<b>Current Investments bought and sold during the year</b>				<b>Rs. In Lakhs</b>
<b>Name</b>	<b>No.of Units</b>	<b>Face Value</b>	<b>At Cost</b>	
Sundaram Money Fund Instl Plan - Div Reinvestment dly	6,36,93,005.66	6369.30	6430.00	
Sundaram Money Fund - Div Reinvestment dly	5,44,23,209.40	5442.32	5494.35	
Sundaram Money Fund Instl Plan - Div Reinvestment Qtly	69,71,523.70	697.15	713.27	
Sundaram Money Fund - Appreciation	85,70,746.20	857.07	1149.27	
HDFC Cash Management - Saving Plan - Dly Div. Reinv.	35,33,515.71	353.35	375.92	
UTI Liquid Cash Plan Regular - Daily Income Option	1,34,120.85	1341.21	1352.88	
Grindlays Cash Fund - Daily Dividend	25,57,870.87	255.79	270.67	
Reliance Fixed Term Scheme - Dividend - Monthly	76,00,000.00	760.00	760.00	
Schedule No. 7	<b>31.3.2005</b>			<b>31.3.2004</b>
	<b>Rs. in Lakhs</b>			<b>Rs. in Lakhs</b>
<b>CURRENT ASSETS</b>				
Stock-in-Trade at Cost or Net realisable value whichever is lower as Certified by the Management	<b>1886.61</b>			1515.36
Goods-in-Transit (at cost)	<b>166.06</b>			130.08
Sundry Debtors				
Over six months (unsecured) considered good	<b>25.40</b>			21.55
Others (unsecured) considered good	<b>1863.99</b>			1710.56

## SCHEDULES

<b>CURRENT ASSETS (Contd.)</b>	<b>31.3.2005</b>	<b>31.3.2004</b>
	<b>Rs. in Lakhs</b>	<b>Rs. in Lakhs</b>
<b>Cash and Bank Balances:</b>		
Cash and Cheques on Hand	127.84	165.93
With Scheduled Banks		
Current Accounts	123.13	95.49
Fixed Deposit Accounts	6.12	4.39
Remittance in Transit	<u>360.49</u>	<u>300.98</u>
	<u>4559.64</u>	<u>3944.34</u>
Schedule No. 8		
<b>LOANS AND ADVANCES</b>		
Advances recoverable in cash or in kind or for value to be received	<u>368.69</u>	<u>683.12</u>
	<u>368.69</u>	<u>683.12</u>
Schedule No. 9		
<b>CURRENT LIABILITIES</b>		
Sundry Creditors for purchases	1385.41	1174.87
for expenses	100.58	84.00
for others	153.40	153.14
Unclaimed Dividend*	17.35	14.74
Unclaimed matured Fixed Deposits*	0.85	1.64
Interest accrued thereon*	0.14	0.69
Interest accrued but not due on loans	0.44	8.43
(*There are no amounts outstanding to be credited to Investor Education and Protection Fund.)		
	<u>1658.17</u>	<u>1437.51</u>
Schedule No. 10		
<b>PROVISIONS</b>		
Provision for Taxation (Net of Advance Tax and Tax deducted at source)	27.89	29.83
Interim Dividend (Includes Dividend tax & Surcharge Rs.40.84 Lakhs & Rs.33.31 Lakhs respectively)	332.03	293.31
	<u>359.92</u>	<u>323.14</u>
Schedule No. 11 A	<b>2004-2005</b>	<b>2003-2004</b>
	<b>Rs. in Lakhs</b>	<b>Rs. in Lakhs</b>
<b>Operating Income</b>	<u>94.03</u>	<u>82.19</u>
Schedule No. 11 B		
<b>Non Operating Income</b>		
Dividend Receipts -		
Long Term Investments in Equity Shares	90.25	53.56
Current Investments	36.81	22.44
Profit on Sale of Assets	14.85	0.94
Profit on Sale of Investments		
Long Term	1.57	0.98
Current Investments	5.63	10.52
Others	0.20	25.68
	<u>149.31</u>	<u>114.12</u>
Schedule No. 12		
<b>COST OF SALES-PARTS &amp; ACCESSORIES</b>		
Opening Stock	1515.36	1391.12
Add: Purchases	<u>19123.58</u>	<u>16896.56</u>
	<u>20638.94</u>	<u>18287.68</u>
Less: Closing Stock	<u>1886.61</u>	<u>1515.36</u>
	<u>18752.33</u>	<u>16772.32</u>

## INDIA MOTOR PARTS & ACCESSORIES LIMITED

### SCHEDULES

	2004-2005 Rs. in Lakhs	2003-2004 Rs. in Lakhs
Schedule No. 13		
<b>ESTABLISHMENT CHARGES</b>		
Salaries, Allowances, Commission and Bonus	436.10	454.25
Contribution to PF and Other Funds	50.70	49.40
Gratuity	2.91	10.16
Staff Welfare Expenses	60.03	44.82
	<u>549.74</u>	<u>558.63</u>
Schedule No. 14		
<b>ADMINISTRATIVE &amp; OTHER EXPENSES</b>		
Rent	87.98	86.64
Rates, Taxes and Licences	35.18	34.23
Rebates and Discounts	83.14	63.43
Power and Lighting	37.06	38.60
Audit Fees: as Auditors	1.93	1.89
for Tax Audit	0.17	0.16
for Certification	0.16	0.16
out of pocket expenses	0.09	0.10
Directors' Sitting Fees	2.76	2.34
Insurance	8.13	7.34
Maintenance of Buildings	38.16	34.23
Maintenance of Plant & Machinery	3.25	1.76
Maintenance of Other Assets	33.80	34.90
Donations	41.57	35.45
Loss on Write off of Assets	1.65	ó
Loss on Sale of Assets	0.51	0.29
Loss on Sale of Current Investments	0.48	0.05
Provision for Diminution in value of current Investments	—	0.44
Other Expenses	329.91	349.01
	<u>705.93</u>	<u>691.02</u>
Schedule No. 15		
<b>INTEREST &amp; FINANCE CHARGES / (RECEIPTS)</b>		
Interest - Cash Credit	0.14	0.07
- Fixed Deposits	2.12	12.55
- Others	1.17	0.01
Finance Charges	1.63	2.00
	<u>5.06</u>	<u>14.63</u>
Less: Interest Receipts - Gross		
Government	0.71	1.71
Others	11.28	38.61
(Tax deducted at source Rs. 2.03 lakhs, Previous year Rs. 6.56 lakhs)	<u>(6.93)</u>	<u>(25.69)</u>

## SCHEDULES

Schedule No. 16

### 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 and returns.
- (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)
- (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 crystallise.

#### 2. Balance Sheet

- i) The Authorised Share Capital of the Company has been increased to Rs.1000 Lakhs pursuant to the approval of Shareholders at the general meeting held on 31.01.2005. The allotment of 200 Bonus Equity shares (year 2005) to a shareholder has been kept in abeyance pursuant to a Court Order.
- ii) There were no fixed Deposits received from the Directors during the year (Previous Year balance Rs.10.10 lakhs).
- iii) Balance with Scheduled Banks include:
  - (a) Fixed Deposits of Rs. 6.12 lakhs (previous year Rs. 4.39 lakhs).
  - (b) Unclaimed Dividend Bank Account Balance of Rs. 17.35 lakhs (previous year Rs. 14.74 lakhs)
- iv) Liability provided for but contested in appeal - ESI Contribution Rs.19.16 lakhs (Previous year Rs.14.16 lakhs).
- v) The components of Deferred Tax Liability / Asset as on 31.03.2005 are as follows.

	<b>2004-2005</b>	2003-2004
	<b>Rs. in Lakhs</b>	Rs. in Lakhs
(i) Deferred Tax Liability		
Depreciation	<b>54.20</b>	44.88
(ii) Deferred Tax Asset:		
Other Provisions	<b>10.37</b>	10.71
Net Deferred Tax Liability	<b>43.83</b>	34.17

## INDIA MOTOR PARTS & ACCESSORIES LIMITED

### SCHEDULES

#### NOTES ON ACCOUNTS (Contd.)

#### 3. Profit & Loss Account

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

	No.	2004-2005 Rs. in Lakhs	No.	2003-2004 Rs. in Lakhs
Automobile Products and Accessories				
Opening Stock	ñ	1515.36		1391.12
Purchases	ñ	19123.58		16896.56
Sales	ñ	21349.62		19281.69
Closing Stock	ñ	1886.61		1515.36

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	12.00	10.20
Commission	15.45	14.32
Contribution to Provident Fund & Other Funds	3.24	2.75
Perquisites	12.18	9.33
	<u>42.87</u>	<u>36.60</u>

b) Commission to Non-whole time Directors

2.50	2.50
<u>45.37</u>	<u>39.10</u>

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	1517.06	1402.95
Add: Directors' Remuneration	45.37	39.10
Directors' Sitting fees (Other than Managing Director)	2.28	2.04
Loss on Sale of Assets (Incl. write off)	2.16	0.29
Provision for Diminution in value of current Investments	0.00	0.44
Loss on Sale of Investments	0.48	0.05
	<u>1567.35</u>	<u>1444.87</u>
Less : Profit on Sale of Assets	14.85	0.94
Profit on Sale of Investments	7.20	11.50
	<u>1545.30</u>	<u>1432.43</u>
1% thereof	15.45	14.32
Commission to Managing Director	15.45	14.32
Commission to Non-whole time Directors	2.50	2.50

iv) Interest on Fixed Deposits includes Rs. 0.52 lakhs (previous year Rs. 2.04 lakhs) paid/payable to the Directors.

## 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 31.03.2005 are as follows:

(Rs. in Lakhs)

Nature of Transaction	Associates	Key Management Personnel	Relatives of Key Management Personnel	Total
Sale of Goods	29.45			29.45
Purchase of Goods	25.58			25.58
Receiving Services	0.49			0.49
Purchase of Fixed Assets	8.76			8.76
Sale of Fixed Assets	0.54			0.54
Payable Balance	0.37			0.37
Receivable Balance	3.91			3.91
Remuneration		42.87	1.16	44.03
Interest paid on Fixed Deposits		0.52	0.00	0.52

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:

		2004-2005	2003-2004
Profit after Taxation	Rs. Lakhs	<b>1014.84</b>	919.72
Total Equity Shares outstanding at the end of the year	Nos.	<b>41,59,800</b>	20,80,000
Weighted average number of shares outstanding during the year	Nos.	<b>41,59,800</b>	41,59,800
Earnings per share (Basic and Diluted)	Rs.	<b>24.40</b>	22.11
(EPS for the Previous year has been recalculated, taking into account the increase in Equity Capital on account of issue of Bonus Shares)			
Face value per share	Rs.	<b>10.00</b>	10.00

v) Expenditure in foreign currency:

- Travelling	Rs. Lakhs	<b>0.70</b>	1.43
- Subscription	Rs. Lakhs	<b>0.07</b>	0.10

vi) Contingent Liability

- Counter-Guarantee to Bankers	Rs. Lakhs	<b>Nil</b>	5.15
- Sales Tax Liability disputed at various forums of appeal	Rs. Lakhs	<b>15.98</b>	9.19

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

## INDIA MOTOR PARTS & ACCESSORIES LIMITED

### BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

#### I REGISTRATION DETAILS

Registration No. : <b>U34300TN1954PLC000958</b>	State Code	<b>18</b>
Balance Sheet Date	<b>31/03/2005</b>	

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

Public Issue	<b>NIL</b>	Rights Issue	<b>NIL</b>
Bonus Issue	<b>20798</b>	Private Placement	<b>NIL</b>

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

Total Liabilities	<b>688464</b>	Total Assets	<b>688464</b>
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#### SOURCES OF FUNDS

Paid-up Capital	<b>41598</b>	Reserves & Surplus	<b>614866</b>
Secured Loans	<b>27617</b>	Unsecured Loans	<b>-</b>
		Deferred Tax Liability	<b>4383</b>

#### APPLICATION OF FUNDS

Net Fixed Assets	<b>85478</b>	Investments	<b>311962</b>
Net Current Assets	<b>291024</b>	Misc. Expenditure	<b>-</b>

#### IV PERFORMANCE OF COMPANY (Amount in Rs. Thousands)

Turnover (including other income)	<b>2159989</b>	Total Expenditure	<b>2008283</b>
Profit Before Tax (+)	<b>151706</b>	Profit After Tax (+)	<b>101484</b>
Earnings Per Share in Rs.	<b>24.40</b>	Dividend Rate	<b>70%</b>

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

ITC Code	<b>Not applicable</b>
Product Description	<b>Trading in Automobile Spares &amp; Accessories</b>

## CASH FLOW STATEMENT

	2004-2005 Rs. in Lakhs	2003-2004 Rs. in Lakhs
<b>A) Cash flow from Operating Activities:</b>		
a) Net Profit Before tax	1,517.06	1,402.95
Adjustment for:		
Depreciation	74.83	78.77
Interest & Finance Charges	4.92	14.55
Interest Receipts - Gross		
Govt.	(0.71)	(1.71)
Others	(11.28)	(38.61)
Dividend Income		
Long Term	(90.25)	(53.56)
Current	(36.81)	(22.44)
Loss on Write off of Assets	1.65	ñ
Loss on Sale of Assets	0.51	0.29
Loss on Sale of Investments	0.48	0.05
Provision for Diminution in value of Investments	-	0.44
Profit on Sale of Assets	(14.85)	(0.94)
Profit on Sale of Long Term Investments	(1.57)	(0.98)
Profit on Sale of Current Investments	(5.63)	(10.52)
b) Operating Profit before Working Capital Changes	1,438.35	1368.29
Adjustment for:		
(Increase) in Trade Receivables	(157.28)	(220.46)
Decrease / (Increase) in Loans & Advances	314.43	(118.91)
(Increase) in Inventories	(407.23)	(196.33)
(Decrease) / Increase in Trade Payable	227.38	(117.75)
	(22.70)	(653.45)
c) Cash Generated from Operations	1,415.65	714.84
Direct taxes Paid	(487.76)	(470.52)
	(487.76)	(470.52)
d) Cash flow before Extraordinary Item	927.89	244.32
e) Extraordinary Item	—	ó
Net Cash flow from Operating Activities	927.89	244.32

## INDIA MOTOR PARTS & ACCESSORIES LIMITED

	2004-2005 Rs. in Lakhs	2003-2004 Rs. in Lakhs
<b>CASH FLOW STATEMENT (Contd.)</b>		
<b>B) Cash flow from Investing Activities:</b>		
Sale of Fixed Assets	25.91	5.03
Sale of Investments		
Long Term	11.91	5.52
Current	310.60	636.45
Dividend received		
Long Term	90.25	53.56
Current	36.81	22.44
Interest received		
Govt	0.71	1.71
Others	11.28	38.61
Purchase of Fixed Assets	(70.01)	(25.23)
Purchase of Current Investments	(981.36)	(650.26)
Net Cash used in Investing Activities	(563.90)	87.83
<b>C) Cash flow from Financing Activities:</b>		
Borrowing / (Repayment) of Cash Credit	29.14	30.49
Repayment of Fixed Deposits	(38.17)	(94.17)
Interest paid on Fixed Deposits	(10.66)	(26.26)
Interest Others	(1.17)	(0.01)
Finance charges	(1.63)	(2.00)
Dividend Paid	(290.70)	(348.72)
Net Cashflow from Financing Activities	(313.19)	(440.67)
<b>D) Net Increase / (Decrease) in Cash &amp; Cash Equivalent</b>		
	50.80	(108.52)
Cash & Cash Equivalent at beginning of the year	566.78	675.30
Cash & Cash Equivalent at the end of the year	617.58	566.78

S NARAYANAN  
Chairman

S VIJI  
R SRIKANTH  
K R RAGAVAN

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

P VIJAYA MADHAVA  
Secretary

M PADHMANABHAN  
Partner  
Membership No. : 13291

Chennai  
22<sup>nd</sup> July 2005

## REPORT ON CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement, a Report on Corporate Governance is given below:

**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. Viji, Sri R Srikanth (upto 22.07.2005) and Sri Ananth Ramanujam, Directors represent the promoter group. Sri S. Narayanan, Sri K R Ragavan and Sri V Gopalakrishnan are the Independent Directors.

**2.2 Attendance at Board meetings and last AGM and details of membership of directors in other Boards and Board committees:**

During the financial year 2004-05, the Board met eight times on 29<sup>th</sup> April 2004, 7<sup>th</sup> May 2004, 15<sup>th</sup> July 2004, 29<sup>th</sup> July 2004, 26<sup>th</sup> October 2004, 30<sup>th</sup> November 2004, 31<sup>st</sup> January 2005 and 10<sup>th</sup> March 2005.

The following table gives details pertaining to attendance of directors at the board meeting and at the last Annual General Meeting, number of membership held by directors in the Board of other Companies and Committee membership.

Name	Attendance Particulars		No. of other Directorship & Committee membership / chairmanship (As on 31.03.2005)		
	Board Meeting	Last AGM	Other Directorship	Committee Membership	Committee Chairmanship
Sri S Narayanan	8	Yes	3	-	1
Sri N Krishnan	8	Yes	-	-	-
Sri K R Ragavan	5	Yes	3	-	-
Sri S Viji	6	Yes	9	5	-
Sri V Gopalakrishnan	4	Yes	-	-	-
Sri R Srikanth	7	Yes	3	-	-

Note:

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

**3. Audit Committee:**

**a) Constitution:**

The audit committee of the company was constituted in September, 2001. All the members of the committee are non executive and independent directors. Sri. S. Narayanan is Chairman of the Audit Committee. The audit committee reviews the annual financial statements, un-audited quarterly financial results and the adequacy of internal control systems. The Managing Director, Heads of Finance & Internal Audit are invitees to the Committee Meetings. The Committee also interacts with internal and statutory auditors on audit related issues.

## INDIA MOTOR PARTS & ACCESSORIES LIMITED

### b) Meetings, Attendance and Composition :

During the year, the Audit committee met 3 times on 27<sup>th</sup> April 2004, 12<sup>th</sup> July 2004 and 27<sup>th</sup> January 2005. The composition and attendance particulars are given hereunder:

Name		No. of Meetings attended
Sri S Narayanan	Chairman	3
Sri K R Ragavan	Member	2
Sri V Gopalakrishnan	Member	3

### 4. Remuneration to Directors:

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.

The Non- executive directors are now 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.

The details of remuneration paid to directors for the financial year 2004-05 are available in the notes on accounts, forming part of the annual accounts vide note no3(ii) & 3(iii).

### 5. Shareholders / Investors grievance committee:

The shareholders / investors grievance committee was constituted to attend to shareholders and investors complaints from September 2001 under the chairmanship of Sri S Narayanan, a non-executive director. The Other members are Sri N Krishnan & Sri K R Ragavan.

As required by the Securities & Exchange Board of India (SEBI) Sri P. Vijaya Madhava, Secretary of the company has been appointed as the compliance officer. During the year under review, the Company has received 5 investor complaints which were 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
48 <sup>th</sup> AGM (2001-02)	Music Academy 168, TTK Road, Chennai ñ 14	August 12, 2002 10.15 A.M
49 <sup>th</sup> AGM (2002-03)	Music Academy 168, TTK Road, Chennai ñ 14	August 21, 2003 10.15 A.M
50 <sup>th</sup> AGM (2003-04)	Music Academy 168, TTK Road, Chennai ñ 14	August 27, 2004 10.15 A.M

b) 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.

### 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 Directors' Report.

**9. General Shareholder Information:**

a.	51 <sup>st</sup> Annual General Meeting - Date and Time - Venue	5 <sup>th</sup> September, 2005 ñ 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, 2005 Second quarter results ending September 30 2005 Third quarter results ending December 31, 2005 Fourth quarter results ending March 31, 2006 Audited results for the year ending March 31, 2006	5th September 2005 July, 2005 October, 2005 January, 2006 April, 2006 July, 2006
c.	Period of Book Closure	From 30 <sup>th</sup> August, 2005 to 5 <sup>th</sup> September, 2005 (Both days inclusive)
d.	Dividend payment date	Interim - 08 <sup>th</sup> August, 2005
e.	Listing on Stock Exchanges	Madras Stock Exchange Limited, Chennai (MSE)
f.	Stock Code a) Trading Symbol at MSE b) Demat ISIN Numbers in NSDL & CDSL	IMP INE547E01014

g. The Company has paid the listing fee upto the year 2005-06 to the Madras Stock Exchange.

h. Market Price Data

No trading was reported during the year on Madras Stock Exchange (MSE). The shares were last traded on 9<sup>th</sup> March 2004 @ Rs.100 per share on MSE.

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

Not applicable

j. Share Transfer Systems / Registrar and Transfer Agents:

M/s Cameo Corporate Services Limited, Chennai, are 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:

M/S CAMEO CORPORATE SERVICES LIMITED	Phone	: 044-28460390 (5lines)
UNIT : IMPAL	Fax	: 044-28460129
V FLOOR, ëSUBRAMANIAN BUILDINGí,	Email	: cameo@cameoindia.com
NO.1, CLUB HOUSE ROAD,	Contact Person	: Sri. R D Ramasamy
CHENNAI 600 002.	Designation	: Vice President (Corporate Affairs)
	Contact Person	: Ms. Rohini Sambamurthy
	Designation	: Sr. Executive (Shares)

## INDIA MOTOR PARTS & ACCESSORIES LIMITED

k. (i) Distribution of Shareholding pattern as on March 31, 2005

No. of Shares	Shareholders		No. of Shares	
	Number	%	Number	%
Upto 500	5363	85.65	949452	22.82
501-1000	629	10.05	419174	10.08
1001-2000	155	2.48	217660	5.23
2001-5000	52	0.83	174154	4.19
5001-10000	29	0.46	237172	5.70
10001 & above	33	0.53	2162188	51.98
<b>Total</b>	<b>6261</b>	<b>100.00</b>	<b>4159800</b>	<b>100.00</b>

(ii) Pattern of Shareholding as on March 31, 2005

Sl.No.	Particulars	No. of shares held	% of total
1	Promoters	1951628	46.92
2	Non Residents (NRI)	18532	0.45
3	Corporate Bodies	72034	1.73
4	Resident Individuals	2117606	50.90
	<b>Total</b>	<b>4159800</b>	<b>100.00</b>

l. Dematerialisation of shares:

The trading in equity shares of the company is permitted only in dematerialised form. As of March 31, 2005 about 23% of total outstanding Shares have been dematerialised. Out of 2208172 shares held by the shareholders other than the promoters, 938330 (forming 42.49% of the non promoters shareholding) have been dematerialised upto 31<sup>st</sup> March 2005.

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:

Company Secretary India Motor Parts & Accessories Limited Sundaram Towers ( IIIrd Floor), No.46, Whites Road, Royapettah, Chennai ñ 600 014.	Tel : 044-28591433 Tel : 044-28524097 Fax : 044-28523009 e-mail : <a href="mailto:secy@impal.net">secy@impal.net</a>
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**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 31<sup>st</sup> March 2005 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

Chennai  
Date : 22nd July, 2005

For SUNDARAM & SRINIVASAN  
Chartered Accountants  
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 30<sup>th</sup> August 2005 to 5<sup>th</sup> September 2005 (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 and 1996-97 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 claim 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 31<sup>st</sup> March 1998 or any subsequent financial years are requested to lodge their claim with the Company / Share Transfer Agents.

6. Please bring the admission slip with you, duly filled and hand it over at the entrance of the meeting hall.