

NOTICE TO MEMBERS

NOTICE is hereby given that the Twenty Seventh Annual General Meeting of the shareholders of UCAL FUEL SYSTEMS LIMITED will be held at Dynasty Hall, Hotel Ambassador Pallava, No.58 Montieth Road, Chennai 600 008 on Monday, the 30th September 2013 at 10.00 a.m. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Statement of Profit and Loss for the year ended 31st March 2013 and the Balance Sheet as on that date and the Report of the Directors and Auditors thereon.
2. To declare dividend for the year ended 31st March 2013.
3. To appoint a Director in the place of Dr. V. Sumantran who retires by rotation and being eligible offers himself for reappointment.
4. To appoint Auditors and to fix their remuneration.

BY ORDER OF THE BOARD

Place : Chennai

Date : 02.09.2013

REKHA RAGHUNATHAN

Company Secretary

NOTES :

1. **A SHAREHOLDER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON HIS BEHALF. A PROXY SO APPOINTED NEED NOT BE A MEMBER OF THE COMPANY AND IS ENTITLED TO VOTE ONLY ON A POLL. PROXY FORMS DULY FILLED MUST BE LODGED WITH THE REGISTERED OFFICE OF THE COMPANY AT LEAST 48 HOURS BEFORE THE TIME FIXED FOR THE COMMENCEMENT OF THE MEETING.**
2. The register of members and the share transfer books of the company will remain closed from 25.09.2013 to 30.09.2013 (both days inclusive) for payment of dividend on equity shares.
3. (a) Shareholders are hereby informed that as per provisions of Section 205A read with 205C of the Companies Act, 1956, dividends which remain unclaimed for over a period of seven years have to be transferred by the company to the Investor Education and Protection Fund constituted by the Central Government. Accordingly the unclaimed dividend amount for the various financial years will be transferred to the Investor Education and Protection Fund of the Central Government as and when they become eligible for such transfer. Hence all shareholders who have either not received or not encashed their dividend warrants for the financial years 2005-06, 2006-07, 2007-08, 2009-10, 2010-11 and 2011-12 are requested to approach the company.

(b) It may be noted that no claim of the shareholders will be entertained for the unclaimed dividends, which have been transferred to the credit of the Investor Education and Protection Fund of the Central Government.
4. Shareholders holding shares in physical form are requested to dematerialize the shares to avail benefits of electronic trading.
5. Shareholders holding shares in electronic segment are requested to notify the change of address, bank details, nomination etc. to the Depository Participants (DP) with whom they are having client account for effecting necessary changes. Shareholders holding shares in physical form are requested to notify the change of address, bank details, nomination etc., to Integrated Enterprises (India) Limited, II Floor, No.1 Ramakrishna Street, T.Nagar, Chennai 600 017, the company's Share Transfer Agent.
6. Shareholders are requested to bring their copy of the Annual Report to the meeting.

7. Shareholders who hold shares in the dematerialized form are requested to bring their demat account number (Client ID No.) for easier identification of attendance at the meeting.
8. In terms of clause 49 (IV)(G) of the listing agreement with the Stock Exchanges, a brief resume of the Director who is proposed to be reappointed in this Annual General Meeting, nature of his expertise in specific functional areas, his other directorships and committee memberships, his shareholdings and relationships with other directors in the company are attached.

BY ORDER OF THE BOARD

Place : Chennai
Date : 02.09.2013

REKHA RAGHUNATHAN
Company Secretary

ADDITIONAL INFORMATION ON THE DIRECTOR RECOMMENDED FOR REAPPOINTMENT IN THIS ANNUAL GENERAL MEETING AS REQUIRED UNDER CLAUSE 49 (IV)(G) OF THE LISTING AGREEMENT

Born on 27th September 1958, Dr.V.Sumantran holds MS and Ph.D. degrees in Aerospace Engineering (Princeton University & Virginia Tech) and a Master's degree in Management of Technology (Renssalaer Polytechnic). He is an alumnus of the Indian Institute of Technology, Madras where he received his Bachelor's degree in Aerospace Engineering.

He is a Fellow of the Society of Automotive Engineers International and served on the board of SAE International from 2003 until 2006. He also served as Editor, SAE Passenger Car Journal between 1995 and 2000. He is a Fellow of the Indian National Academy of Engineers.

Prior to 2001, Dr.V.Sumantran had a 16 year career with General Motors in the R&D Centre in Detroit and subsequently served on deputation in Europe as Director, Advanced Engineering, SAAB Automobile AB. From 2001 and until end of 2005, he was Executive Director of TATA Motors with responsibility for the passenger car business and the Engineering Research Centre. He was a member of the Board of TATA Cummins Limited and TATA Technologies Inc and Chairman of Concorde Motors, an OEM owned automotive dealer network. He served as President of the Automotive Research Association of India, for 2004-05. Dr. V. Sumantran co-chaired the Engineering Services Forum of NASSCOM during 2005-06. Until recently Dr. V. Sumantran was Chairman of Sumantran Consulting, a CEO and board level advisory on business and market strategy, technology and manufacturing for a limited number of clients in the global auto and manufacturing industry. He was also senior advisor to the global automotive practice of Accenture. He served on the Science Advisory Council of the Prime Minister of India.

Currently Dr. V. Sumantran is the Executive Vice-Chairman of Hinduja Automotive Limited, UK. He is also the Vice Chairman of Ashok Leyland Limited. He is a member of the National Manufacturing Competitiveness Council in the Government of India and also serves on the Scientific Advisory Committee to the Cabinet of the Indian Government. He is a Distinguished Visiting Professor at the Indian Institute of Technology, Madras.

He joined the Board of UCAL Fuel Systems Limited on 29th July 2009. He does not hold any shares in the company and is not related to any director of the company. Details of his other directorships and membership/chairmanship of committees are given below:

S.No.	Name of the Company	Position held	Committee Membership/Chairmanship
1	Hinduja Automotive Limited, UK	Executive Vice Chairman	–
2	Ashok Leyland Limited	Vice Chairman	a. Investment Committee - Member b. Technology Committee - Chairman
3	Ashok Leyland Defence Systems Limited	Chairman	–
4	Ashok Leyland John Deere Construction Equipment Company Private Limited	Chairman	–
5	Nissan Ashok Leyland Technologies Limited	Director	a. Audit Committee - Member b. Remuneration Committee - Member
6	Ashok Leyland Nissan Vehicles Limited	Director	a. Audit Committee - Member b. Remuneration Committee - Member
7	Nissan Ashok Leyland Powertrain Limited	Chairman	a. Audit Committee - Chairman b. Remuneration Committee - Chairman
8	Defiance Technologies Limited	Chairman	a. Audit Committee - Chairman b. Remuneration Committee - Chairman
9	Automotive Infotronics Limited	Director	–
10	Defiance Testing and Engg Services Inc., USA	President	–
11	Albonair, Germany	Chairman	–

BY ORDER OF THE BOARD

REKHA RAGHUNATHAN
Company Secretary

Place : Chennai
Date : 02.09.2013

UCAL FUEL SYSTEMS LIMITED

Regd. Office : "RAHEJA TOWERS", Delta Wing, Unit - 705,
177, Anna Salai, Chennai - 600 002.

ATTENDANCE SLIP

DP. Id*	
Client ID*	
Folio No.	
Holding	

* Applicable if shares are held in electronic form.

I hereby register my presence at the Twenty Seventh Annual General Meeting of the Company held at Dynasty Hall, Hotel Ambassador Pallava, No. 58, Montieth Road, Chennai - 600 008 at 10.00 a.m. on Monday, the 30th September 2013.

.....
Signature of Member / Proxy

----- (Please tear off here) -----

UCAL FUEL SYSTEMS LIMITED

Regd. Office : "RAHEJA TOWERS", Delta Wing, Unit - 705, 177, Anna Salai, Chennai - 600 002.

TWENTY SEVENTH ANNUAL GENERAL MEETING

PROXY FORM

I/We of in the district of being a Member(s) of the above named company, hereby appoint Mr. / Ms. of in the district of as my / our proxy to attend and vote for me / us on my / our behalf at the 27th Annual General Meeting of the Company to be held on Monday, the 30th September 2013, at 10.00 a.m. at Dynasty Hall, Ambassador Pallava, No. 58, Montieth Road, Egmore, Chennai - 600 008 and at any adjournment thereof.

Signed day of2013.

Affix
Revenue
Stamp

DP. Id*	
Client ID*	
Folio No.	

* Applicable if shares are held in electronic form.

Signature of Proxy
(to be filled in only when a
proxy attends the meeting)

Signature of Member(s)

N.B. The instrument appointing the proxy should be deposited at the Registered Office of the company at "Raheja Towers", Delta Wing, Unit - 705, 177, Anna Salai, Chennai - 600 002 not later than 48 hours before the commencement of the meeting.

UCAL Fuel Systems Limited

FUELLING A TRAIL
BLAZING PATH OF EXCELLENCE...

Annual Report
2012 - 13



Board of Directors

Mr. Jayakar Krishnamurthy	Chairman and Managing Director
Mr. R. Sundararaman	Joint Managing Director
Mr. S. Muthukrishnan	Director
Mr. S. Natarajan	Director
Dr. M.S. Ananth	Director
Dr. V. Sumantran	Director
Mr. R.W. Khanna	Nominee Director

Audit Committee

Mr. S. Natarajan	Chairman
Dr. M.S. Ananth	Member
Mr. Jayakar Krishnamurthy	Member

Chief Financial Officer

Mr. N. Gnanasambandan

Company Secretary

Ms. Rekha Raghunathan

Statutory Auditor

M/s. G. Balu Associates
No. 4A Venkatesa Agraharam Road
Mylapore
Chennai - 600 004

Bankers

State Bank of India
Export Import Bank of India
Bank of India
IDBI Bank Limited
Indian Bank
Corporation Bank
Central Bank of India

Registered Office

"Raheja Towers", Delta Wing – Unit 705
177 Anna Salai
Chennai - 600 002
Tel : 044 - 42208111; Fax : 044 - 28605020
E-mail : investor@ucalfuel.co.in

Manufacturing Plants

Tamil Nadu, Pondicherry and Haryana

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DIRECTORS' REPORT

The Directors hereby present the Twenty Seventh Annual Report together with the audited accounts of the company for the year ended 31st March 2013.

FINANCIAL HIGHLIGHTS

The performance of the company for the year ended 31st March 2013 is as follows:

Particulars	For the year ended	
	31.03.2013	31.03.2012
Gross Revenue	57,084	57,905
Net Revenue (excluding Excise Duty)	50,435	52,502
Total Expenditure	43,756	44,139
Operating Income	6,679	8,363
Other Income	123	210
Profit before Interest, Tax & Depreciation	6,802	8,573
Interest	3,197	3,018
Deferred Revenue Expenses	417	417
Depreciation	1,925	2,144
Profit before Tax & Exceptional item	1,263	2,994
Tax Expense	305	726
Profit after Tax/Net Profit	958	2,268
Balance of profit brought forward from last year	8,316	7,476
Amount Available for Appropriations	9,274	9,744
Appropriations:		
Transfer to General Reserve	200	400
Dividend	221	885
Tax on Dividend	38	143
Balance Carried to Balance Sheet	8,815	8,316

DIVIDEND

The Board recommends a dividend of 10% i.e. ₹ 1 per equity share, aggregating to ₹ 221 lakhs (exclusive of tax on dividend) for the financial year 2012-2013.

TRANSFER TO GENERAL RESERVE

A sum of ₹ 200 lakhs has been transferred to the general reserve of the company for the financial year 2012-2013.

PERFORMANCE

The turnover of the company decreased by 4% from ₹ 52,502 lakhs in the financial year 2011-2012 to ₹ 50,435 lakhs in the financial year 2012-2013. This was mainly due to the depressed demand in the auto sector and consequent low offtake by the customers. The Earnings before Interest, Tax and Depreciation (EBITDA) also decreased from ₹ 8,573 lakhs in the financial year 2011-2012 to ₹ 6,802 lakhs in the financial year 2012-2013. The decrease can be attributed to increase in the cost of inputs and the unceasing pressure from customers to reduce prices in spite of spiraling material, power, labour and interest costs. The unprecedented power cuts in Tamil Nadu had resulted in extensive use of diesel power to maintain production and this added to the manufacturing cost substantially thereby leading to decreased EBITDA. To overcome the huge power cost, the company has installed a dedicated feeder line and purchases power through the exchange.

In spite of considerable efforts the exports reduced to ₹ 2,589 lakhs during financial year 2012-2013 from ₹ 3,734 lakhs in the financial year 2011-2012. This decrease was due to the recessionary conditions in the international markets.

The spares sales of the company during the financial year 2012-2013 was ₹ 3,048 lakhs as against that of ₹ 2,652 lakhs in the financial year 2011-2012.

The Profit After Tax (PAT) for 2012-2013 was substantially less than that of the financial year 2011-2012 by 58%. The Company's earning per share was ₹ 4.33 during the financial year 2012-2013.

Given that the situation in 2013-2014 is not likely to be any better as the economy has shown no signs of revival till now, the company has launched a massive program to cut costs, increase productivity and intensify marketing efforts. Efforts are also on to secure better prices from the customers for the existing products due to rising costs. With the commissioning of the Bawal plant there has been a rearrangement of production facilities between plants to minimize costs. The operations at Gurgaon stand shifted to Bawal. The operations of the Export Oriented Unit at Ambattur which was essentially catering to the requirements of Amtec has dried up and it is proposed to shift the machineries there to another export oriented unit at Maraimalai nagar. The rearrangement of facilities will help in streamlining production and lead to increased efficiency of operations. Efforts are on to streamline the supply chain and reduce/strengthen the subcontractors and vendors.

The reduced turnover resulted in a very cautious approach with regard to capital expenditure in 2012-2013. The company spent only ₹ 734 lakhs in capital investments in the financial year 2012-2013 as compared to ₹ 4,601 spent in the financial year 2011-2012. The company continued its emphasis on R&D and spent ₹ 1,013 lakhs on R&D in the financial year 2012-2013.

DIRECTORS

In accordance with the Articles of Association of the company, Mr.S.Muthukrishnan retires by rotation at the forthcoming Annual General Meeting. Mr. S. Muthukrishnan had informed the board of his intention not to seek reappointment at the ensuing Annual General Meeting due to health reasons. Consequently no resolution is placed for his reappointment in the current Annual General Meeting. Mr.S.Muthukrishnan is the founder director of UCAL Fuel Systems Limited. It was under his leadership that UCAL Fuel Systems Limited developed into a world class supplier of auto components. The foundations laid by him have sustained the company in the most difficult times. The Board is grateful to Mr.S. Muthukrishnan for his leadership and guidance through the years.

Dr.V.Sumantran also retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for reappointment. Brief resume/details of Dr.V.Sumantran who is to be reappointed as mentioned herein has been furnished in the Notice convening the Annual General Meeting.

The Board is grateful to Padma Vibhushan Dr. V. Krishnamurthy who spends a considerable portion of his time with the company, guiding it in all areas.

AUDITORS

The statutory auditors of the company M/s. G Balu Associates, Chartered Accountants, Chennai, will retire at the conclusion of the ensuing Annual General Meeting and being eligible offer themselves for reappointment. The necessary resolutions in this regard will be passed at the ensuing Annual General Meeting. The company has received a certificate from the auditors to the effect that their reappointment if made will be in accordance with the provisions of Section 224(1B) of the Companies Act, 1956. The auditors have also confirmed that they hold a Peer Review Certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India. Mr. V. Kalyanaraman was appointed as cost auditor for financial year 2012-2013. The company will be filing the cost audit report for the year ended 31st March 2013 before the due date of 30th September 2013. Based on the recommendations of audit committee the Board has reappointed Mr. V. Kalyanaraman as cost auditor of the company for the financial years 2013-2014 and 2014-2015.

AUDIT COMMITTEE

Mr. S.Natarajan, Dr. M.S. Ananth and Mr. Jayakar Krishnamurthy continue to be the members of the Audit Committee. Mr. S.Natarajan continues as Chairman of the Audit committee. The committee met 4 times during the year.

SUBSIDIARY COMPANIES

The company has two wholly owned subsidiaries.

Ucal Polymer Industries Limited (UPIL) — UPIL continues to be a steady supplier to the company of plastic and rubber components. The turnover for the financial year 2012-2013 was ₹ 2,357 lakhs compared to that of ₹ 2,347 lakhs in the financial year 2011-2012. The net profit after tax was higher at ₹ 228 lakhs in the financial year 2012-2013 thereby recording

an increase of 44% as against ₹ 159 lakhs in the financial year 2011-2012. This has been achieved mainly due to the rationalization of operations and vendors. A dividend of 10% has been declared by UPIL. The dividend remains modest as the company is planning to invest in revamping its facilities in the current year. One main concern is to expand the customer profile beyond UCAL Fuel Systems Limited and efforts are on in this direction. The company is also attempting to diversify its product portfolio to emerge as one of the leading suppliers of sophisticated and precision products of rubber and plastic.

Amtec Precision Products Inc, USA (Amtec) — The turnover of Amtec was ₹ 14,832 lakhs during the financial year 2012-13 down from ₹ 15,716 lakhs in the financial year 2011-2012 thereby recording a decrease of 6%. Amtec has earned a cash profit of ₹ 175 lakhs during the financial year 2012-2013. The company has not shown the desired growth due to the stagnating US economy. The molded product division was shifted nearer to the precision product division during the year. This has led to increased supervision and reduced costs. During the year Amtec obtained a minority certification in US which opens new possibilities of securing orders. The minority certification will immensely help Amtec to gain entry into original equipment manufacturers and Tier 1 suppliers as there is a mandate for these companies to award a certain percentage of their business to minority suppliers. Also with the US economy picking up there is every possibility that Amtec will post better results in 2013-2014. Rising employee costs is also a concern at Amtec which will get evened out only if the customer portfolio increases.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements for the year ended 31st March 2013 of the company and its subsidiaries together with the auditor's report thereon is enclosed. The statement pursuant to Section 212 of the Companies Act, 1956 relating to the subsidiary companies forms a part of the accounts. A summary of the key financials of the company's subsidiaries is also included in the Annual Report.

The consolidated results of the company and its subsidiaries show that a net profit after tax of ₹ 598 lakhs has been achieved during the financial year 2012-2013 as against that of ₹ 2,392 lakhs in the financial year 2011-2012. The economic recession was felt both in the domestic operations and in Amtec. The expected increase in customer off take did not materialize and there was a time lag in cutting down costs corresponding to the customer off take which has led to reduced profits. This situation of low demand is being used by the company and Amtec to streamline their operations and costs and diversify their product mix.

The Ministry of Corporate Affairs vide its General Circular No. 2/2011 dated February 8, 2011 has granted a general exemption subject to certain conditions to holding companies from complying with the provisions of Section 212(1) of the Act which requires the attaching of the balance sheet, profit and loss statement and other documents of its subsidiary companies to its Annual Report. The Board in its meeting held on 2nd September 2013 passed the necessary resolution for complying with all the conditions regarding the circulation of the Annual Report of the company without attaching all the documents of the subsidiary companies referred to in Section 212(1) of the Act. Accordingly, the said documents are not being included in this Annual Report. The annual accounts, reports and other documents of the subsidiary companies will be available for inspection during business hours, by any shareholder of the company at the registered office of the company and also at the registered office of the concerned subsidiary. The annual accounts, reports and other documents of the subsidiary companies will be despatched to the shareholders upon receipt of a request from them.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement of Section 217(2AA) of the Companies Act, 1956, the Directors confirm that,

- (a) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (b) Such accounting policies have been selected and applied consistently and such judgments and estimates have been made 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 31st March 2013 and of the profit of the company for the year ended 31st March 2013;
- (c) Proper and sufficient care has been taken 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;
- (d) The annual accounts have been prepared on a "going concern" basis.

FIXED DEPOSITS

The company has not accepted any fixed deposits from the public during the financial year 2012-2013 and there is no outstanding fixed deposit as on date.

PERSONNEL

Particulars of employees as required under sub-section (2A) of Section 217 of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 form a part of this report. In terms of section 219(1)(b)(iv) of the Companies Act 1956, the Annual Report and accounts are being sent to the shareholders of the company excluding the statement of particulars of employees under section 217(2A) of the Companies Act 1956. The statement will be available for inspection by the shareholders at the registered office of the company during business hours. Any shareholder interested in obtaining such statement may write to the Company Secretary at the registered office of the company.

ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE

Information required under Section 217(1) (e) of the Companies Act 1956 read with the Companies (Disclosure of Particulars in the report of the Board of Directors) rules 1988, on energy conservation, technology absorption, foreign exchange earnings and outgo, is given in Annexure-A and forms an integral part of this report.

CORPORATE GOVERNANCE

The Company adheres to all the requirements of the code of corporate governance as stipulated in clause 49 of the listing agreement with the stock exchanges as well as to the standards set by the Securities and Exchange Board of India. A report on corporate governance along with certification of the chairman and managing director and the chief financial officer is attached in Annexure-B. A certificate from the auditors of the company regarding compliance of the conditions of corporate governance as stipulated by clause 49 of the listing agreement is attached in Annexure-C. The Management Discussion and Analysis Report is attached in Annexure-D.

ACKNOWLEDGEMENT

The Board acknowledges with gratitude the support, cooperation and assistance of all its stakeholders: – the customers, the bankers, the suppliers and vendors, the governmental agencies, the employees and more importantly the shareholders.

For and on behalf of the Board

Place : Chennai
Date : 02.09.2013

JAYAKAR KRISHNAMURTHY
Chairman and Managing Director

ANNEXURE-A TO THE DIRECTORS' REPORT

A. CONSERVATION OF ENERGY

a. Energy conservation measures undertaken

Energy saving projects implemented during the financial year 2012-2013 include a) the vacuum pump machines installed for serving gasoline test equipments for testing finished products, were connected to cooling water closed loop system wherein water at a specified pressure was circulated by using water pumps powered by electric motor attached to individual vacuum pump. The improvement was done to save electric energy by eliminating electric motor driven pumps in the system. b) The new compressor was connected to a PLC based control system which would automatically switch off the compressor based on constant set output air pressure and requirement of air in work area. c) machine accessories like hydraulic power pack, Scrubber used in pressure die casting and shot blasting, oil mist extraction system from CNC machines were interlocked with PLC timer based network to switch off automatically when the main machine is idle. d) The company also installed a feeder line in three plants in Maraimalai nagar and purchased power through the power exchange instead of using diesel for power generation. e) The wind mills continue to generate power commensurate to their capacity.

b. Additional investments and proposals if any being implemented for energy conservation

During the financial year 2013-2014, the company proposes to provide lid over the melting furnace attached to die casting machines to reduce heat loss from the molten metal and to provide CFL bulbs in the lighting area in shop floor. The wind mills are being evaluated for upgradation. The company is also proposing to install solar panels wherever possible. Changeover to gas in place of electric power is also being done on a continuous basis wherever possible.

c. Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods

The measures undertaken to conserve energy have resulted in an annual savings of ₹ 30 lakhs. The proposed measures are estimated to result in an annual savings of more than ₹ 150 lakhs.

d. Total Energy consumption and energy consumption per unit of production.

Not applicable

B. TECHNOLOGY ABSORPTION

RESEARCH AND DEVELOPMENT

1. Specific areas in which R&D is carried out by the company

- Product Development to suit the customer requirements for their vehicle/engine upgrades, new product launches using current technologies. Examples: development of carburettors, secondary air valves, multi-point fuel injection system parts, oil and vacuum pumps for new vehicles/upgrades to customers.
- Support product development with the required theoretical and virtual simulation capability to meet the customer requirements, enhance the in-house competency.
- Performance improvement of existing products through technology upgradation.
- Reducing the import content in the product, cost reduction through value engineering efforts.
- Development of new technologies in pumps, engine fuel management system for two wheelers.
- Development of technologies for products to be used in defence sector.
- Development of technologies for engineering and testing services.

2. Benefits derived out of R&D

- Product development for new applications and new customers.
- Technology readiness for the organization to meet the market challenges.
- Demonstration of technical capability giving rise to new business opportunities.
- Product cost reduction through validation of parts from new sources, value engineering.
- Customers for new developments in appreciation of the R&D skill sets, support system.
- Improvements in manufacturing process and quality control.

3. Future Plans

- To develop multiple product technology options in view of the future emission regulations, market trends and develop products in fuel management system, engine controls and offer value proposition solutions to the customers.
- To study the requirements in product improvement / new designs for better fuel economy such as variable flow oil pump, non-parasitic vacuum pump.
- To explore avenues for the products / services in the non-automotive segment.

4. Expenditure on R&D

Particulars	₹ in Lakhs
a. Capital	22.94
b. Revenue (Recurring) (includes amount transferred to Deferred revenue expenses)	990.08
c. Total	1,013.02
d. Total R&D expenditure as a percentage of total turnover	2%

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION**1. Efforts made in brief towards technology absorption, adaptation and innovation**

The company has not gone in for any technology partner other than Mikuni Corporation and Orbital Australia Proprietary Limited for carburettors/air suction valves and two stroke direct injection/four stroke port injection system respectively. The company has fully absorbed the technology in the areas of carburettors and air suction valves and is continuously working to adapt this technical knowhow for new customers, new applications and product improvements through its own indigenous innovative efforts. The technology absorption relating to two stroke direct injection system/four stroke port injection system is also complete. The innovations and expansions in the pump segment has been mainly due to the company's own initiative. The company is also exploring other avenues of exploiting the knowledge gained through Orbital.

The new developments through indigenous efforts include

- Constant Depression (CD) carburettor for the executive segment (125cc engine) motorcycles of two major two-wheeler manufacturers.
- Air Suction Valve for entry segment (100cc engine) motorcycle for a major two-wheeler manufacturer.
- Variable Depression (VD) carburettor for a new customer application (200cc engine) for their three-wheeler segment with gasoline engine, LPG and CNG version with gasoline back-up.
- Carburettor for the utility engine segment for the domestic and export market.
- Throttle body assembly and delivery pipe assembly for the entry level passenger car segment for a four-wheeler manufacturer to suit their packaging and performance requirement.
- Oil pump for 1.3 ltr diesel engine for a four-wheeler passenger car manufacturer for their export requirement.

2. Benefits derived as a result of the above efforts

- The ability to meet the challenging performance and emission targets through innovative features in the product which has resulted in the customers approaching for new developments.
- Through its wide range of products, the company will be able to penetrate into newer markets and segments.
- Entry into new areas like defence, engineering services thereby increasing the product range.
- Securing Export orders.

3. In case of imported technology (imported during the last five years reckoned from the beginning of the financial year) the following information may be furnished

- Technology imported - technology has been imported in the areas of pumps, carburettors and direct injection systems
- Year of import 2006–2007 to 2009–2010
- Has technology been fully absorbed - Yes
- If not fully absorbed areas where it has not taken place, reasons therefor and future plan of action–Not applicable

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

The earnings of foreign exchange were on account of export of carburettors, MPFI parts and pumps during the year. The foreign exchange outgo was mainly on account of purchase of components, capital goods and foreign travel. During the financial year 2012-2013, the total foreign exchange outgo was ₹ 4,500 Lakhs while the foreign exchange earned was ₹ 2,589 Lakhs resulting in a net foreign exchange outgo of ₹ 1,911 Lakhs.

For and on behalf of the Board

JAYAKAR KRISHNAMURTHY
Chairman and Managing Director

Place : Chennai
Date : 02.09.2013

ANNEXURE-B TO THE DIRECTORS' REPORT

REPORT ON CORPORATE GOVERNANCE

CORPORATE GOVERNANCE PHILOSOPHY

The company is committed to ensure high standards of transparency and accountability in all its activities. The best management practices and high levels of integrity in decision making are followed to ensure long term wealth generation and creation of value for all the stakeholders. The company follows all the principles of corporate governance in its true spirit and at all times.

1. BOARD OF DIRECTORS

a) Composition

The Board consists of seven directors as on 31st March 2013. The composition of the Board is in conformity with Clause 49 of the listing agreement. The day-to-day management of the company was carried on by the two executive directors of the company.

Chairman and Managing Director	Mr. Jayakar Krishnamurthy
Joint Managing Director	Mr. R. Sundararaman
Non Executive Director	Mr. S. Muthukrishnan
Non-Executive and Independent directors	Mr. S. Natarajan
	Dr. V. Sumantran
	Dr. M.S. Ananth
	Mr. R.W. Khanna (Nominee of Export Import Bank of India)

All independent directors possess the requisite qualifications and are very experienced in their own fields. All directors except the chairman and managing director, joint managing director and nominee director are liable to retire by rotation. None of the directors are members of more than ten committees or chairman of more than five committees in public limited companies in which they are directors. Necessary disclosures have been obtained from all the directors regarding their directorship and has been taken on record by the Board.

The names of the directors and the details of other chairmanship / directorship / committee membership of each director as on 31st March 2013 is given below:

Name of Director	Category	Number of Directorships in other companies		Number of Committee Memberships in other companies	
		Chairman	Member	Chairman	Member
Mr. Jayakar Krishnamurthy Chairman and Managing Director	Executive	–	1	–	–
Mr. R. Sundararaman Joint Managing Director	Executive	–	–	–	–
Mr. S. Muthukrishnan	Non-Executive	–	1	–	–
Mr. S. Natarajan	Non-Executive and Independent	–	8	–	1
Dr. M.S. Ananth	Non-Executive and Independent	–	1	–	–
Dr. V. Sumantran	Non-Executive and Independent	4	3	2	3
Mr. R.W. Khanna Nominee of Export Import Bank of India	Non-Executive and Independent	–	1	–	–

Mr. Jayakar Krishnamurthy and Mr. S. Muthukrishnan are relatives as defined in Section 6 (c) of the Companies Act, 1956.

Notes:

- Other directorships exclude foreign companies, private limited companies and alternate directorships.
- Only membership in audit committees and shareholders'/investors' grievance committees have been reckoned for other committee memberships.

b) Details of Directors Reappointment

Relevant details are furnished in the Notice convening the Annual General Meeting to be held on 30th September 2013.

c) Board Meetings and Attendance at Board Meetings

The Board met five times during the financial year 2012-2013. The gap between two meetings was less than 4 months.

The relevant details are as under:

S.No	Date	Board Strength	Number of Directors present
1	08.05.2012	7	5
2	10.08.2012	7	5
3	30.08.2012	7	4
4	10.11.2012	7	7
5	14.02.2013	7	6

The company places before the Board all those details as required under Annexure 1A to clause 49 of the listing agreement. The dates for the board meetings are fixed after taking into account the convenience of all the directors and sufficient notice is given to them. The company has video conferencing facilities to enable director's participation at board meetings. Detailed agenda notes are sent to the directors. All the information required for decision making are incorporated in the agenda. Those that cannot be included in the agenda are tabled at the meeting. The chairman and the managing director appraises the Board on the overall performance of the company at every board meeting. Legal issues, write-offs, provisions, purchase and disposal of capital assets are all brought to the notice of the Board. The Board reviews performance, approves capital expenditures, sets the strategy the company should follow and ensures financial stability. The Board takes on record the actions taken by the company on all its decisions periodically. The Board also takes on record the declaration made by the company secretary, chairman and managing director and the chief financial officer regarding compliances of all laws on a quarterly basis.

d) Attendance of each Director at Board Meetings and at the previous Annual General Meeting (AGM)

S.No	Name	Number of Board Meetings held	Number of Board Meetings attended	Attendance at the last AGM
1.	Mr. Jayakar Krishnamurthy	5	4	Present
2.	Mr. R.Sundararaman	5	4	Present
3.	Mr. S.Muthukrishnan	5	5	Present
4.	Mr. S.Natarajan	5	4	Absent
5.	Dr. M.S.Ananth	5	4	Absent
6.	Dr. V.Sumantran	5	3	Present
7.	Mr. R.W.Khanna	5	3	Absent

2. AUDIT COMMITTEE

The audit committee assists the board in the dissemination of financial information and in overseeing the financial and accounting processes in the company. The terms of reference of the audit committee covers all matters specified in clause 49 of the listing agreement and also those specified in section 292 A of the Companies Act 1956. The terms of reference broadly include review of internal audit reports and action taken reports, assessment of the efficacy of the internal control systems/ financial reporting systems and reviewing the adequacy of the financial policies and practices followed by the company. The audit committee reviews the compliance with legal and statutory requirements, the quarterly and annual financial statements and related party transactions and reports its findings to the Board. The committee also recommends the appointment of internal auditor, statutory auditor and cost auditor. The audit committee takes note of any default in the payments to creditors and shareholders. The committee also looks into those matters specifically referred to it by the Board. The statutory auditors were present at all audit committee meetings. The audit committee comprised of the following directors for the year ended 31st March 2013:

1. Mr. S. Natarajan - Chairman
2. Dr. M.S. Ananth
3. Mr. Jayakar Krishnamurthy

As on 31st March 2013 the committee comprised of two independent directors and one executive director, all of whom are financially literate and have relevant finance / audit exposure. The joint managing director, the nominee director and the chief financial officer are permanent invitees to the meetings of the committee. The other directors are invited to attend the audit committee meetings as and when required. The company secretary acts as the secretary to the committee. The composition of the audit committee is as per clause 49 of the listing agreement. Chairman of the audit committee was absent at the previous Annual General Meeting of the company held on 28th September 2012, but all the queries raised by the shareholders were satisfactorily answered to, by the chairman and managing director who is also a member of the audit committee. The audit committee met four times during the year. The details are as follows:

S.No	Date	Committee Strength	Number of Directors present
1	08.05.2012	3	2
2	10.08.2012	3	3
3	10.11.2012	3	3
4	14.02.2013	3	3

Attendance of each Director at Audit Committee Meetings

Name of the Director	Number of audit committee meetings attended
Mr. S. Natarajan	4
Dr. M.S. Ananth	4
Mr. Jayakar Krishnamurthy	3

3. REMUNERATION COMMITTEE

This committee recommends the appointment/reappointment of executive directors and the appointments of employees from the level of vice-president and above along with the remuneration to be paid to them. The remuneration is fixed keeping in mind the persons track record, his/her potential individual performance, the market trends and scales prevailing in the similar industry. The Remuneration Committee comprises of non-executive and independent directors. Mr. S. Natarajan, is the chairman of the committee. Dr. M.S. Ananth and Dr. V. Sumantran are the other members. The company secretary is the secretary to the committee. During the financial year 2012-2013 the committee did not meet.

4. INVESTOR GRIEVANCE COMMITTEE

Mr. S. Muthukrishnan, non executive director is the Chairman of the committee. Mr. Jayakar Krishnamurthy and Mr. R. Sundararaman are the other members of the committee. The committee met regularly to approve share transfers, transmissions, issue of duplicate share certificates, rematerialisation of shares and all other issues pertaining to shares and also to redress investor grievances like non receipt of dividend warrants, non receipt of share certificates, etc. The committee regularly reviews the movement in shareholding and ownership structure. The committee also reviews the performance of the Registrar and Share Transfer Agents. The committee met 12 times during the year 2012-2013. The committee approved the transfer of 180 shares in physical form.

Complaints received and redressed during the year 2012-2013

S.No.	Nature of Complaints	Number of Complaints
1	Regarding annual report	18
2	Revalidation of dividend warrant	157
3	Issue of duplicate share certificate	14
4	Issue of duplicate dividend warrant	1
5	Procedure for transmission	4
6	General queries	10
7	Non receipt of dividend	30
8	Correction in share certificate	1
9	Change of address	3
10	Unclaimed dividend	142
		<u>380</u>

All the requests and complaints received from the shareholders were attended to within the stipulated time and nothing was pending for disposal at the end of the year. Ms. Rekha Raghunathan, company secretary is the compliance officer of

the company. For any clarification / complaint the shareholders may contact Ms. Rekha Raghunathan, company secretary at the registered office of the company.

5. REMUNERATION PAID TO DIRECTORS

Of the seven directors, two are executive directors. The remuneration payable to these directors is determined by the Board on the recommendation of the remuneration committee. This is subject to the approval of the shareholders at the Annual General Meeting and that of the Central Government and such other authorities as may be necessary. The non executive directors do not draw any remuneration from the company except sitting fees for attending the meetings of the board and the committees.

a) Details of Remuneration paid to the Executive Directors during the financial year 2012-2013

	Mr. Jayakar Krishnamurthy	Mr.R.Sundararaman
Basic Salary	72,00,000	45,00,000
House Rent Allowance	27,00,000	12,00,000
Others Allowances	54,00,000	9,00,000
Commission	–	–
Other Perquisites	12,84,270	3,80,182
Contribution to Provident Fund	8,64,000	5,40,000
Contribution to Superannuation Fund	10,80,000	–
Total	1,85,28,270	75,20,182

The managerial remuneration of ₹ 260.48 lakhs paid for the year is in excess of the limits specified under Section 198/309 of the Companies Act, 1956, by a sum of ₹ 51.78 lakhs, on account of inadequacy of profits. The shareholders have already approved in the Annual General Meeting held on 30th September, 2011, the continuation of payment of remuneration, in case of inadequacy of profit, subject to Central Government approval. Accordingly Central Government approval is now being sought.

b) Details of Sitting Fees paid to Non-Executive Directors during the financial year 2012-2013

Name of the Director	Board Meeting (₹)	Audit Committee Meeting (₹)	Investors Grievance Committee Meeting (₹)	Total (₹)
Mr. S.Muthukrishnan	1,00,000	–	1,80,000	2,80,000
Mr. S.Natarajan	80,000	80,000	–	1,60,000
Dr. M.S.Ananth	80,000	80,000	–	1,60,000
Dr. V.Sumantran	60,000	–	–	60,000
Export Import Bank of India	60,000	–	–	60,000
	3,80,000	1,60,000	1,80,000	7,20,000

c) Details of shareholding of Directors as on 31st March 2013

As on 31st March 2013, the company had two executive directors and five non executive directors. Of the two executive directors, Mr. Jayakar Krishnamurthy holds 354,208 equity shares in the company. The other executive director does not hold any shares in the company. Among the non executive directors Mr. S.Muthukrishnan holds 31,922 equity shares and Mr. S. Natarajan holds 1,200 equity shares in the company. The other non executive directors do not hold any shares in the company.

6. ANNUAL GENERAL MEETINGS AND EXTRAORDINARY GENERAL MEETING

The details of the Annual General Meetings / Extraordinary General Meeting held in the last three years are as follows:

Venue	Financial Year	Date & Time
<u>Annual General Meeting</u> Dynasty Hall, Hotel Ambassador Pallava Egmore, Chennai	2009-2010 2010-2011 2011-2012	September 30, 2010 - 11.00 a.m September 30, 2011 - 12.00 Noon September 28, 2012 - 10.00 a.m.
<u>Extraordinary General Meeting</u> Meeting Hall, Beta Wing – Unit 708, "Raheja Towers", 177 Anna Salai, Chennai 600 002	2009-2010	August 19, 2009 - 9.00 a.m

The details of special resolutions passed in AGM/EGM in the last 3 years are as follows:

AGM/EGM	Subject
AGM on 30th September 2010	No special resolution passed
AGM on 30th September 2011	Special resolution passed for reappointment of Mr. Jayakar Krishnamurthy as Managing Director for a further period of five years with effect from 1.9.2011 on a remuneration as laid down in the notice Special resolution passed for appointment of Mr. R. Sundararaman as Joint Managing Director for a period of three years with effect from 8.9.2011 on a remuneration as laid down in the notice
AGM on 28th September 2012	No special resolution passed
EGM on 19th August 2009	Special resolution passed for allotment of equity shares on a preferential basis to Promoters/Persons acting in concert group.

No special resolutions were required to be passed by the shareholders of the company through postal ballot during the year 2012-2013.

7. SUBSIDIARY COMPANIES

The financials of the subsidiary companies viz., Ucal Polymer Industries Limited and AMTEC Precision Products Inc., USA have been duly reviewed by the audit committee and the Board of the holding company. The board minutes of the unlisted subsidiary companies have been placed before the Board of the holding company. The holding company's Board is also periodically informed about all significant transactions and arrangements entered into by the subsidiary companies.

8. RISK MANAGEMENT

Periodic assessments to identify the risk areas are carried out and management is briefed on the risks in advance to enable the company to control risk through a properly defined plan. The risks are classified as financial risks, operational risks and market risks. The risks are taken into account while preparing the annual business plan for the year. The Board is also periodically informed of the business risks and the actions taken to manage them.

9. DISCLOSURES

There have been no materially significant related party transactions with the company's promoters, directors, the management, their subsidiaries or relatives which may have potential conflict with the interests of the company at large. The necessary disclosures regarding the transactions are given in the notes to accounts.

There have been no instances of non-compliance by the company on any matters related to the capital markets, nor have any penalty/strictures been imposed on the company by the Stock Exchanges or SEBI or any other statutory authority on such matters.

Non-mandatory disclosures:

The non-mandatory requirements have been adopted to the extent and in the manner as stated under the appropriate headings detailed below:

a The Board

Independent Directors possess the requisite qualification and experience to contribute effectively to the company in their capacity as independent director.

b Remuneration Committee:

A remuneration committee has been set up under the chairmanship of Mr. S. Natarajan. Dr. M.S. Ananth and Dr. V. Sumantran are the other members of the committee. All the three members are independent and non executive directors.

c Audit Qualifications

The statutory financial statements of the company are unqualified.

d Training of Board members/Mechanism for evaluating non-executive directors

As mentioned above all the directors are well versed in business of the company and also on the risk profile of the company. Hence in the opinion of Board, they do not require further training.

e Whistle Blower Policy

The company has an established mechanism for employees to report concerns about unethical behaviour, actual or suspected fraud, or violation of the code of conduct or ethics policy. It also provides for adequate safeguards against victimization of employees who avail of the mechanism. The company affirms that no personnel has been denied access to the audit committee.

10. MEANS OF COMMUNICATION

- The unaudited quarterly results of the company are published in leading newspapers such as Financial Express and Malai Murasu. These are not sent individually to the shareholders.
- The company's website address is: www.ucalfuel.com. The website contains basic information about the company and such other details as required under the listing agreement. The company ensures periodical updation of its website. The company has designated the email-id investor@ucalfuel.co.in to enable the shareholders to register their grievances.
- Pursuant to the listing agreement, all data related to quarterly financial results, shareholding pattern, etc., are hosted on the corpfiling mode maintained by SEBI in association with the National Informatics Centre, within the time frame prescribed in this regard.
- No presentations have been made to institutional investors or to analysts.

11. CODE OF CONDUCT

The standards for business conduct provide that the directors and the senior management will uphold ethical values and legal standards as the company pursues its objectives, and that honesty and personal integrity will not be compromised under any circumstances. A copy of the said code of conduct is available on the website www.ucalfuel.com. As provided under clause 49 of the listing agreement with the stock exchanges, the Board members and senior management personnel have affirmed compliance with the code of conduct for the financial year 2012-2013.

12. GENERAL SHAREHOLDER INFORMATION

a) Annual General Meeting

Date and time	:	30th September 2013 at 10.00 a.m.
Venue	:	"Dynasty Hall" Hotel Ambassador Pallava, 58, Montieth Road, Egmore, Chennai - 600 008.
Book Closure Date	:	25.09.2013 to 30.09.2013 (both days inclusive)
Financial Year	:	1 st April to 31 st March

b) Financial Calendar 2013-2014 (tentative)

The Board meeting for the approval of	2013-14 (Tentative Calendar)
Unaudited results for Quarter ending June 30, 2013	Held on 12 th August 2013
Unaudited results for Quarter ending September 30, 2013	Between 1 st October and 14 th November 2013
Unaudited results for Quarter ending December 31, 2013	Between 1 st January 2014 and 14 th February 2014
Audited Results for the year ending March 31, 2014	Before 31 st May 2014

c) Particulars of Dividend for the year ended 31.03.2012

Date of declaration	28.09.2012
Rate of dividend	40%
Book Closure Date	25.09.2012-28.09.2012
Date of payment of dividend	12.10.2012
Amount of dividend paid	₹ 8,84,54,500
Share Capital	2,21,13,625 Equity Shares of ₹ 10/- each

d) Listing of Shares

Name of the Stock Exchange	:	Stock Code
Madras Stock Exchange (MSE)	:	-
Bombay Stock Exchange Limited, Mumbai (BSE)	:	500464
National Stock Exchange of India Limited (NSE)	:	UCAL FUEL
ISIN allotted by Depositories (Company ID Number)	:	INE 139B01016

(Note: Annual Listing fees for the year 2013-14 were duly paid to the above stock exchanges)

e) Stock Market Data

Month	The Bombay Stock Exchange Limited			National Stock Exchange of India Limited		
	Month's High Price ₹	Month's Low Price ₹	Total volume of shares transacted	Month's High Price ₹	Month's Low Price ₹	Total volume of shares transacted
APR 2012	80.00	70.60	1,62,317	81.60	69.25	1,74,720
MAY 2012	77.20	67.45	69,988	77.00	66.00	1,15,698
JUN 2012	77.90	63.00	2,19,972	77.70	62.35	3,36,020
JUL 2012	73.45	66.05	82,106	74.00	66.15	1,12,687
AUG 2012	74.50	66.40	1,00,430	74.35	67.20	1,86,014
SEP 2012	78.50	66.80	1,52,589	76.90	67.70	3,73,390
OCT 2012	75.25	67.20	65,634	75.45	63.95	1,67,317
NOV 2012	73.00	64.00	1,70,723	76.50	63.15	2,80,863
DEC 2012	82.00	65.00	3,31,198	80.70	66.20	6,05,309
JAN 2013	72.50	58.00	89,462	72.85	65.80	1,55,146
FEB 2013	69.65	59.00	43,866	69.00	58.50	77,605
MAR 2013	61.00	48.75	74,394	61.65	48.25	1,44,654

f) Shareholding Pattern as on 31st March 2013

Particulars	Number of Shareholders	Shares held in Physical form	Shares held in dematerialised form	Total Number of shares held	% of capital
Promoter and Promoter Group					
a. Bodies Corporate	5	-	1,46,37,653	1,46,37,653	66.19
b. Directors and their relatives	7	-	9,51,164	9,51,164	4.30
Public Shareholding					
I. Institutions					
a. Mutual Funds/UTI	9	5,900	1,120	7,020	0.03
b. Financial Institutions/Banks	1	0	100	100	0.00
c. Insurance Companies	-	-	-	-	-
d. Foreign Institutional Investors	1	400	-	400	0.00
II. Non Institutions					
a. Bodies Corporate	523	7,421	7,44,226	7,51,647	3.40
b. Individuals	17,517	2,70,368	54,26,690	56,97,058	25.77
c. Non Resident Indians	144	680	67,903	68,583	0.31
Total	18,207	2,84,769	2,18,28,856	2,21,13,625	100.00

g) Distribution of Shareholding as on 31st March 2013

Number of Equity Shares held	Number of Shareholders	Number of Shares	% of Capital
Upto 500	16,111	24,01,256	10.86
501-1000	1,154	9,29,817	4.20
1001-2000	524	7,91,617	3.58
2001-3000	151	3,83,260	1.73
3001-4000	69	2,45,839	1.11
4001-5000	66	3,07,912	1.39
5001-10000	125	15,14,084	6.86
10001 AND ABOVE	7	1,55,39,840	70.27
Total	18,207	2,21,13,625	100.00

h) Registrar and Share Transfer Agents

Integrated Enterprises (India) Limited, having its registered office at Kences Towers - II Floor, No.1, Ramakrishna Street, T.Nagar, Chennai 600 017 are the Registrars for the demat segment and also the share transfer agents of the company, to whom communications regarding share transfer and dematerialization requests must be addressed. All matters connected with share transfer, transmission, dividend payment is handled by the share transfer agent. Share transfers are processed within 15 days of lodgement. A practising company secretary certifies on a quarterly basis the timely dematerialization of shares of the company.

i) Information in respect of unclaimed dividends due for remittance into Investor Education and Protection Fund (IEPF) is given below:

Under the provisions of the Companies Act, 1956 dividends that remain unclaimed for a period of seven years from the date of declaration are required to be transferred to the Investor Education and Protection Fund (IEPF) administered by the Central Government. The unclaimed dividend as on March 31, 2013 is as follows:

Financial Year	Unpaid/ Unclaimed dividend as on 31.03.2013 (₹)	Date of declaration	Date of transfer to IEPF
2005-06 Final Dividend	2,46,872	01.09.2006	07.10.2013
2006-07	4,08,322	14.09.2007	20.10.2014
2007-08	5,90,538	26.09.2008	01.11.2015
2009-10	7,40,903	30.09.2010	05.11.2017
2010-11	24,37,896	30.09.2011	05.11.2018
2011-12	9,17,456	28.09.2012	03.11.2019

- Shareholders are advised by the company well in advance before transferring the unclaimed dividends to IEPF. Members are requested to note that as per the Companies Act, 1956, unclaimed dividend once transferred to IEPF will not be refunded.
- Shareholders holding shares in electronic form are requested to deal only with their Depository Participant in respect of change of address, nomination facility and furnishing bank account number, etc.

j) Request to Investors

Shareholders are requested to follow the general safeguards/procedures as detailed hereunder in order to avoid risks while dealing in the securities of the company.

- Shareholders are requested to convert their physical holding to demat/electronic form through any of the DPs to avoid any possibility of loss, mutilation etc., of physical share certificates and also to ensure safe and speedy transaction in securities.
- Shareholders holding shares in physical form, should communicate the change of address, if any, directly to the Registrars and Share Transfer Agent of the company.
- It has become mandatory for transferees to furnish a copy of Permanent Account Number for registration of transfer of shares held in physical mode.
- Shareholders holding shares in physical form who have not availed nomination facility and would like to do so are requested to avail the same, by submitting the nomination in Form 2B. The form will be made available on request. Those holding shares in electronic form are advised to contact their DPs.
- As required by SEBI, it is advised that the shareholders furnish details of their bank account number and name and address of their bank for incorporating the same in the dividend warrants. This would avoid wrong credits being obtained by unauthorized persons.

k) Reconciliation of Share Capital Audit

A quarterly audit was conducted by a practising company secretary, reconciling the issued and listed capital of the company with the aggregate of the number of shares held by investors in physical form and in the depositories and the said certificates were submitted to the stock exchanges within the prescribed time limit. As on 31st March 2013 there was no difference between the issued and listed capital and the aggregate of shares held by investors in both physical form and in electronic form with the depositories. 2,18,28,856 equity shares representing 98.71% of the paid up equity capital have been dematerialized as on 31st March 2013.

l) Information to Shareholders

A brief resume of the director reappointed together with the nature of his experience and details of the other directorships held by him is annexed to the Notice convening the Annual General Meeting.

m) Green Initiative in Corporate Governance

MCA has launched a "Green Initiative in Corporate Governance" by allowing paperless compliances by companies through electronic mode and introduced e-mail address as one of the modes of sending communication to the shareholders under Section 53 of the Companies Act, 1956. This initiative will enable the companies to facilitate fast communication and will also lead to cost saving.

Accordingly the Annual Report for 2012-2013, Notice for AGM etc., are being sent in electronic mode to such of the shareholders whose email addresses are available and registered with the Registrar and Share Transfer Agents/DPs and who have opted to receive the same through email. For those who have not opted to receive the Annual Report, Notice of AGM etc., through electronic mode these are being sent in physical form.

To support this green initiative of the Government, shareholders are requested to register their email addresses, with the DPs, in case shares are held in dematerialized form and with the Registrar and Share Transfer Agent, in case the shares are held in physical form and also intimate changes, if any, in their registered email addresses to the Registrar and Share Transfer Agent/DPs from time to time.

n) Plant Locations

Plant 1	E9-E12, Industrial Complex, Maraimalai Nagar, Kancheepuram, Tamil Nadu – 603 209, India Tel. No.: 044-47408000; Fax: 044-27452549 Email: ufsl.mmn@ucalfuel.co.in
Plant 2	A98/100, A 106 & A107, PIPDIC Industrial Estate Mettupalayam, Pondicherry – 605 009, India Tel. No.: 0413-4211500; Fax: 0413-2272176 Email: ufsl.pondy@ucalfuel.co.in
Plant 3 (Not Operational)	Plot No.34-35, 53-54, Industrial Development Colony, Mehrauli Road, Gurgaon, Haryana – 122 001, India Tel. No.: 0124-2335773/895; Fax: 0124-2313109 Email: ufsl.gurgaon@ucalfuel.co.in
Plant 4	11 B/2 (S.P) First Cross Road, Ambattur Industrial Estate Chennai, Tamil Nadu – 600 058, India Tel. No.: 044-66544700; Fax: 044-66544758 Email: ufsl.abr1@ucalfuel.co.in
Plant 5 (Not Operational)	11 B/1 (S.P) First Cross Road, Ambattur Industrial Estate Chennai, Tamil Nadu – 600 058, India Tel. No.: 044-42180333/34; Fax: 044-42180333 Email: ufsl.pl5@ucalfuel.co.in
Plant 6	A3/A3, A4, A5, CMDA Industrial complex, Maraimalai Nagar, Kancheepuram, Tamil Nadu – 603 209, India Tel. No.: 044-47406800; Fax: 044-47406850 E-mail: ufsl.pl6@ucalfuel.co.in
Plant 7	A-3, 1, B-22, SIDCO Industrial Estate, Maraimalai Nagar, Kancheepuram, Tamil Nadu – 603 209, India Tel. No.: 044-47400190/91/93 E-mail: ufsl.pl7@ucalfuel.co.in

Plant 8	E16, Industrial Complex, Maraimalai Nagar, Kancheepuram, Tamil Nadu – 603 209, India Tel. No.: 044-47400573/75 E-mail: ufsl.pl8@ucalfuel.co.in
Plant 9	B 132 & 133, PIPDIC Industrial Estate Mettupalayam, Pondicherry – 605 009, India Tel. No.: 0413-4204161 E-mail: ufsl.pl9@ucalfuel.co.in
Plant 10	Plot No.9, Sector 5 Growth Centre, Bawal, Rewari, Email: ufsl.bwl@ucalfuel.co.in
Plant 11	AA4, Auto Ancillary SEZ Unit, 6 th Avenue, Mahindra World City, Anjur Village, Natham Sub Post Office, Chengalpattu – 603 002. Tamil Nadu. E-mail: ufsl.ho@ucalfuel.co.in

o) Address for Correspondence

To contact Registrars and Share Transfer Agents
for matters relating to shares

M/s.Integrated Enterprises (India) Limited
II Floor, Kences towers
No.1 Ramakrishna Street
North Usman Road,
T.Nagar, Chennai 600 017
Tel : 91-44-28140801/03
Fax : 91-44-28142479
E-mail: corpserv@iepindia.com

For any other general matters or in case of any
difficulties / grievance

Ms.Rekha Raghunathan
Company Secretary and Compliance Officer
UCAL Fuel Systems Limited,
"Raheja Towers", Delta Wing – Unit 705
177 Anna Salai, Chennai 600 002
Tel : 91-44-42208111
Fax : 91-44-28605020
E-mail : investor@ucalfuel.co.in

**DECLARATION BY CHAIRMAN AND MANAGING DIRECTOR ON
CODE OF CONDUCT UNDER CLAUSE 49 OF THE LISTING AGREEMENT**

To

The Members
UCAL Fuel Systems Limited

I, hereby declare that to the best of my knowledge and information, all the Board Members and Senior Management Personnel have affirmed compliance with the code of conduct for the year ended March 31, 2013.

Place : Chennai
Date : 02.09.2013

JAYAKAR KRISHNAMURTHY
Chairman and Managing Director

CERTIFICATION BY CHAIRMAN AND MANAGING DIRECTOR (CMD) AND CHIEF FINANCIAL OFFICER TO THE BOARD

We, Jayakar Krishnamurthy, Chairman and Managing Director and Mr.N.Gnanasambandan, Chief Financial Officer of UCAL Fuel Systems Limited, certify that:

1. We have reviewed the financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:
 - a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - b) these statements together present a true and fair view of the state of affairs of the company and are in compliance with existing accounting standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
3. We accept overall responsibility for establishing and maintaining internal control for financial reporting. This is monitored by the internal audit function, which encompasses the examination and evaluation of the adequacy and effectiveness, of internal control. The internal auditor works with all levels of management and statutory auditors and reports significant issues to the audit committee of the Board. The auditors and audit committee are appraised of any corrective action taken with regard to significant deficiencies in the design or operation of internal controls.
4. We indicate to the auditors and to the audit committee:
 - a) Significant changes in internal control over financial reporting during the year;
 - b) Significant changes in accounting policies during the year; and that the same have been disclosed in the notes to the financial statements; and
 - c) Instances of significant fraud of which we have become aware of and which involve management or other employees having significant role in the company's internal control system and financial reporting. However, during the year there was no such instance.

Place : Chennai
Date : 02.09.2013

JAYAKAR KRISHNAMURTHY
Chairman and Managing Director

N. GNANASAMBANDAN
Chief Financial Officer

ANNEXURE C TO THE DIRECTORS' REPORT

M/s. G. BALU ASSOCIATES
Chartered Accountants

4A, Venkatesa Agraharam Road
Mylapore, Chennai 600 004

AUDITORS' REPORT ON CORPORATE GOVERNANCE TO THE MEMBERS OF UCAL FUEL SYSTEMS LIMITED

We have examined the compliance of conditions of Corporate Governance by UCAL Fuel Systems Limited for the year ended March 31, 2013 as stipulated in Clause 49 of the Listing Agreement of the said company with the stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedure 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.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied in general with the conditions of corporate governance as stipulated in the above mentioned Listing Agreement.

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.

For M/s. G. BALU ASSOCIATES
Chartered Accountants

R. RAVISHANKAR
Partner
Membership No. 26819

Place : Chennai
Date : 02.09.2013

ANNEXURE-D TO THE DIRECTORS REPORT MANAGEMENT DISCUSSION AND ANALYSIS REPORT

1. OVERVIEW

In 2012-2013 the domestic passenger car segment and the three wheeler segment declined by 4% while the two wheeler segment grew by 2%. The global economic slowdown continued in 2012-2013 and consequently affected the Indian economy as well. The efforts by the Government and RBI to revive the economy have not yielded the desired results and the economy continues to be in a state of uncertainty. The slowdown in the economy had a consequential effect on the auto industry which also witnessed a slowdown. Low demand, expensive borrowing, rising input costs, weakening rupee and uncertain economic scenario have led the auto manufacturers to consolidate their existing operations and to defer their expansion plans. Auto manufacturers have taken to shrinking their organizations in terms of people and have resorted to shutdown of operations to remain financially viable. The auto component industry is also witnessing a slowdown as the auto manufacturers are streamlining their production to meet the decreased demand. Low customer offtake, increased cost of production, costlier imports, have eroded the cost competitiveness of the auto component industry. The steps being taken to stimulate the economy have shown very little results and the growth prospects during the current year also appear bleak. Increased exports will help the auto and the auto component sector to take advantage of the falling rupee but then the international markets are also showing a recessionary trend. The management is gearing up for a difficult 2013-2014 as growth in the auto component sector is expected to be only marginal. With high inflation, high vehicle finance rates and increasing fuel prices the first half of 2013-2014 has seen very low customer offtake and this is expected to continue. The company understands that increased profitability in 2013-2014 will be possible only through increased operational efficiencies and effective cost control measures.

2. FUTURE BUSINESS STRATEGY

With carburettors continuing to remain the most economical solution in the two wheeler segment the company intends to concentrate its development efforts on the carburettors and take advantage of the huge market available for it world wide through intensifying its marketing efforts. The company's efforts on developing fuel injection systems for two wheelers and three wheelers will however continue and the company hopes to become a one stop shop for the engine management requirements of the two wheeler industry. The company plans to remain on cutting edge with carburettors and injection systems to meet emission and cost targets through improvements in its manufacturing operations, VA/VE activities with R&D.

The company's efforts in the vacuum and oil pumps have yielded good results and the company is now working to develop new generation pumps for new applications. The company is planning to enter into the defence sector to harness adjacent technology capabilities like lightweight engine development for unmanned aerial vehicles and promoting use of carburetion and injection technology /products in unmanned aerial vehicle operations. The company is also planning to enter into powertrain engineering and testing services. These engineering services will lead to new technology products to be manufactured in the company. The company is in the last stages of negotiation with Orbital Australia Proprietary Limited for a joint venture with them for engineering and testing services. Efforts will also continue to update existing technology and obtain new technology to meet the ever changing market demands and also to diversify into other areas beyond auto components.

3. QUANTITATIVE ANALYSIS OF SALES

The quantitative sales during the financial year 2012-2013 is as under:

	Quantity (Number in thousands)		
	2012-13	2011-12	Growth %
Two Wheeler Carburettors	3,566	3,861	(8)
Air Suction Valve	4,200	4,362	(4)
Pumps	960	822	17
Multi Point Fuel Injection	400	492	(19)
Fuel Filter	655	676	(3)

The sales of two wheeler carburettor and air suction valves has shown a decline of 8% and 4% respectively due to market sluggishness resulting in customers slowing down their production. The sales of pumps have recorded a significant growth of 17% in 2012-2013 due to market choice to shift to diesel segment from petrol. Sales of multi point fuel injection systems and fuel filter witnessed a decrease of 19% and 3% in the financial year 2012-2013 respectively compared to that of financial year 2011-2012 due to change in the product mix of some of the customers.

4. UCAL FUEL SYSTEMS LIMITED (UFSL) VIS-À-VIS INDUSTRY

Quantity (Number in thousands)

	2012-13			2011-12			Growth in Market Share %
	Market Size	UFSL Sales	Market Share in %	Market Size	UFSL Sales	Market Share in %	
Two wheeler carburettor	15,721	3,566	23	15,454	3,861	25	(2)
Air Suction Valve	15,721	4,200	27	15,454	4,362	28	(1)
Pumps	3,234	960	30	3,123	822	26	4
Multi Point Fuel Injection	2,974	400	13	3,123	492	16	(3)

Market share of two wheeler carburettors and air suction valves of UFSL has gone down by 2% and 1% respectively compared to the financial year 2011-2012. UFSL market share in pumps has grown by 4% compared to the financial year 2011-2012. The pumps have come to be widely accepted in the market and in the financial year 2013-2014 the company hopes to do business with some leading multinationals in the area of pumps. Market share of UFSL in multi point fuel injection system has gone down by 3% compared to financial year 2011-2012 due to change in the product mix of customers.

5. SWOT ANALYSIS

Strengths

- Proprietary products
- Technology independence
- A growing market for its products
- Good brand image
- Capability to meet changing customer requirements
- Emphasis on R&D
- Network of trusted suppliers
- Capability in "Frugal Engineering"
- An empowered environment
- Highly trained and disciplined work force

Weaknesses

- Anemic growth despite opportunities
- Slow pace of indigenisation in certain areas inspite of high import costs
- Inadequate efforts in capturing export market
- Limited offering of products to diesel segment

Opportunities

- Large untapped markets for the existing products
- Availability of numerous adjacent technology and products for future growth

Threats

- Slowdown in the auto industry
- Threat of cheaper low quality imports
- Inability to predict market trends correctly and its consequent impact on operations and profitability
- Increasing finance, power, wage and input costs

6. RESEARCH AND DEVELOPMENT (R & D)

The company believes in owning technology and continues its emphasis on R&D. In line with the vision of the organization to be ready with the technology for the future fuel management system and pumps, the R&D facilities have been upgraded with the calibration tool software and motorized engine dynamometer to meet specific performance requirements.

With major automotive manufacturers establishing their manufacturing facilities in India, they are focusing on local supplier developments close to their manufacturing location. The challenge for the original equipment manufacturers is to validate their engines with the system/parts from local sources. They are looking for sources, which are capable of carrying out these testing activities closer to their manufacturing location. Hence R&D is trying to establish a testing facility in collaboration with Orbital with the existing facilities available with UCAL and Orbital covering the engine and component level testing. This will eventually lead the company to be in direct touch with the manufacturer's product engineering and development division for their testing requirements. This will also enhance the company's capability in the engineering of products for the customer requirements keeping in view the emission factors, customer preference leading to a potential business of engineering services and product development.

Further considering the requirements of the defence segment in the area of un-manned aircrafts (UAV) in terms of design, development of components, engineering services, manufacturing, maintenance, there seems to be a good business opportunity. The R&D is therefore working towards securing an entry into this segment.

Work on the two stroke fuel injection system and four stroke port injection system continues and the company hopes to commercialize the product this year. R&D is relentlessly continuing its efforts to reduce the import content in the material cost.

R&D engineers continue to present and publish papers in the National and International Conferences and the R&D continues to enjoy the recognition from the Department of Scientific and Industrial Research, Ministry of Science and Technology.

7. MANUFACTURING CAPABILITIES, FACILITIES AND OPERATIONS

The company has strong capabilities in pressure die casting of Aluminum / Zinc Alloy castings; design and manufacture of die/mould for high pressure die casting; machining of cast part in CNC vertical Machining centre, CNC turning centre, special purpose machines; precision turning of parts in Swiss type CNC bar feed automatic lathes; Broaching in pneumatic press, spin rivetting, cylindrical, centre less grinding of carburettor parts; assembly of products using special presses, air flow testing equipments gasoline test equipment and the surface treatment process like anodizing, Electro less, nickel plating, continuous copper Brazing of joints in conveyorised furnace. The manufacturing facilities are of the highest standard and comply with all safety requirements.

The company is slowly phasing out some of its old machineries in favour of new sophisticated ones and also re-furbishing some of the machineries to increase the output. The Bawal facility that is equipped with sophisticated machinery will require a highly trained workforce and that has become a challenge. Automation continues company wide albeit on a small scale. The company has sufficient manufacturing capacity to meet the current demand of air suction valves and carburettors. New manufacturing lines were set up for pumps with the latest POKE YOKE techniques. The company is concentrating its efforts in creating additional capacity using existing infrastructure and equipments with minimal capital expenditure. The company will be setting up a new facility for its engineering and testing services in the R&D premises. The rationalization of the vendor base is continuing. The company believes that the manufacturing systems in place must be periodically evaluated and during this financial year it plans to review its manufacturing systems through a systematic appraisal to ensure that best practices are followed. The specific areas it plans to concentrate include, shop floor management, production and process systems, inventory and quality management, VA/VE activities and automation.

8. HUMAN RESOURCES AND INDUSTRIAL RELATIONS

The company's personnel policies continue to be fair and transparent. Industrial relations continue to be cordial with the workers and various trade unions. All employee grievances have been addressed. One of the concerns has been matching the increased employee cost with a corresponding improvement in productivity. It is proposed to achieve this through imparting continuous technical training to employees, close monitoring and through constant communication with them. Because of the general slowdown attrition rate though less than the financial year 2011-2012 continues to be a concern. The company is however taking various initiatives to build a strong and committed workforce.

Training programmes continued to be modest last year. However in 2013-2014 the company has planned a comprehensive training programme for its employees across all levels. The company continues to sponsor deserving candidates to pursue higher courses of education. Consultants from diverse fields continue to be hired to improve the skills of its employees and to improve the operations. Employee deputation to Amtec continues though on a smaller scale. The company is in the process of strengthening its performance appraisal system.

The Human Resource Management System (HRMS) launched in the financial year 2011-2012 has been fully operationalised and this has ensured a more reliable and accurate data processing and reporting. The long term wage settlement have been completed for both plant 1 and plant 2 and with this, the wage negotiations for all the plants with trade unions have been completed.

9. CORPORATE SOCIAL RESPONSIBILITY

Rural Development and education to the underprivileged continues to be main emphasis of the corporate social responsibility. The company continues its work with the Culture and Heritage Trust of Karuveli and with the management of the Academy of Higher Education at Tiruchirapalli. The projects at Karuveli are moving at a slow pace. The company is in the process of selecting an agency that will help in the design and implementation of the projects especially those relating to establishment of self help groups for women. The company with the help of the local agencies is trying to introduce the farmers in the area to new types of plantations that will involve low cost and maintenance but yield good profits in short term like tree plantations etc.

As regards National College, the company has helped the management complete the infrastructure projects in the college. The library block has been completed and will start functioning in the current year. The indoor and outdoor stadium are also in process of completion. The company continues to guide the management in the running of the institution. Apart from National College, the Academy of Higher Education runs a school called the Sesha Iyengar Memorial Higher Secondary School. This school too caters to the lowest strata of the society. After completion of the projects at National College the company intends to concentrate on strengthening the infrastructure at this school. The company is proposing to join hands with Academy of Higher Education to start a CBSE school at Tiruchirapalli with an emphasis on craft education and vocational training. As mentioned earlier the company's corporate social responsibility efforts will be restricted to projects at Karuveli and those with the Academy of Higher Education, Tiruchirapalli only.

10. CONTROL SYSTEMS AND ADEQUACY

The company has an adequate internal control system commensurate with its size and nature of business to safeguard the assets of the company. Internal audit is conducted on a quarterly basis by a team of internal auditors and the reports together with the action taken reports are reviewed by the audit committee periodically. The existing scope has been widened and the internal auditors from this year onwards will cover a wider area of operations. Mr.V.Kalyanaraman has been appointed cost auditor of the company for the financial years 2013-2014 and 2014-2015 and the cost audit report will be filed within the stipulated period of 180 days from the close of the financial years. The company is in the process of reimplementation of oracle across the organization. This will improve the transparency of operations and ensure accurate data and more control on the financial operations of the company.

11. CAUTIONARY STATEMENT

The information and opinion expressed in this report describing the company's objectives, projections, estimates, future business developments, and expectations could contain certain "forward-looking statements" within the meaning of the applicable laws and regulations. Actual results could differ materially from those expressed or implied in this report. Important factors that could make a difference to the company's operations include, among others, economic conditions affecting demand/supply, price conditions in the domestic and overseas markets in which the company operates, changes in the government regulations, tax laws and other incidental factors.

G. BALU ASSOCIATES

Chartered Accountants

No. 4 – A Venkatesa Agraharam Road,

Mylapore, Chennai – 600 004.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF M/s. UCAL FUEL SYSTEMS LTD., CHENNAI**

Report on the Financial Statements

We have audited the accompanying financial statements of UCAL FUEL SYSTEMS Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of Matter

We draw attention to Note No. 31 of the Notes to Accounts with regard to the diminution in the value of investment in the subsidiary company M/s Amtec Precision Products Inc. Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order
2. As required by Section 227(3) of the Act, 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 appears from our examination of those books.
 - c. The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d. In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956.
 - e. On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - f. Attention is invited to Note No.40, of Notes to Accounts, regarding managerial remuneration to directors, which is in excess of the limits prescribed by the Companies Act, 1956.

For G. BALU ASSOCIATES,
Chartered Accountants
FRN: 000376S

R. RAVISHANKAR
Partner

Membership number: 26819

Place : Chennai
Date : 16.05.2013

ANNEXURE TO THE AUDITOR'S REPORT

The Annexure referred to in our report to the members of UCAL FUEL SYSTEMS LIMITED ('the Company') for the year ended 31 March 2013. We report that:

- (1)
 - a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets. The company is in the process of updating its Fixed Asset register.
 - b) The fixed assets have been physically verified by the management at reasonable intervals and no material discrepancies were noticed on such verification.
 - c) No substantial parts of fixed assets have been disposed off during the year.
- (2)
 - a) Physical verification of inventory has been conducted at reasonable intervals by the management.
 - b) The procedures for physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
 - c) The company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- (3) The company has taken unsecured loan from few parties covered in the Register maintained under Sec. 301 of the Act to the extent of Rs. 7.69 Crores (outstanding as on 31.03.2012 is Rs. 8.84 Crores). The rate of interest and other terms and conditions of the loan taken is prima-facie not prejudicial to the interest of the company. There is no stipulation regarding the repayment of the loan.
- (4) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. There is no continuing failure to correct major weaknesses in the internal control system of the Company.
- (5) In our opinion and according to the information and explanations given to us
 - a) the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956, have been entered in the register required to be maintained under that section, and
 - b) the transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (6) In our opinion and according to the information and explanations given to us, the company has not accepted any deposits from the public and hence compliance with directives issued by the Reserve Bank of India and the provisions of Sec. 58 A, 58 AA or any other relevant provisions of the Act and the rules framed there under are not applicable.
- (7) In our opinion, the company has adequate internal audit system commensurate with its size and nature of its business.
- (8) As per the books and records produced to us and explanations offered thereon, we are of the opinion that, prima facie, the cost records and accounts prescribed by the Central Government under Sec. 209 (1) (d) of the Companies Act, 1956, have been made and maintained. However we are not required and have not made any detailed examination of the said records, with a view to determine whether they are accurate or complete.
- (9)
 - a) According to the records produced, the company is generally regular in depositing with appropriate authorities the undisputed applicable statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and Cess.

b) As per the information and explanations given to us, following are the statutory dues which have not been deposited on account of dispute.

Nature of Dues/Statute	Period	Amount Rs. in Lakhs	Forum where dispute is pending
Income Tax Act	Asst Year - 1996-97	14.02	High Court of Madras
Income Tax Act	Asst Year - 1999-00	4.12	High Court of Madras
Income Tax Act	Asst Year - 2000-01	3.59	High Court of Madras
Income Tax Act	Asst Year - 2005-06	2.55	CIT Appeals III, Chennai
Income Tax Act	Asst Year - 2005-06	101.91	CIT Appeals III, Chennai
Income Tax Act	Asst Year - 2006-07	171.43	CIT Appeals III, Chennai
Income Tax Act	Asst Year - 2007-08	2.09	CIT Appeals III, Chennai
Central Excise Act – Service Tax	Financial year-2005-06	1.93	Commissioner of Central Excise Appeals
Central Excise Act – Service Tax	Financial year-2011-12	4.36	Deputy Commissioner of Service Tax
Central Excise Act – Service Tax	Financial year-2011-12	24.81	Additional Commissioner of Service Tax
Central Excise Act – Service Tax	Financial year-2010-11	4.81	Deputy Commissioner, Tambaram
Central Excise Act	Financial year-2007-08	17.00	Commissioner of Central Excise, Pondicherry
Central Excise Act	Financial year-2006-07	120.43	Joint Commissioner of Central Excise
Central Excise Act	Financial year-2007-08	3.56	Joint Commissioner of Central Excise, Delhi
Central Excise Act	Central Excise (August 2003-June-2004)	1.83	Assistant Commissioner of Central Excise, Tambaram Division
Central Excise Act	Central Excise (January 2001 - August 2003)	34.93	Chief Commissioner Excise (Appeals)
Central Excise Act	Financial year -2002-03	44.14	Additional Commissioner, Gurgaon.
Central Sales Tax Act	Financial year-2005-06	1.04	Appellate Deputy Commissioner
Central Sales Tax Act	Financial year-2006-07	4.77	Appellate Deputy Commissioner, Chennai
VAT Act	Financial year-2007-08	83.07	Appellate Deputy Commissioner, Chennai
ESI Act	ESI (01.04.2000 - 30.06.2002)	1.27	Regional Director, Gurgaon
Indian Stamp Act	Stamp Duty	31.37	Inspector General of Registration (Appeals) Chennai, Tamil Nadu

- (10) The company does not have accumulated losses as at the end of the Financial Year and has not incurred cash losses in the current financial year and in the immediately preceding financial year.
- (11) The company has not defaulted in repayment of dues to any financial institutions or bank or debenture holders.
- (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 company is not a Chit Fund, Nidhi or Mutual Fund or Society.
- (14) The company is not dealing or trading in shares, securities, debentures and other investments.
- (15) In our opinion and according to the information and explanations given to us, the terms and conditions on which the company has given guarantees for loans taken by others from bank and financial institutions are not prima facie prejudicial to the interests of the company.
- (16) In our opinion and according to the information and explanations given to us, the term loans were applied for the purposes for which they were obtained.
- (17) On the basis of an overall examination of the accounts of the company, no funds raised on short term basis have been used for long term investments.
- (18) The company has not made any preferential allotment of shares during the year to parties and companies covered in the Register maintained under Section 301 of Companies Act, 1956.
- (19) The company has not issued any debentures during the year.
- (20) The company has not raised any money through public issues during the year.
- (21) Based upon the audit procedures performed and on the basis of the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year.

For G. BALU ASSOCIATES,
Chartered Accountants
FRN: 000376S

R. RAVISHANKAR
Partner
Membership number: 26819

Place : Chennai
Date : 16.05.2013

BALANCE SHEET AS AT 31ST MARCH 2013

(All Amounts in Rs. Lakhs, unless otherwise stated)

	Note	As at 31st March 2013	As at 31st March 2012
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2	2,211.36	2,211.36
Reserves & Surplus	3	27,795.35	27,096.12
Non-Current Liabilities			
Long-Term Borrowings	4	13,938.60	15,095.94
Deferred Tax Liabilities (Net)	5	1,237.50	1,192.31
Other Long Term Liabilities	6	713.66	876.87
Long-Term Provisions	7	124.19	104.08
Current liabilities			
Short-Term Borrowings	8	9,744.63	8,100.44
Trade Payables	9	9,483.03	9,832.30
Other Current Liabilities	10	5,072.35	4,458.88
Short-Term Provisions	11	432.35	1,438.20
TOTAL		70,753.02	70,406.50
ASSETS			
Non-Current Assets			
Fixed Assets	12		
Tangible Assets		21,211.71	22,484.81
Intangible Assets		155.37	123.96
Capital Work-In-Progress		947.30	1,345.44
Non-Current Investments	13	15,625.59	15,625.59
Long-Term Loans & Advances	14	449.08	550.94
Other Non-Current Assets	15	155.50	547.04
Current Assets			
Inventories	16	4,605.25	4,575.21
Trade Receivables	17	10,959.24	10,475.23
Cash & Cash Equivalents	18	624.88	565.95
Short-Term Loans & Advances	19	15,602.10	13,688.34
Other Current assets	20	417.00	423.99
TOTAL		70,753.02	70,406.50
Summary of significant accounting policies	1		

The accompanying notes are an integral part of these financial statements

As per our Report Attached of even date

For and on behalf of the Board of Directors

For M/s G.BALU ASSOCIATES

JAYAKAR KRISHNAMURTHY

FRN : 000376S

CHAIRMAN & MANAGING DIRECTOR

Chartered Accountants

R. SUNDARARAMAN

N. GNANASAMBANDAN

REKHA RAGHUNATHAN

R. RAVISHANKAR

JOINT MANAGING DIRECTOR CHIEF FINANCIAL OFFICER

COMPANY SECRETARY

Partner

Membership No. 26819

Place: Chennai

Date: 16.05.2013

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2013

(All Amounts in Rs. Lakhs, unless otherwise stated)

	Note	Year ended 31st March 2013	Year ended 31st March 2012
Revenue From Operations (net)	21	50,434.62	52,502.52
Other Income	22	123.57	209.84
Total Revenue		50,558.19	52,712.36
Expenses:			
Cost of Material Consumed	23	27,519.11	28,988.60
Changes in Inventories of Finished Goods & Work in progress	24	(90.85)	(154.93)
Employees Cost & Benefits	25	5,230.79	5,376.14
Finance Costs	26	3,197.17	3,017.56
Depreciation and Amortization Expense	27	1,925.05	2,143.86
Other Expenses	28	11,513.78	10,346.62
Total Expenses		49,295.05	49,717.85
Profit Before Exceptional Item		1,263.14	2,994.51
Exceptional Items		-	-
Profit Before Tax		1,263.14	2,994.51
Add / (Less) Tax Expense:			
Current tax		(260.00)	(854.97)
Deferred tax		(45.18)	128.80
Profit (Loss) for the year		957.95	2,268.34
Earnings per equity share:			
Basic & Diluted	29	4.33	10.26
Summary of significant accounting policies	1		

The accompanying notes are an integral part of these financial statements

As per our Report Attached of even date

For and on behalf of the Board of Directors

JAYAKAR KRISHNAMURTHY

CHAIRMAN & MANAGING DIRECTOR

For M/s **G.BALU ASSOCIATES**

FRN : 000376S

Chartered Accountants

R. SUNDARARAMAN

JOINT MANAGING DIRECTOR

N. GNANASAMBANDAN

CHIEF FINANCIAL OFFICER

REKHA RAGHUNATHAN

COMPANY SECRETARY

R. RAVISHANKAR

Partner

Membership No. 26819

Place: Chennai

Date: 16.05.2013

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2013

(All Amounts in Rs. Lakhs, unless otherwise stated)

	For the year ended 31.03.2013	For the year ended 31.03.2012
A. Cash Flow from Operating Activities:		
Net Profit/(Loss) before extraordinary items and tax	1,263.14	2,994.51
<i>Adjustments for :</i>		
Depreciation and amortisation	1,925.05	2,143.86
(Profit) / loss on sale / write off of assets	(20.82)	175.99
Finance costs	3,197.17	3,017.56
Interest income	(11.80)	(21.21)
Dividend income	(13.30)	(13.80)
Deffered revenue expenses written off	417.00	417.00
Net unrealised exchange (gain) / loss	(106.86)	(519.28)
	<u>5,386.44</u>	<u>5,200.12</u>
Operating profit / (loss) before working capital changes	6,649.58	8,194.63
<i>Changes in working capital:</i>		
<i>Adjustments for (increase) / decrease in operating assets:</i>		
Inventories	(30.03)	(766.45)
Trade receivables	(405.82)	(978.93)
Short-term loans and advances	(1,478.52)	(1,465.51)
Long-term loans and advances	(101.86)	38.24
Other current assets	(6.99)	(6.99)
Other non-current assets	391.54	289.78
<i>Adjustments for increase / (decrease) in operating liabilities:</i>		
Trade payables	(349.27)	2,617.04
Other current liabilities	(238.37)	416.42
Other long-term liabilities	(163.21)	267.98
Short-term provisions	8.48	116.42
Long-term provisions	20.11	53.04
	<u>(2,353.94)</u>	<u>581.04</u>
	4,295.64	8,775.67
Cash flow from extraordinary items	-	-
Cash generated from operations	4,295.64	8,775.67
Net income tax (paid) / refunds	(462.44)	(799.96)
Net cash flow from / (used in) operating activities (A)	<u>3,833.20</u>	<u>7,975.71</u>
B. Cash Flow from Investing Activities		
Capital expenditure on fixed assets, including capital advances	(734.06)	(4,601.22)
Proceeds from sale of fixed assets	30.31	140.48
Interest received		
- Others	11.80	21.21
Dividend received		
- Subsidiaries	12.50	12.50
- Others	0.80	1.30
	<u>(678.65)</u>	<u>(4,425.73)</u>
Cash flow from extraordinary items	-	-
	<u>(678.65)</u>	<u>(4,425.73)</u>
Net income tax (paid) / refunds	-	-
Net cash flow from / (used in) investing activities (B)	<u>(678.65)</u>	<u>(4,425.73)</u>

(All Amounts in Rs. Lakhs, unless otherwise stated)

	For the year ended 31.03.2013	For the year ended 31.03.2012
C. Cash Flow from Financing Activities		
Proceeds from long-term borrowings	2,800.00	554.48
Repayment of long-term borrowings	(3,309.63)	-
Proceeds from other short-term borrowings	1,644.19	211.59
Repayment of other short-term borrowings	-	-
Finance cost	(3,197.17)	(3,017.56)
Dividends paid	(889.51)	(861.98)
Tax on dividend	(143.50)	(143.50)
	(3,095.62)	(3,256.97)
Cash flow from extraordinary items	-	-
Net cash flow from / (used in) financing activities (C)	(3,095.62)	(3,256.97)
Net increase / (decrease) in Cash and cash equivalents (A+B+C)	58.93	293.01
Cash and cash equivalents at the beginning of the year	565.95	272.94
Cash and cash equivalents at the end of the year	624.88	565.95
Cash and cash equivalents Comprises of:		
Cash on hand	11.39	9.15
Balances with banks		
In current accounts	151.93	444.26
In deposit accounts with original maturity of less than 3 months	408.14	53.41
In unpaid Dividend Account	53.42	59.13
	624.88	565.95

Notes

- The above Statement has been prepared in the indirect method except in the case of Dividend, Interest received and paid, Purchase and Sale of Investments, Sale of Fixed Assets and Direct taxes which have been considered on the basis of actual movement of cash, with corresponding adjustments in assets and liabilities.
- Cash and Cash Equivalent represents Cash and Bank Balances only.
- Proceeds from Borrowings are shown net of repayments and without Exchange fluctuation.
- Additions to Fixed Assets are stated exclusive of Capital Work-In-Progress between the beginning and end of the year and is treated as part of Investing Activities.

See accompanying notes forming part of the financial statements

As per our Report Attached of even date

For and on behalf of the Board of Directors

JAYAKAR KRISHNAMURTHY

CHAIRMAN & MANAGING DIRECTOR

For M/s G.BALU ASSOCIATES

FRN : 000376S

Chartered Accountants

R. SUNDARARAMAN

JOINT MANAGING DIRECTOR

N. GNANASAMBANDAN

CHIEF FINANCIAL OFFICER

REKHA RAGHUNATHAN

COMPANY SECRETARY

R. RAVISHANKAR

Partner

Membership No. 26819

Place: Chennai

Date: 16.05.2013

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013

NOTE 1. ACCOUNTING POLICIES

a. System of Accounting

The company adopts the accrual concept in the preparation of accounts.

b. Method of Accounting

Assets and Liabilities are recorded at historical cost. These costs are not adjusted to reflect the changing value in the purchasing power of money. For the ongoing projects, costs incurred upto the date of production are accumulated. Costs specifically attributable to the fixed assets are capitalized upon commencement of production. In compliance with the Accounting Standard (AS26) for intangible asset cost incurred on technical know-how acquired and other expenditure incurred on product development are considered as intangible assets and expended over their estimated useful life from the date of commencement of production.

c. Fixed Assets

Fixed Assets are stated at cost less accumulated depreciation. Depreciation has been provided on the straight line method on pro-rata basis at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956 except in the case of following assets where a higher rate is charged having regard to their useful economic life:

Computers	25%
Air Conditioners	20%
Furniture & Fittings	10%
Factory Equipments	10%
Vehicles	20%
Office Equipments	20%

No provisions are made in respect of leasehold land.

d. Assets acquired under Lease

In respect of assets acquired under operating lease, monthly rentals payable are charged to Profit and Loss account.

e. Borrowing Costs

Interest and other costs attributable to acquisition and construction of assets are capitalised upto the date when such assets are ready for its intended use. Other borrowing costs are charged to Profit & Loss Account.

f. Investments

Long term investments are stated at cost, less any provision for permanent diminution in value. Dividend is accounted for as and when received.

g. Subsidy

Subsidy received towards Capital Outlay has been kept under Capital Reserve and Subsidy received relating to specific asset has been adjusted against the cost of the asset.

h. Sundry Debtors and Loans & Advances

Sundry Debtors and Loans & Advances are stated after making adequate provision for doubtful balances.

i. Inventories

Inventories are valued at lower of cost or net realisable value. Costs are in general ascertained using the Weighted Average Method and includes, where appropriate, manufacturing overheads and excise duty.

j. Foreign Currency Transactions

Foreign Currency transactions are accounted at exchange rates prevailing on the date, the transaction takes place. All exchange differences arising in respect of Foreign Currency transactions are dealt with in Profit and Loss Account. All foreign currency assets and liabilities, if any, as at the Balance Sheet date are restated at the applicable exchange rates prevailing on that date except in respect of transactions covered under forward contract with banks.

k. Research & Development

Revenue expenses on research relating to new products are carried forward as deferred expenses to be amortized after commencement of production.

Other revenue expenses on research are charged off in the year in which it is incurred.

Capital expenditure on Research and Development is shown as addition to fixed assets.

l. Retirement Benefits

The company makes regular contributions to the Provident Fund and Family Pension Fund and these are charged to revenue. To cover the liability arising out of payment of Gratuity & Superannuation the company has taken policies from LIC of India under the Group Gratuity & Superannuation scheme. Premium paid to LIC is charged to the Profit & Loss Account. The company also provides for unutilised leave benefits on retirement available to its employees based on actuarial valuation.

m. Miscellaneous Expenditure

Deferred revenue expenditure and product development expenditure is amortised over the expected period of future benefits.

n. Software expenditure :

Software systems and development expenses and user's licence fees are expended in the year in which it is incurred.

o. Taxation :

Provision for income-tax is made on the assessable income at the tax rate applicable to the relevant assessment year.

Deferred tax is recognized, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

Deferred tax assets are not recognized unless there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013 (CONTD.)

(All Amounts in Rs. Lakhs, unless otherwise stated)

	As at 31st March 2013	As at 31st March 2012
Note 2		
Share Capital		
Authorised Capital		
7,50,00,000 (7,50,00,000) Equity shares of Rs.10/- each	7,500.00	7,500.00
	<u>7,500.00</u>	<u>7,500.00</u>
Issued, Subscribed and Paid - Up		
2,21,13,625 (2,21,13,625) Equity shares of Rs 10/- each fully paid	2,211.36	2,211.36
Total	<u>2,211.36</u>	<u>2,211.36</u>

(a) Reconciliation of Number of Shares:

Equity Shares :

Particulars	As at March 31, 2013		As at March 31,2012	
	No.of Shares	Amount	No.of Shares	Amount
Balance as at the Beginning of the Year	22,113,625	2,211.36	22,113,625	2,211.36
Balance as at the End of the Year	22,113,625	2,211.36	22,113,625	2,211.36

(b) Rights and restrictions attached to shares

Equity Shares: The company has one class of equity shares having a par value of Rs.10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

(c) Details of Shares Held by Shareholders holding More Than 5% of the Aggregate Shares in the Company

Name of the Shareholder	As at March 31,2013		As at March 31,2012	
	No.of shares	%	No.of shares	%
Carburettors Limited	10,820,089	48.93%	10,820,089	48.93%
Southern Ceramics Private Limited	1,558,515	7.05%	1,558,515	7.05%
Minica Real Estates Private Limited	1,841,882	8.33%	1,841,882	8.33%

Details of Shares allotted as fully paid up by way of bonus shares (during 5 yrs immediately preceding 31.03.2013) - Nil

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013 (CONTD.)

(All Amounts in Rs. Lakhs, unless otherwise stated)

Note 3

Reserves & Surplus	As at 31st March 2012	Additions	Deductions	As at 31st March 2013
(a) Capital Reserve	160.00	-	-	160.00
(b) Special State Capital Subsidy	282.85	-	-	282.85
(c) General Reserves	16,171.82	200.00	-	16,371.82
(d) Securities Premium Account	2,165.34	-	-	2,165.34
	18,780.01	200.00	-	18,980.01
(e) Surplus in Statement of Profit and Loss			As at 31st March 2013	As at 31st March 2012
Balance as at Beginning of the Year			8,316.11	7,475.82
(+) Net Profit/(Net Loss) For the current year			957.95	2,268.34
(+) Transfer from Reserves			-	-
(+) Income Tax Provision Written Back			-	-
(-) Proposed Dividends			221.14	884.55
(-) Tax on Proposed Dividends			37.58	143.50
(-) Interim Dividends			-	-
(-) Transfer to Reserves			200.00	400.00
Balance as at End of the Year			8,815.34	8,316.11
Total Reserves and Surplus			27,795.35	27,096.12

(a) Subsidy:

Subsidy received towards Capital Outlay has been kept under Capital Reserve and Subsidy received relating to specific asset adjusted against the cost of the assets.

(b) The final dividend proposed for the year is as follows:

	As at 31st March 2013	As at 31st March 2012
On Equity Shares of Rs.10/- each		
Amount of Dividend proposed	221.14	884.55
Dividend per equity share	Rs.1 per share	Rs.4 per share

Note 4

Long Term Borrowings

(i) Secured

Term Loans From Banks	13,938.60	14,095.94
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(ii) UnSecured

Term Loans From Financial Institutions	-	1,000.00
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Total	13,938.60	15,095.94
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NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013 (CONTD.)

(All Amounts in Rs. Lakhs, unless otherwise stated)

(a) NATURE OF SECURITY AND TERMS OF REPAYMENT FOR SECURED BORROWINGS

NATURE OF SECURITY	TERMS OF REPAYMENT
Loan amount of Rs.16.66 crores is secured by hypothecation of Plant & Machinery newly acquired during 2010-11 and held at Plants 7, 8 & 9 situate at MMNagar & Puducherry valued at Rs.18.78 crores on exclusive basis.	Repayable in monthly instalments of Rs.41.67 lakhs each. The period of maturity with reference to Balance Sheet date is 40 months. Rate of interest-15.25%
Loan amount of Rs.1.19 crores is secured by Equitable Mortgage of Factory Land & Building and Hypothecation of Plant & Machinery of Plants 7, 8 & 9 situate at MMNagar & Pondy.	Repayable in monthly instalments of Rs.23.25 lakhs each. The period of maturity with reference to Balance Sheet date is 4 months. Rate of interest-15.25%
Loan amount of Rs.3.95 crores is secured by exclusive charge on the assets, including mortgage over leasehold rights created out of term loan on paripassu basis.	Repayable in quarterly instalments of Rs. 57.50 lakhs each. The period of maturity with reference to Balance Sheet date is 21 months. Rate of interest-14%
Loan amount of Rs.7.75 crores is secured by exclusive charge on the assets ,including mortgage over leasehold rights created out of term loan on paripassu basis.	Repayable in quarterly instalments of Rs.25 lakhs (2 years), Rs. 50 lakhs & Rs. 90 lakhs (1 year) each. The period of maturity with reference to Balance Sheet date is 4 years. Rate of interest-14.75%
Loan amount of Rs.2.25 crores is secured by first Charge on Fixed assets on pari passu with other banks under Multiple banking arrangement.	Repayable in quarterly instalments of Rs.25 lakhs each. The period of maturity with reference to Balance Sheet date is 2 years. Rate of interest-14.75%
Loan amount of Rs.12.84 crores is secured by first charge on fixed Assets (present & future)on pari passu basis with other term lenders except those assets specifically charged to other banks.	Repayable in quarterly instalments of Rs.100 lakhs each. The period of maturity with reference to Balance Sheet date is 3 years. Rate of interest-14.75%
Loan amount of Rs.5.44 crores is secured by first charge on assets created out of Term Loan.	Repayable in quarterly instalments of Rs.30 lakhs (3 years)& Rs. 36.5 Lakhs (1 year) each. The period of maturity with reference to Balance Sheet date is 4 years. Rate of interest-14.75%
Loan amount of Rs. 20 crores is secured by first charge on fixed Assets (present & future)on pari passu basis with other term lenders except those assets specifically charged to other banks.	Repayable in quarterly instalments of Rs.100 lakhs each. The period of maturity with reference to Balance Sheet date is 5 years. Rate of Interest-14.75%
Term loan of Rs.22.51 crores is secured by first charge by way of hypothecation over all moveable fixed assets and mortgage of all immovable properties of UCAL, both present & future, except those assets specifically charged to other banks.	Repayable in step up quarterly instalments of Rs.1.20 crores/1.40 crores & 1.50 crores each. The period of maturity with reference to Balance Sheet date is 4 years. Rate of interest-12.5%
Term loan of Rs.10 crores is secured by paripassu first charge on the entire moveable & immoveable fixed assets of UCAL, present & future, except those assets specifically charged to other banks.	Repayable in quarterly instalments of Rs. 50 lakhs (8 instalments) & Rs. 75 laks (8 instalments). The period of maturity with reference to Balance Sheet date is 4 years. Rate of Interest-12.5%
Term loan of Rs.4.50 crores is secured by paripassu first charge on the entire moveable & immoveable fixed assets of UCAL, present & future, except those assets specifically charged to other banks.	Repayable in 20 step-up quarterly instalments. The period of maturity with reference to Balance Sheet date is 4 years. Rate of Interest-12.5%

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013 (CONTD.)

(All Amounts in Rs. Lakhs, unless otherwise stated)

(a) NATURE OF SECURITY AND TERMS OF REPAYMENT FOR SECURED BORROWINGS

NATURE OF SECURITY	TERMS OF REPAYMENT
OIF Term loan of USD -6.85 million is secured by Paripassu first charge on the entire moveable & immoveable fixed assets of UCAL, present & future, except those assets specifically charged to other banks.	Repayable in 28 step-up quarterly instalments commencing from 2012-13. The period of maturity with reference to Balance Sheet date is 7 years.
Term loan of Rs.28 crores is secured by paripassu charge on the land at Bawal and exclusive charge on the Building, Plant & Machinery at Bawal.	Repayable in monthly instalments of Rs.50 lakhs each. The period of maturity with reference to Balance Sheet date is 5 years. Rate of interest-14.75%

Note 5

Deferred Tax Liabilities (Net)	As at 31.03.2013	As at 31.03.2012
Deferred Tax Liabilities		
Depreciation	1,237.50	1,192.31
Total	1,237.50	1,192.31
Deferred tax assets and deferred tax liabilities have been offset as they relate to the same governing taxation law.		

Note 6

Other Long Term Liabilities

(a) Trade Payables	338.10	419.70
(b) Others		
Advance From Customers	10.07	10.07
Other Liabilities	365.49	447.10
Total	713.66	876.87

Note 7

Long-Term Provisions

(a) Provision For Employee Benefits

Provision For Leave Encashment	124.19	104.08
Total	124.19	104.08

Note 8

Short Term Borrowings

(i) Secured

Short Term Borrowings	908.64	–
Cash Credit from banks	6,816.42	7,045.76

(ii) Unsecured

Inter Corporate Deposits		
– From related parties	768.59	883.60
– From others	–	10.80
Short Term Loan From Others	1250.98	160.28
Total	9,744.63	8,100.44

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013 (CONTD.)

(All Amounts in Rs. Lakhs, unless otherwise stated)

(a) NATURE OF SECURITY AND TERMS OF REPAYMENT FOR SHORT TERM BORROWINGS

NATURE OF SECURITY	TERMS OF REPAYMENT
Working capital facilities from banks are secured by first charge on raw materials, work-in-progress, finished goods and book debts.	The facility is renewable on an annual basis and is repayable on demand.

(b) NATURE OF SECURITY AND TERMS OF REPAYMENT FOR UNSECURED BORROWINGS

i) Inter Corporate Deposit Not secured.	Inter Corporate Deposit is repayable within one year. Rate of interest-12%
ii) Short term loan from others Not secured.	Short term loan is repayable within one year. Rate of interest-12.75%

Note 9

	As at 31.03.2013	As at 31.03.2012
Trade Payables		
(a) Related Parties	564.64	471.27
(b) Others	8918.39	9361.03
Total	<u>9,483.03</u>	<u>9,832.30</u>

Note 10

Other Current Liabilities

Current maturities of Long Term Debts	3,308.02	2,456.17
Advances From Customers	81.53	29.39
Interest Accrued but not Due	39.30	26.84
Unclaimed Dividend	53.42	58.38
Other Liabilities	1,590.08	1,888.10
Total	<u>5,072.35</u>	<u>4,458.88</u>

Note 11

Short-Term Provisions

(a) Provision For Employee Benefits

Gratuity Fund Payable	73.70	74.65
Provision For Leave Encashment	14.93	5.50

(b) Others

Provision for Tax (Net of Advance Tax)	85.00	330.00
Provision for Proposed Dividend	221.14	884.55
Provision for Tax on Dividend	37.58	143.50
Total	<u>432.35</u>	<u>1,438.20</u>

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013 (CONTD.)

Note 12 Fixed Assets

(All Amounts in Rs. Lakhs, unless otherwise stated)

		GROSS BLOCK					DEPRECIATION/AMORTISATION					NET BLOCK	
		As at 1 April, 2012	Addi- tions	Deduc- tions	Exchange diffe- rences	As at 31 March, 2013	As at 1 April, 2012	For the Year	Deduc- tions	Up to 31 March, 2013	As at 31 March, 2013	As at 31 March, 2012	
Tangible Assets													
(a) Land	Freehold	1,835.99	-	1,284.65	-	551.34	-	-	-	-	551.34	1,835.99	
	Leasehold	3,236.72	52.13	-	-	3,288.85	-	-	-	-	3,288.85	3,236.72	
(b) Buildings		5,521.85	1,336.15	536.42	-	6,321.58	862.22	164.58	-	1,026.80	5,294.78	4,659.63	
(c) Plant and Equipment		29,197.97	974.52	113.41	-	30,059.08	16,719.30	1,621.39	101.93	18,238.76	11,820.32	12,478.67	
(d) Furniture and Fixtures		557.29	8.75	-	-	566.04	368.33	34.09	-	402.42	163.62	188.96	
(e) Vehicles		274.41	13.04	67.23	-	220.22	224.03	16.45	63.38	177.10	43.12	50.38	
(f) Office equipment		251.47	26.58	0.31	-	277.74	217.01	11.33	0.28	228.06	49.68	34.46	
Total Tangible Assets - A		40,875.70	2,411.17	2,002.02	-	41,284.85	18,390.89	1,847.84	165.59	20,073.14	21,211.71	22,484.81	
Previous year		38,361.87	4,830.21	2,343.17	26.79	40,875.70	18,364.28	2,051.19	2,024.58	18,390.89			
Intangible Assets:													
Technical Knowhow		2,218.00	108.62	-	-	2,326.62	2,094.04	77.21	-	2,171.25	155.37	123.96	
Good Will		-	-	-	-	-	-	-	-	-	-	-	
Total Intangible Assets - B		2,218.00	108.62	-	-	2,326.62	2,094.04	77.21	-	2,171.25	155.37	123.96	
Previous year		2,218.00	-	-	-	2,218.00	2,001.37	92.67	-	2,094.04			
Total Fixed Assets-C (A+B)		43,093.70	2,519.79	2,002.02	-	43,611.47	20,484.93	1,925.05	165.59	22,244.39	21,367.08	22,608.77	
Previous year		40,579.87	4,830.21	2,343.17	26.79	43,093.70	20,365.65	2,143.86	2,024.58	20,484.93			
Capital Work - In - Progress											947.30	1,345.44	
Total											22,314.38	23,954.21	

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013 (CONTD.)

(All Amounts in Rs. Lakhs, unless otherwise stated)

	As at 31st March 2013	As at 31st March 2012
Note 13		
Non Current Investments		
OTHER INVESTMENTS		
TRADE-QUOTED		
1,900 (Previous Year 1,900) Fully paid up Equity Shares of Rs.10/- each of HDFC Bank Ltd	0.19	0.19
3,367 (Previous Year 3,367) equity shares of Rs.10/- each of The Karnataka Bank Limited fully paid	1.47	1.47
15,578 (Previous Year 15,578) Fully paid up Equity Shares of Rs.10/- each of Industrial Development Bank of India Ltd.	2.70	2.70
200 (Previous Year 200) Fully paid up Equity Shares of Rs.10/- each of Corporation Bank	0.16	0.16
	<u>4.52</u>	<u>4.52</u>
TRADE-UNQUOTED		
12,50,000 (Previous Year 12,50,000) Equity Shares of Ucal Polymer Industries Limited of Rs.10/- each (**)	128.59	128.59
1,000 (Previous Year 1,000) Equity Shares of Amtec Precision Products Inc of USD 0.01/- each (**)	10,086.90	10,086.90
Additional Investment on Conversion of Loans into Equity Shares	5,405.58	5,405.58
(**) - Investments in Subsidiary Companies	<u>15,621.07</u>	<u>15,621.07</u>
Total Investments	<u>15,625.59</u>	<u>15,625.59</u>
Aggregate amount of quoted investments	4.52	4.52
Market Value of quoted investments	29.17	30.26
Aggregate amount of unquoted investments	15,621.07	15,621.07
Aggregate provision for diminution in value of investments	NIL	NIL
Note 14		
Long-Term Loans & Advances		
Considered Good		
(a) Security Deposits	449.08	446.02
(b) Other Loans & Advances	—	104.92
Total	<u>449.08</u>	<u>550.94</u>
Note 15		
Other Non-Current Assets		
Unamortized Expenses	155.50	547.04
Total	<u>155.50</u>	<u>547.04</u>

Product Development Expenditure incurred by the company are being amortized over a period of 5 years.

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013 (CONTD.)

(All Amounts in Rs. Lakhs, unless otherwise stated)

	As at 31st March 2013	As at 31st March 2012
Note 16		
Inventories (Refer note 1(i)) (As certified by the management)		
Spares	281.96	299.23
Tools & Consumables	1,472.79	1,399.10
Raw Materials and Components	2,011.22	2,128.45
Work-in-progress	485.60	469.63
Goods in transit	–	38.27
Finished goods	353.68	240.53
Total	4,605.25	4,575.21
Note 17		
Trade Receivables		
Unsecured, considered good		
Trade receivables outstanding for a period less than six months from the date they are due for payment	10,463.51	10,421.98
Trade receivables outstanding for a period exceeding six months from the date they are due for payment	495.73	53.25
Total	10,959.24	10,475.23
Note 18		
Cash & Cash Equivalents		
(a) Cash on hand	11.39	9.15
(b) Bank Balances		
In Current Account	151.93	444.26
Fixed Deposit(**)	408.14	53.41
(c) Other Bank Balances		
Unpaid Dividend Account	53.42	59.13
Total	624.88	565.95
(**)Held under lien by bank as Margin Money		
Note 19		
Short-Term Loans & Advances		
Considered Good		
(a) Security Deposits	–	5.91
(b) Loans and advances	2,702.23	2,212.03
(c) Loans & Advances to related parties	12,090.02	10,636.27
(d) Advance Income Tax and TDS Receivable (Net of Provisions)	234.79	250.71
(e) Balance with government authorities	575.06	583.42
Total	15,602.10	13,688.34
Note 20		
Other Current Assets		
Unsecured, Considered Good		
Unamortized Expenses	417.00	423.99
Total	417.00	423.99

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013 (CONTD.)

(All Amounts in Rs. Lakhs, unless otherwise stated)

	Year Ended 31st March 2013	Year Ended 31st March 2012
Note 21		
Revenue From Operations		
Sale of Products		
Gross Sales	57,084.41	57,905.40
Less : Excise Duty	6,649.79	5,402.88
Total	50,434.62	52,502.52
Note 22		
Other Income		
Interest Received	11.80	21.21
Miscellaneous Income	44.55	167.66
Profit on sale of Assets	20.82	0.99
Dividends : From Subsidiaries	12.50	12.50
: From Others	0.80	1.30
Gain on Exchange Fluctuation	33.10	6.18
Total	123.57	209.84
Note 23		
Cost of Material Consumed		
Opening Stock		
Raw Materials	203.94	171.89
Components	1,924.51	1,507.23
	2,128.45	1,679.12
(+) Purchases		
Raw Materials	7,355.35	7,953.36
Components	16,990.19	18,460.50
Outworks	3,056.33	3,024.07
	27,401.87	29,437.93
(-) Closing Stock		
Raw Materials	261.31	203.94
Components	1,749.90	1,924.51
	2,011.21	2,128.45
Total	27,519.11	28,988.60

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013 (CONTD.)

(All Amounts in Rs. Lakhs, unless otherwise stated)

	Year Ended 31st March 2013	Year Ended 31st March 2012
Note 24		
Changes in inventories of Finished Goods and Work in Progress		
Opening Stock		
Finished Goods	240.53	151.22
Work-in-progress	469.63	404.01
Goods in transit	38.27	–
	748.43	555.23
(-) Closing Stock		
Finished Goods	353.68	240.53
Work-in-progress	485.60	469.63
	839.28	710.16
(Increase) / Decrease in Finished Goods and Work in Progress	<u>(90.85)</u>	<u>(154.93)</u>
Note 25		
Employees Cost & Benefits		
Salaries, Wages & Bonus	4,326.80	4,471.04
Contribution to Provident Fund & Other Funds	369.59	381.15
Staff Welfare Expenses	534.40	523.95
Total	<u>5,230.79</u>	<u>5,376.14</u>
Note 26		
Finance Costs		
Interest Expenses on :		
Term Loans	1,937.96	1,735.38
Other Borrowing costs	1,259.21	1,282.18
Total	<u>3,197.17</u>	<u>3,017.56</u>
Note 27		
Depreciation and Amortisation Expense		
Depreciation for tangible assets (Note No. 12)	1,847.84	2,051.19
Amortisation for intangible assets (Note No. 12)	77.21	92.67
Total	<u>1,925.05</u>	<u>2,143.86</u>

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013 (CONTD.)

(All Amounts in Rs. Lakhs, unless otherwise stated)

	Year Ended 31st March 2013	Year Ended 31st March 2012
Note 28		
Other Expenses		
Tools and stores consumed	2,125.99	1,935.64
Power & Fuel	2,382.57	1,836.07
Repairs & Maintenance		
– Building	19.80	85.05
– Plant & Machinery	597.67	512.99
– Others	310.32	362.32
Postage, Telephone, Fax, etc.	63.70	75.92
Insurance	64.52	44.60
Rates and Taxes	65.33	51.88
Rent	233.01	217.91
Directors Sitting Fees	7.20	8.25
Auditors Remuneration		
– For Audit Fees	12.50	12.36
– For Taxation matters	1.24	1.10
– For Certificates	5.40	6.17
– For other services	1.46	–
– For out of pocket expenses	0.11	0.11
Travelling Expenses - Others	260.90	309.36
Discount Allowed	100.28	136.81
Packing Charges	481.00	517.12
Royalties	–	21.85
Research & Development Expenses	943.64	852.35
Other Expenses	3,526.99	3,460.83
Deferred Revenue Expenditure	417.00	417.00
Exchange Loss	(106.86)	(519.07)
Loss on Sale of Fixed Assets	0.01	–
Total	11,513.78	10,346.62

Note 29**Earnings per share (EPS) calculation (Basic and diluted) :**

	Unit	2012-13	2011-12
a) Amount used as the numerator			
Profit after taxation	Rs. In lakhs	957.95	2,268.34
b) Weighted average number of equity shares used as denominator	Number	22,113,625	22,113,625
c) Nominal value of shares	Rs. In lakhs	2,211.36	2,211.36
d) Earnings per share	Rs.	4.33	10.26

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013 (CONTD.)

(All Amounts in Rs. Lakhs, unless otherwise stated)

	As at 31st March 2013	As at 31st March 2012
Note 30		
Contingent Liabilities, Guarantees and Commitment		
Contingent Liabilities		
Claims against the company not acknowledged as debts :-		
i) Sales Tax	88.88	44.14
ii) Excise Duty	221.89	2,390.00
iii) Service Tax	35.91	148.02
iv) Income Tax	299.71	297.62
v) ESI	1.27	1.27
vi) Stamp Duty	31.37	31.37
Other moneys for which the company is contingently liable		
i) In respect of Letter of Credits Outstanding	590.19	806.30
ii) In respect of Buyers Credit outstanding	–	99.67
iii) Guarantees given by the company to the banks, with regard to credit facilities extended to M/s. Amtec Precision Products Inc., USA, a wholly owned subsidiary	9,446.29	10,334.97
iv) Guarantees given by Banks on behalf of the company	31.26	30.22
Commitment		
Estimated amount of contracts remaining to be executed on capital account, net of advances, not provided for :	72.22	676.61

Note 31

The company has a) equity investment aggregating to Rs.15,492.48 lakhs in Amtec Precision Products Inc., USA., a Wholly Owned Subsidiary coupled with b) interest free advance of Rs.11,647.02 lakhs, (Previous Year Rs.10,193.27 lakhs) and c) bank guarantees given to banks on its behalf aggregating to Rs.9,446.29 lakhs (Previous year Rs.10,334.97 lakhs). The operations of this subsidiary have shown marked improvements compared to previous years. Accordingly no provision is considered necessary in respect of investment in it as well as advances due from it as at the year end, though the net worth of the subsidiary has been fully eroded.

Note 32

Sundry debtors includes a sum of Rs. 2,057.43 lakhs (previous year Rs. 2,167.00 lakhs) due from M/s. Amtec Precision Products, Inc., USA a wholly owned subsidiary. The Company has worked out a deferred payment plan, according to which these amounts are expected to be realized over a period of time. Accordingly these have been classified as outstanding for less than 6 months.

Note 33

Micro, Small and Medium Enterprises under the Micro, Small & Medium Enterprises Development Act (MSMED) 2006 have been determined based on the information available with the company. The required disclosures under MSMED Act are given below:

Particulars	As at 31st March 2013	As at 31st March 2012
a. Principal amount	48.47	9.08
b. Interest due and payable for the period of delay in payment	Nil	Nil
c. Interest accrued and remaining unpaid	Nil	Nil

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013 (CONTD.)

(All Amounts in Rs. Lakhs, unless otherwise stated)

Note 34

The balances outstanding as on 31st March 2013 in respect of Sundry Debtors, Loans and Advances and Sundry Creditors, wherever not confirmed by them, in so far as they have not been subsequently recovered or adjusted are subject to confirmation or reconciliation.

Note 35

Subject to the observation in Note 34 above, in the opinion of the Board, Current Assets, Loans and Advances have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated. The provision for depreciation and for all known liabilities is considered adequate and are not in excess of the amounts reasonably necessary.

Note 36

Research and Development expenditure includes salaries, wages and bonus amounting to Rs.479.12 lakhs (previous year Rs. 446.76 lakhs), travel expenses Rs. 22.65 lakhs (Previous year Rs. 26.14 lakhs) and Rent Rs. 198.00 lakhs (Previous year Rs. 198.00 lakhs)

Note 37**Research and Development expenditure incurred from 2006-07 to 2012-2013**

Particulars	Financial Year						
	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Capital Expenses	101.11	72.68	93.24	20.69	120.91	13.85	22.94
Revenue Expenses	611.53	605.08	596.11	885.31	888.72	852.35	943.64
Deferred Revenue Expenses	442.21	299.77	402.80	54.79	–	105.48	46.44

Note 38

Electricity charges debited to Profit & Loss account is net of Rs.148.68 lakhs (previous year Rs.99.94 lakhs) being the electricity generated through company owned Wind Turbine Generators.

Note 39

Details of Employee Benefits as required by the Accounting Standard 15 (revised) Employee Benefits are as under:

A. Defined contribution plan:	2012-13	2011-12
Contribution to defined contribution plans are charged in the Profit & Loss Account for the year:		
Employers Contribution to Provident Fund	139.94	153.62
Employers Contribution to Pension Scheme	57.52	63.14
Employers Contribution to Superannuation Scheme	34.42	29.82

B. Defined Benefit Plan:

The Company provides for gratuity, a defined benefit plan, to certain categories of employees. Liability with regard to gratuity plan is accrued based on actuarial valuation, based on projected unit credited method, and carried out by an independent actuary, at the balance sheet date. Actuarial gains and losses comprise experience adjustments and effect of changes in the actuarial assumptions and are recognized immediately in the profit & loss account as income or expense. This defined benefit plan is maintained by the Life Insurance Corporation of India (Funded). But for the Leave Encashment, the liability on the leave encashment is determined on actuarial valuation (Non-funded).

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013 (CONTD.)

(All Amounts in Rs. Lakhs, unless otherwise stated)

Disclosures for defined benefit plans based on actuarial reports as on 31st March 2013

Description	Funded Gratuity		Non-Funded Leave Encashment	
	2012-13	2011-12	2012-13	2011-12
(i) <u>Change in defined benefit obligation</u>				
Opening defined benefit obligation	611.77	42.57	109.58	152.81
Current Service cost	4,660.74	26.47	17.47	13.71
Interest Cost	48.94	24.21	9.42	7.15
Actuarial loss / (gain)	(4,767.98)	257.64	2.65	(54.20)
Benefits paid	(24.35)	(39.12)	—	(9.89)
Closing defined benefit obligation	529.12	611.77	139.12	109.58
(ii) <u>Change in fair value of assets</u>				
Opening fair value of plan assets	391.93	351.39	—	—
Expected return on plan assets	80.74	34.67	—	—
Actuarial gain / (loss)	(45.20)	—	—	—
Contributions by employer	52.30	44.98	—	9.89
Benefits paid	(24.35)	(39.12)	—	9.89
Closing fair value of plan assets	455.42	391.93	—	—
(iii) <u>Amount recognized in the Balance Sheet</u>				
Present value of obligations as at year end	529.12	611.77	139.12	109.58
Fair value of plan assets as at year end	455.42	391.93	—	—
Amount not recognized as assets	—	—	—	—
Net (asset) / liability recognized as on 31.03.13	(73.70)	(74.65)	(139.12)	(109.58)
(iv) <u>Expenses recognized in the profit & loss account</u>				
Current service cost	4,660.74	26.47	17.47	13.71
Interest on defined benefit obligation	48.94	24.21	9.42	7.15
Expected return on plan assets	(80.74)	(34.67)	—	—
Net actuarial loss / (gain) recognized in the current year	(4,767.98)	257.64	2.65	(54.20)
Total Expense recognized in P&L Account	(139.04)	273.65	(29.54)	(33.34)
(v) <u>Principal actuarial assumptions used</u>				
Discount rate (p.a)	8%	8%	8.10%	8%
Expected rate of return on plan assets (p.a)	9.30%	9.25%	—	—
Salary Escalation (p.a)	6%	6%	8%	6%
Attrition rate (p.a)	1-3%	1-3%	—	—

Note 40

The managerial remuneration of Rs. 260.48 lakhs paid for the year is in excess of the limits specified under Section 198/309 of the Companies Act, 1956, by a sum of Rs. 51.78 lakhs, on account of inadequacy of profits. The shareholders have already approved in the AGM held on 30th September 2011, the continuation of payment of remuneration, in case of inadequacy of profit subject to Central Government approval. Accordingly, Central Government approval is now being sought.

Note 41

Closing Stock Values of Finished Goods and Work-in-progress and Sales Value

Class of Goods	Sales Value	Closg. Stock Value	WIP Value
AUTO PARTS	50,208.06 (51,998.06)	329.38 (221.24)	485.60 (469.63)
OTHERS	226.56 (504.46)	24.30 (19.29)	— —

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013 (CONTD.)

(All Amounts in Rs. Lakhs, unless otherwise stated)

	Year ended 31st March 2013	Year ended 31st March 2012
Note 42		
Raw Materials and Components Consumed		
A) Raw material		
Aluminium Alloy	5,291.53	5,390.08
Zinc	798.19	886.02
B) Other components and raw materials (which do not individually account for more than 10% of the total consumption)	21,429.39	22,712.50
Total	27,519.11	28,988.60

Note 43

Item	YEAR ENDED 31-03-2013				YEAR ENDED 31-03-2012			
	RAW MATERIALS	%	COMPO- NENTS	%	RAW MATERIALS	%	COMPO- NENTS	%
IMPORTED	538.98	7.59	3,722.83	18.23	293.43	3.71	5,569.04	26.50
INDIGENOUS	6,561.08	92.41	16,696.22	81.77	7,613.46	96.29	15,512.67	73.50
Total	7,100.06	100.00	20,419.05	100.00	7,906.89	100.00	21,081.71	100.00

Note 44

Value of CIF Imports	Year ended 31st March 2013	Year ended 31st March 2012
Raw materials	233.30	192.52
Components and Spares	3,428.92	5,400.56
Capital goods	68.44	122.91
Total	3,730.66	5,715.99

Note 45

Earnings in Foreign Exchange (FOB Basis)		
Exports	2,589.45	3,722.74
Total	2,589.45	3,722.74

Note 46

Expenditure in foreign currency		
Foreign Travel	96.89	124.33
Royalty	-	21.85
Interest	173.61	89.96
Market Research services	451.82	260.49
Export Consultancy	10.67	12.88
Product Development Expenses	36.35	78.21
Total	769.34	587.72

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013 (CONTD.)

(All Amounts in Rs. Lakhs, unless otherwise stated)

Note 47

Dividends remitted in foreign currency	Year ended 31st March 2013	Year ended 31st March 2012
a. Number of non-resident shareholders	144	150
b. Number of shares held (Equity shares of Rs.10 each)	68,583	78,708
c. Amount remitted (Rs. in thousands)	Nil	Nil
d. Year to which dividend relates	Nil	Nil

Note 48

As the Company's business activity falls within a single primary business segment viz automobile parts and in a single geographical segment, the disclosure requirements of Accounting Standard (AS-17) "Segment Reporting" specified in the Companies (Accounting Standards) Rules 2006 are not applicable.

Note 49

Related Party Disclosures

I Name of the related parties and Relationship

(i) SUBSIDIARIES OF THE COMPANY

- Ucal Polymer Industries Limited
- Amtec Precision Products Inc. USA
- North American Acquisition Corporation (Wholly owned Subsidiary of Amtec)
- Amtec Moulded Products Inc. USA (Wholly owned Subsidiary of Amtec)
- UPIL, USA (Wholly owned Subsidiary of UPIL)

(ii) Key Management Personnel

- Mr. Jayakar Krishnamurthy (Chairman and Managing Director)
- Mr. R. Sundararaman (Joint Managing Director)

(iii) OTHER RELATED ENTERPRISES

- Bharat Technologies Auto Components Limited
- Minica Real Estates Private Limited
- Minica Services Private Limited
- Southern Ceramics Private Limited
- Sujo Land and Properties Private Limited
- Carburettors Limited
- Magnetic Meter Systems (India) Limited
- Bangalore Union Services Private Limited

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013 (CONTD.)

(All Amounts in Rs. Lakhs, unless otherwise stated)

(iv) RELATIVES OF KEY MANAGEMENT PERSONNEL

a. Dr. V. Krishnamurthy

b. Mrs. Meenakshi Jayakar

Note : Related party relationship is identified by the company and relied upon by the auditors.

II Details relating to parties referred to in items (i) - (iv) above

	SUBSIDIARIES	OTHER RELATED ENTERPRISES	KEY MANAGEMENT PERSONNEL	RELATIVES OF KEY MANAGEMENT PERSONNEL
Transactions during the year 2012-13				
Purchase of materials	2,198.32 (2,182.08)	785.59 (1,215.74)		
Consultancy charges paid		Nil (162.14)		36.00 (42.30)
*Purchase of Fixed Assets		Nil (1,821.07)		
Rent Received	1.20 (0.90)			
Rent paid		401.08 (397.78)		
Managerial Remuneration			260.48 (330.53)	
Interest Paid		71.68 (80.91)		
Sale of goods	68.76 (353.07)	25.87 (69.71)		
Sale of Fixed Assets	Nil (16.10)			Nil (123.16)
Loans Taken		500.00 (883.60)		
Loans repaid		615.01 (957.95)		
Advances Given	1,245.15 (Nil)	Nil (292.34)		
Dividend paid		585.50 (585.50)	14.17 (14.17)	21.92 (21.92)
Balances as on 31.03.2013				
Outstanding payables	559.93 (471.27)	834.24 (817.52)	32.42 (80.13)	
*Outstanding receivables	14,147.65 (12,803.27)	2,100.00 (Nil)		Nil (123.16)
Guarantees given	9,446.29 (10,344.97)			

Figures in brackets represent corresponding amount of previous year

1) There are no transactions exceeding 10% with respect to one related party that are not disclosed.

* This purchase transaction has since been cancelled and the amount is reflected under the head Outstanding Receivables.

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013 (CONTD.)

(All Amounts in Rs. Lakhs, unless otherwise stated)

Note 50

Previous year's figures have been reclassified and regrouped wherever necessary to conform to current year's classification.

As per our Report Attached of even date

For and on behalf of the Board of Directors

JAYAKAR KRISHNAMURTHY

CHAIRMAN & MANAGING DIRECTOR

For M/s G.BALU ASSOCIATES

FRN : 000376S

Chartered Accountants

R. SUNDARARAMAN

JOINT MANAGING DIRECTOR

N. GNANA SAMBANDAN

CHIEF FINANCIAL OFFICER

REKHA RAGHUNATHAN

COMPANY SECRETARY

R. RAVISHANKAR

Partner

Membership No. 26819

Place: Chennai

Date: 16.05.2013

STATEMENT PURSUANT TO SECTION 212 (3) OF THE COMPANIES ACT, 1956

Rs. in lakhs

Name of the Subsidiary Companies	Extent of interest in the Subsidiary at the end of Financial year of the Subsidiary			Net aggregate amount of the Subsidiary's Profits after deducting its losses or vice-versa (so far as it concerns members of the Holding Company)			
				Profit/(Losses) not dealt with in the Holding Company's Accounts		Profit dealt with or (Losses) provided for in the Holding Company's Accounts	
	Subsidiary's Financial year ended on	No. of Shares held	% of total Paid-up capital	For the Financial year of the Subsidiary	For the Previous Financial years since it became the Holding Company's Subsidiary	For the Financial year of the Subsidiary	For the Previous Financial years since it became the Holding Company's Subsidiary
1. Ucal Polymer Industries Limited Shares of Rs.10/- each fully paid	31.03.2013	1,250,000	100%	227.89	1,014.90	-	-
2. AMTEC Precision Products Inc., Shares of USD 0.01 each	31.03.2013	1,000	100%	(587.39)	(24,100.39)	-	-

JAYAKAR KRISHNAMURTHY
CHAIRMAN AND MANAGING DIRECTOR

R. SUNDARARAMAN
JOINT MANAGING DIRECTOR

N. GNANASAMBANDAN
CHIEF FINANCIAL OFFICER

REKHA RAGHUNATHAN
COMPANY SECRETARY

Place: Chennai
Date: 16.05.2013

UCAL POLYMER INDUSTRIES LIMITED

(Wholly Owned Subsidiary)

Board of Directors

Dr. V. Krishnamurthy	Chairman
Mrs. Meenakshi Jayakar	Managing Director
Mr. M.R. Shivakumar	Director

Bankers

State Bank of India
Central Bank of India
Axis Bank

Auditors

M/s. R.Subramanian and Company
Chartered Accountants
New No.6 (36) Krishnaswamy Avenue
Luz, Mylapore
Chennai 600 004

Factory & Registered Office

B 114-116 PIPDIC Industrial Estate, Mettupalayam
Puducherry - 605 009

Financial Highlights*

	(Rs. In Lakhs)	
	2012-13	2011-12
(A) Capital	125.00	125.00
(B) Reserves	1,316.96	1,014.90
(C) Total Assets	3,734.33	3,635.40
(D) Total Liabilities	3,734.33	3,635.40
(E) Details of Investment (except in case of investment in subsidiaries)	–	–
(F) Turnover	2,356.91	2,346.77
(G) Profit before Taxation	352.23	256.21
(H) Provision for Taxation	124.34	97.27
(I) Profit after Taxation	227.89	158.94
(J) Proposed Dividend	12.50	12.50

* Represents consolidated financial of UPIL and its subsidiary.

AMTEC PRECISION PRODUCTS, INC.

(Wholly Owned Subsidiary)

Executive Chairman

Mr. Jayakar Krishnamurthy

Bankers

State Bank of India
19 S. LaSalle St.
Chicago, IL 60603 USA

Bank of India
Cayman Islands Branch
C/o New York Branch, 277 Park Avenue
New York 10172-0083

Auditors

Smart Millennium Solutions Limited
1200 Roosevelt Road, #155
Glen Ellyn, ILLINOIS 60137

Registered Office

1875 Holmes Road,
Elgin, IL60123

Plants/Subsidiaries

- 1) North American Acquisition Corporation Inc
1875 Holmes Road, Elgin, IL60123
- 2) Amtec Molded Products, Inc
1355 Holmes Road, Unit A
Elgin, IL 60123

Financial Highlights*

	(Rs. In Lakhs)	
	2012-13	2011-12
(A) Capital	15,455.53	15,455.53
(B) Reserves	(25,421.45)	(24,100.39)
(C) Total Assets	13,153.93	14,370.20
(D) Total Liabilities	13,153.93	14,370.20
(E) Details of Investment (except in case of Investments in subsidiaries)	–	–
(F) Turnover	14,832.02	15,715.74
(G) Profit before Taxation	(573.47)	3.23
(H) Provision for Taxation	(13.92)	(26.42)
(I) Profit after Taxation	(587.39)	(23.19)

* Represents consolidated financials of Amtec Precision Products Inc and its two subsidiaries (mentioned as plants)

G. BALU ASSOCIATES

Chartered Accountants

No. 4 – A Venkatesa Agraharam Road,

Mylapore, Chennai – 600 004.

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of UCAL FUEL SYSTEMS Limited

Report on the Financial Statements

We have audited the accompanying financial statements of UCAL FUEL SYSTEMS Limited ("the Company"), and its subsidiaries, which comprise the Consolidated Balance Sheet as at March 31 2013, and the Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these Consolidated financial Statements that give a true and fair view of the Consolidated financial position, consolidated financial performance and Consolidated cash flows of the Company in accordance with the accounting principles accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Consolidated financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Consolidated financial Statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Consolidated financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Consolidated financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the Consolidated financial Statements that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the Consolidated financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) in the case of the Consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

Other Matter

The Financial Statements of one of the subsidiary, Ucal Polymer Industries Limited has been audited by another auditor, which has been considered for consolidation.

The subsidiary of Ucal Polymer Industries Limited, namely UPIL, USA, has not been audited by us. The financial statements of this subsidiary have been considered by us for consolidation based on the management certification of the financial statements.

Another subsidiary of the company, Amtec Precision Products Inc., USA (including its subsidiaries) have not been audited by us, the financial statements of this subsidiary have been considered by us for consolidation based on the management certification of the financial statements.

The financial statement not audited by us, have been considered for consolidation, reflecting total assets of Rs. 16,664.17 lakhs, total revenue of Rs.17,190.67 lakhs and total cash flows of Rs.71.71 lakhs (net) for the year ended on that date.

Our opinion, in so far as it relates to the amounts included in respect of the subsidiaries in the consolidated accounts, is based, on the report of the auditors and in respect of the company not-audited, based on management certification. Our opinion is not qualified in respect of this matter.

For G. Balu Associates,
Chartered Accountants
FRN: 000376S

R.RAVISHANKAR
Partner
Membership Number: 026819

Place : Chennai
Date : May 16, 2013

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2013

(All Amounts in Rs. Lakhs, unless otherwise stated)

	Notes	As at 31st March 2013	As at 31st March 2012
I. EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2	2,211.36	2,211.36
Reserves & Surplus	3	3,694.00	4,001.25
Non-Current Liabilities			
Long-Term Borrowings	4	20,660.23	22,707.66
Deferred Tax Liabilities (Net)	5	(1,117.20)	(1,026.08)
Other Long-Term Liabilities	6	713.66	876.86
Long-Term Provisions	7	124.19	104.08
Current Liabilities			
Short-Term Borrowings	8	13,469.82	12,078.53
Trade Payables	9	10,834.38	10,839.34
Other Current Liabilities	10	6,287.18	6,299.40
Short-Term Provisions	11	466.38	1,455.29
TOTAL		57,344.00	59,547.69
II. ASSETS			
Non-Current Assets			
Fixed Assets	12		
Tangible Assets		31,282.76	31,427.07
Intangible Assets		186.56	155.15
Capital Work-In-Progress		947.30	1,788.06
Non-Current Investments	13	4.52	4.52
Long-Term Loans & Advances	14	897.70	556.71
Other Non-Current Assets	15	217.16	562.83
Current Assets			
Inventories	16	7,257.55	7,501.40
Trade Receivables	17	11,551.71	11,006.17
Cash & Cash Equivalents	18	641.51	648.07
Short-Term Loans & Advances	19	3,940.23	5,030.72
Other Current Assets	20	417.00	866.99
TOTAL		57,344.00	59,547.69
Summary of significant accounting policies	1		

The accompanying notes are an integral part of these financial statements

As per our Report Attached of even date

For and on behalf of the Board of Directors

JAYAKAR KRISHNAMURTHY

CHAIRMAN & MANAGING DIRECTOR

For M/s G.Balu Associates

FRN : 000376S

Chartered Accountants

R. SUNDARARAMAN

JOINT MANAGING DIRECTOR

N. GNANASAMBANDAN

CHIEF FINANCIAL OFFICER

REKHA RAGHUNATHAN

COMPANY SECRETARY

R. RAVISHANKAR

Partner

Membership No. 26819

Place: Chennai

Date: 16.05.2013

Consolidated Statement of Profit And Loss For The Year Ended 31ST March 2013

(All Amounts in Rs. Lakhs, unless otherwise stated)

	Notes	Year Ended 31st March 2013	Year Ended 31st March 2012
Revenue From Operations	21	65,356.47	68,029.88
Other Income	22	733.13	651.98
Total Revenue		66,089.60	68,681.86
Expenses:			
Cost of Material Consumed	23	31,210.86	32,547.84
Changes in Inventories of Finished Goods & Work in progress	24	(199.04)	6.34
Employees Cost & Benefits	25	11,079.58	11,033.83
Finance Costs	26	3,783.10	3,564.49
Depreciation and Amortization Expense	27	2,760.32	2,900.65
Other Expenses	28	16,412.89	15,387.26
Total Expenses		65,047.71	65,440.41
Profit Before Exceptional Item		1,041.89	3,241.45
Exceptional Items		–	–
Profit Before Tax		1,041.89	3,241.45
Add / (Less) Tax Expense:			
Current tax		(398.88)	(947.39)
Excess / Short provision for tax relating to earlier years		(2.09)	(6.61)
Deferred tax		(42.48)	104.14
Profit (Loss) for the period		598.44	2,391.59
Earnings per equity share:			
Basic & Diluted	29	2.71	10.82

The accompanying notes are an integral part of these financial statements As per our Report Attached of even date

For and on behalf of the Board of Directors

JAYAKAR KRISHNAMURTHY

CHAIRMAN & MANAGING DIRECTOR

For M/s G.Balu Associates

FRN : 000376S

Chartered Accountants

R. SUNDARARAMAN

JOINT MANAGING DIRECTOR

N. GNANASAMBANDAN

CHIEF FINANCIAL OFFICER

REKHA RAGHUNATHAN

COMPANY SECRETARY

R. RAVISHANKAR

Partner

Membership No. 26819

Place: Chennai

Date: 10.08.2012

Consolidated Cash Flow Statement for the year ended 31 March, 2013

(All Amounts in Rs. Lakhs, unless otherwise stated)

	For the year ended 31 March, 2013	For the year ended 31 March, 2012
A. Cash Flow from Operating Activities:		
Net Profit/(Loss) before extraordinary items and tax	1,041.90	3,241.45
<i>Adjustments for :</i>		
Depreciation and amortisation	2,760.32	2,900.65
(Profit) / loss on sale / write off of assets	-	175.99
Finance costs	3,783.10	3,562.34
Interest income	(12.12)	(22.14)
Dividend income	(13.30)	(13.80)
Liabilities / provisions no longer required written back	-	(57.02)
Deferred Revenue Expenditure Written off	417.00	417.00
Net unrealised exchange (gain) / loss	(214.49)	(519.28)
	<u>6,720.51</u>	<u>6,443.74</u>
Operating profit / (loss) before working capital changes	7,762.41	9,685.19
<i>Changes in working capital:</i>		
<i>Adjustments for (increase) / decrease in operating assets:</i>		
Inventories	243.85	(842.06)
Trade receivables	(545.54)	(1,183.73)
Short-term loans and advances	1,090.49	(713.73)
Long-term loans and advances	(341.00)	106.00
Other current assets	449.98	(449.99)
Other non-current assets	345.67	301.24
<i>Adjustments for increase / (decrease) in operating liabilities:</i>		
Trade payables	(4.96)	2,435.38
Other current liabilities	(924.34)	783.98
Other long-term liabilities	(163.21)	267.98
Short-term provisions	(988.90)	117.08
Long-term provisions	20.11	53.04
	<u>(817.85)</u>	<u>875.19</u>
	6,944.56	10,560.38
Cash flow from extraordinary items	-	-
Cash generated from operations	6,944.56	10,560.38
Net income tax (paid) / refunds	(557.99)	(857.34)
Net cash flow from / (used in) operating activities (A)	<u>6,386.57</u>	<u>9,703.04</u>
B. Cash flow from Investing Activities		
Capital expenditure on fixed assets, including capital advances	(1,061.73)	(5,220.12)
Proceeds from sale of fixed assets	30.31	140.48
Purchase of long-term investments		
- Others	-	-
Interest received		
- Others	12.12	22.14
Dividend received		
- Others	0.80	1.30
	<u>(1,018.50)</u>	<u>(5,056.19)</u>
Net cash flow from / (used in) investing activities (B)	<u>(1,018.50)</u>	<u>(5,056.19)</u>

Consolidated Cash Flow Statement for the year ended 31 March, 2013

(All Amounts in Rs. Lakhs, unless otherwise stated)

	For the year ended 31 March, 2013	For the year ended 31 March, 2012
C. Cash flow from Financing Activities		
Proceeds from long-term borrowings	(2,183.44)	84.44
Repayment of other short-term borrowings	1,624.92	5.74
Finance cost	(3,783.10)	(3,562.34)
Dividends paid	(889.51)	(861.98)
Tax on dividend	(143.50)	(146.21)
	(5,374.63)	(4,480.35)
Cash flow from extraordinary items	-	-
Net cash flow from / (used in) financing activities (C)	(5,374.63)	(4,480.35)
Net increase / (decrease) in Cash and cash equivalents (A+B+C)	(6.56)	166.49
Cash and cash equivalents at the beginning of the year	648.07	481.58
Cash and cash equivalents at the end of the year	641.51	648.07
Cash and cash equivalents at the end of the year comprises of:		
Cash on hand	13.18	10.83
Balances with banks		
In current accounts	161.71	524.21
In deposit accounts with original maturity of less than 3 months	413.19	53.91
In unpaid Dividend Account	53.43	59.13
	641.51	648.07

Notes

- The above Statement has been prepared in the indirect method except in the case of Dividend, Interest received and paid, Purchase and Sale of Investments, Sale of Fixed Assets and Direct taxes which have been considered on the basis of actual movement of cash, with corresponding adjustments in assets and liabilities.
- Cash and Cash Equivalent represents Cash and Bank Balances only.
- Proceeds from Borrowings are shown net of repayments and without Exchange fluctuation.
- Additions to Fixed Assets are stated exclusive of Capital Work-In-Progress between the beginning and end of the year and is treated as part of Investing Activities.

See accompanying notes forming part of the financial statements

As per our Report Attached of even date

For and on behalf of the Board of Directors

For M/s G.Balu Associates

JAYAKAR KRISHNAMURTHY

FRN : 000376S

CHAIRMAN & MANAGING DIRECTOR

Chartered Accountants

R. SUNDARARAMAN

N. GNANASAMBANDAN

REKHA RAGHUNATHAN

R. RAVISHANKAR

JOINT MANAGING DIRECTOR

CHIEF FINANCIAL OFFICER

COMPANY SECRETARY

Partner

Membership No. 26819

Place: Chennai

Date: 16.05.2013

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013

NOTE – 1

a. List of Subsidiaries

The Consolidated Financial Statement represents consolidation of accounts of UCAL Fuel Systems Limited (UFSL) with its subsidiaries as detailed below:

Name of Company	Proportion of Ownership Interest
a) Ucal Polymer Industries Limited (UPIL)	100%
b) Amtec Precision Products Inc (Amtec)	100%
c) North Amercian Acquisition Corporation (Subsidiary of Amtec)	100%
d) Amtec Moulded Products Inc USA (Subsidiary of Amtec)	100%
e) UPIL, USA, Inc (Subsidiary of UPIL)	100%

The Financial year of Amtec is from 1st April to 31st March. The accounts of all overseas subsidiaries have been drawn up for the period 1st April 2012 to 31st March 2013. This has been incorporated in the consolidated financial statement for the year.

b. Basis of preparation

The consolidated financial statements have been prepared in accordance with Accounting Standard 21 (AS-21) "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India. These statements have been prepared using uniform accounting policies in accordance with generally accepted accounting principles. Wherever the accounting policies were not similar, appropriate adjustments were made to the financial statements, while preparing the consolidated financial statements. The effects of inter-company transactions between the consolidated companies are eliminated in consolidation. The consolidation of foreign subsidiary has been done by translating the financial statements of Amtec in accordance with Accounting Standard 11 (AS-11) "The effects of changes in foreign exchange rates" as per the following procedures:

- The monetary assets and liabilities, of overseas subsidiaries have been translated at the closing rate.
- The income and expenses items of overseas subsidiaries have been translated at the average rates for the period.
- All resulting exchange difference has been accounted as Foreign Currency Translation Reserve.

c. Other Significant Accounting Polices

These are set out in the notes to accounts under "Accounting Policies" of the Financial Statements of UFSL.

Depreciation is provided on straight line method at the rates specified in the Schedule XIV of the Companies Act 1956 except in respect of certain assets where a higher rate is charged as mentioned in the notes to the accounts of UFSL.

Inventories are valued at lower of cost or net realizable value. Costs are in general ascertained using the weighted average method and includes, where appropriate, manufacturing overheads and excise duty. In respect of subsidiary company Amtec, Costs are ascertained using the FIFO method.

The difference between the cost of investments in the subsidiaries and the assets at the time of acquisition of shares in the subsidiaries is recognized in the financial statements as Goodwill or Capital Reserve as the case may be.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013 (CONTD.)

(All Amounts in Rs. Lakhs, unless otherwise stated)

	As at 31st March 2013	As at 31st March 2012
Note 2		
Share Capital		
Authorised Capital		
7,50,00,000 (7,50,00,000) Equity shares of Rs.10/- each	7,500.00	7,500.00
	<u>7,500.00</u>	<u>7,500.00</u>
Issued, Subscribed and Paid - Up		
2,21,13,625 (2,21,13,625) Equity shares of Rs 10/- each fully paid	2,211.36	2,211.36
	<u>2,211.36</u>	<u>2,211.36</u>

Note 3

Reserves & Surplus	As at 31st March 2012	Additions	Deductions	As at 31st March 2013
(a) Capital Reserve	160.00	-	-	160.00
(b) Special State Capital Subsidy	282.85	-	-	282.85
(c) General Reserves	16,271.82	200.00	-	16,471.82
(d) Securities Premium Account	2,165.34	-	-	2,165.34
(e) Foreign Currency Monetary Items Translation Difference Account	721.74	-	103.11	618.63
(f) Foreign Currency Translation Reserve	(543.15)	-	541.83	(1,084.98)
	<u>19,058.60</u>	<u>200.00</u>	<u>644.94</u>	<u>18,613.66</u>

	As at 31st March 2013	As at 31st March 2012
(g) Surplus in Statement of Profit and Loss		
Balance as at Beginning of the Year	(15,057.35)	(16,004.21)
(+) Net Profit/(Net Loss) For the current year	598.44	2,391.59
(+) Transfer from Reserves	-	-
(+) Income Tax Provision written back	-	-
(-) Proposed Dividends	221.14	897.06
(-) Tax on Proposed Dividends	39.61	147.67
(-) Interim Dividends	-	-
(-) Transfer to Reserves	200.00	400.00
Balance as at End of the Year	<u>(14,919.66)</u>	<u>(15,057.35)</u>
Total Reserves and Surplus	<u>3,694.00</u>	<u>4,001.25</u>

(a) Subsidy:

Subsidy received towards Capital Outlay has been kept under Capital Reserve and Subsidy received relating to specific asset adjusted against the cost of the assets.

Note 4

Long-Term Borrowings

(i) Secured

Term Loans From Banks	20,660.23	21,707.66
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(ii) UnSecured

Term Loans From Financial Institutions	-	1,000.00
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Total	<u>20,660.23</u>	<u>22,707.66</u>
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NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013 (CONTD.)

(All Amounts in Rs. Lakhs, unless otherwise stated)

(a) NATURE OF SECURITY AND TERMS OF REPAYMENT FOR SECURED BORROWINGS**UCAL Fuel Systems Limited** - See Note 4(a) of Standalone Balance sheet-Notes to accounts**Ucal Polymer Industries Ltd.**

Term loan amounting to Rs. 0.75 crores is secured by Hypothecation of Project Assets of expansion project financed by the Bank, and is repayable in 20 quarterly instalments of Rs.12.50 lakhs. Term Loan amounting to Rs. 8.81 crores is secured by Equitable mortgage of land of a related party and is repayable in 20 quarterly instalments of Rs.63.00 lakhs. All the loans are additionally secured by an equitable mortgage of the land and building of the factory situated at Puducherry. They carry currently an interest of 14.50%. The balance instalment payable is 14.

Amtec Precision Products Inc

Term loan of 11.30 million USD and Working Capital Term loan of 1.31 million USD are secured by paripassu charge on current assets and fixed assets of Amtec Precision Products Inc., Rate of interest is LIBOR+350 bps. Term loan amounting to 11.30 million USD is repayable in Quarterly instalments of 3 lakh USD, 5 lakh USD, 7 lakh USD, 8 lakh USD, 9 lakh USD, 14 lakh USD & 15 lakh USD ending on 1st September, 2017. Working Capital term loan amounting to 1.31 million USD is repayable in equal monthly instalments of \$62,500. Term loan amounting to 1.76 million USD is secured by paripassu charge on current assets and third charge of Fixed Assets of Amtec Precision Products Inc., Rate of interest is LIBOR + 300 bps. This loan is repayable in ten quarterly instalments of \$176,477 starting from December-2013. All term loans are additionally secured by corporate guarantee given by UCAL Fuel Systems Ltd.

Note 5

	As at 31.03.2013	As at 31.03.2012
Deferred Tax Liabilities (Net)		
Deferred Tax Liabilities		
Depreciation	(1,115.99)	(1,025.25)
Deferred Tax Asset	-	-
Provision For Leave Encashment	(1.21)	(0.83)
Total	(1,117.20)	(1,026.08)
(a) Deferred tax assets and deferred tax liabilities have been offset as they relate to the same governing taxation law.		

Note 6**Other Long Term Liabilities**

(a) Trade Payables	338.10	419.69
(b) Others		
Advance From Customers	10.07	10.07
Other Liabilities	365.49	447.10
Total	713.66	876.86

Note 7**Long-Term Provisions**

(a) Provision For Employee Benefits		
Provision For Leave Encashment	124.19	104.08
Total	124.19	104.08

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013 (CONTD.)

(All Amounts in Rs. Lakhs, unless otherwise stated)

	As at 31.03.2013	As at 31.03.2012
Note 8		
Short-Term Borrowings		
(i) Secured		
Cash Credit from banks	7,180.80	7,402.46
Short-Term Borrowings	908.64	–
(ii) UnSecured		
Inter Corporate Deposits		
– From related parties	768.59	883.60
– From others	–	10.80
Short-Term Loan From Others	4,611.79	3,781.67
Total	13,469.82	12,078.53
Note 9		
Trade Payables	10,834.38	10,839.34
Total	10,834.38	10,839.34
Note 10		
Other Current Liabilities		
Current maturities of Long-Term Debts	3,685.52	2,773.41
Advances From Customers	84.15	31.97
Interest Accrued but not Due	62.16	26.84
Unclaimed Dividend	53.42	58.38
Other Liabilities	2,401.93	3,408.80
Total	6,287.18	6,299.40
Note 11		
Short-Term Provisions		
(a) Provision For Employee Benefits		
Gratuity Fund Payable	76.66	77.21
Provision For Leave Encashment	14.93	5.50
	91.59	82.71
(b) Others		
Provision for Tax (Net of Advance Tax)	114.04	330.00
Provision for Proposed Dividend	221.14	897.05
Provision for Tax on Proposed Dividend	39.61	145.53
	374.79	1,372.58
Total	466.38	1,455.29

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013 (CONTD.)

Note 12 Fixed Assets

(All Amount in Rs. Lakhs, unless otherwise stated)

	GROSS BLOCK					DEPRECIATION/AMORTISATION					NET BLOCK	
	As at 1 April, 2012	Addi- tions	Deduc- tions	Exchange difference	As at 31 March, 2013	As at 1 April, 2012	For the Year	Deduc- tions	Other Adjust- ments	As at 31 March, 2013	As at 31 March, 2012	
Tangible assets												
(a) Land												
Freehold	1,835.99	-	1,284.65	-	551.34	-	-	-	-	551.34	1,835.99	
Leasehold	3,252.70	52.13	-	-	3,304.83	-	-	-	-	3,304.83	3,252.70	
(b) Buildings	6,366.89	3,078.47	536.42	-	8,908.94	1,351.97	253.56	-		7,303.41	5,014.92	
(c) Plant and Equipment	46,380.88	1,557.93	596.99	-	47,341.82	25,377.52	2,341.38	203.60		19,826.52	21,003.36	
(d) Furniture and Fixtures	633.96	8.75	-	-	642.71	440.22	35.31	-		167.18	193.74	
(e) Vehicles	316.31	31.27	67.23	-	280.35	258.17	20.96	63.38		64.60	58.14	
(f) Office equipment	642.99	28.58	0.31	-	671.26	574.77	31.90	0.28		64.87	68.22	
Total Tangible Assets - (A)	59,429.72	4,757.13	2,485.60	-	61,701.25	28,002.65	2,683.11	267.26	-	31,282.76	31,427.07	
Previous Year	54,387.43	5,220.12	2,343.17	2,165.34	59,429.72	26,162.17	2,807.98	2,038.11	1,070.61	28,002.65		
Intangible Assets												
Technical Knowhow	2,230.62	108.62	-	-	2,339.24	2,106.65	77.21	-	-	155.37	123.96	
Goodwill	31.19	-	-	-	31.19	-	-	-	-	31.19	31.19	
Total Intangible Assets - (B)	2,261.81	108.62	-	-	2,370.43	2,106.65	77.21	-	-	186.56	155.15	
Previous Year	2,261.81	-	-	-	2,261.81	2,013.98	92.67	-	-	2,106.65		
Total Fixed Assets - C (A+B)	61,691.53	4,865.75	2,485.60	-	64,071.68	30,109.30	2,760.32	267.26	-	31,469.32	31,582.22	
Previous Year	56,649.24	5,220.12	2,343.17	2,165.34	61,691.53	28,176.14	2,900.65	2,038.11	1,070.61	30,109.30		
Capital Work-In-Progress										947.30	1,788.06	
Total										32,416.62	33,370.28	

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013 (CONTD.)

(All Amounts in Rs. Lakhs, unless otherwise stated)

	As at 31st March 2013	As at 31st March 2012
Note 13		
Non Current Investments		
OTHER INVESTMENTS		
TRADE-QUOTED		
1,900 (Previous Year 1,900) Fully paid up Equity Shares of Rs.10/- each of HDFC Bank Ltd	0.19	0.19
3,367 (Previous Year 3,367) Equity Shares of Rs.10/- each of The Karnataka Bank Limited fully paid	1.47	1.47
15,578 (Previous Year 15,578) Fully paid up Equity Shares of Rs.10/- each of Industrial Development Bank of India Ltd.	2.70	2.70
200 (Previous Year 200) Fully paid up Equity Shares of Rs.10/- each of Corporation Bank	0.16	0.16
Total	4.52	4.52
Aggregate amount of quoted investments	4.52	4.52
Market Value of quoted investments	29.17	30.26
Note 14		
Long-Term Loans & Advances		
Considered Good		
(a) Security Deposits	454.70	451.79
(b) Other Loans & Advances		
(i) From related parties	443.00	-
(ii) From others	-	104.92
Total	897.70	556.71
Note 15		
Other Non-Current Assets		
Unamortized Expenses	167.89	562.83
Others	49.27	-
Total	217.16	562.83
Product Development Expenditure incurred by the company are being amortized over a period of 5 years.		
Note 16		
Inventories		
(As certified by the management)		
Spares	1,497.34	2,341.87
Goods in transit	4.83	-
Tools & Consumables	1,805.79	1,697.18
Raw Materials and Components	2,497.34	2,214.67
Goods in transit	5.53	-
Work-in-progress	958.49	790.77
Goods in transit	-	38.27
Finished goods	488.23	418.64
Total	7,257.55	7,501.40

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013 (CONTD.)

(All Amounts in Rs. Lakhs, unless otherwise stated)

	As at 31st March 2013	As at 31st March 2012
Note 17		
Trade Receivables		
Unsecured, Considered Good		
Trade receivables outstanding for a period less than six months from the date they are due for payment	11,054.05	10,950.49
Trade receivables outstanding for a period exceeding six months from the date they are due for payment	497.66	55.68
Total	11,551.71	11,006.17
Note 18		
Cash & Cash Equivalents		
(a) Cash on hand	13.18	10.83
(b) Bank Balances		
In Current Account	161.72	524.20
Fixed Deposit(**)	413.19	53.91
(c) Other Bank Balances		
Unpaid Dividend Account	53.42	59.13
Total	641.51	648.07
(**) Held under lien by bank as Margin Money.		
Note 19		
Short-Term Loans & Advances		
Considered Good		
(a) Security Deposits	-	5.91
(b) Other Loans and Advances	3,040.55	70.56
(c) Advance Income Tax and TDS Receivable (Net of Provisions)	71.94	250.71
(d) Balance with Government Authorities	234.79	583.41
(e) Others	592.95	4,120.13
Total	3,940.23	5,030.72
Note 20		
Other Current Assets		
Unsecured, Considered Good		
Advance from related party	-	443.00
Unamortized Expenses	417.00	423.99
Total	417.00	866.99
Note 21		
Revenue From Operations		
Sale of Products		
Sales	72,447.24	73,810.84
Less : Excise Duty	7,090.77	5,780.96
Total	65,356.47	68,029.88

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013 (CONTD.)

(All Amounts in Rs. Lakhs, unless otherwise stated)

	Year Ended 31st March 2013	Year Ended 31st March 2012
Note 22		
Other Income		
Interest Received	12.12	22.14
Miscellaneous Income	550.68	608.87
Profit on sale of Assets	20.82	0.99
Dividends : From Subsidiaries	12.50	12.50
: From Others	0.80	1.30
Amortisation of Currency Translation difference account	103.11	-
Gain on Exchange Fluctuation	33.10	6.18
Total	733.13	651.98
Note 23		
Cost of Material Consumed		
Opening Stock :		
Raw Materials	290.15	252.66
Components	1,924.51	1,507.23
	2,214.66	1,759.89
(+) Purchases :		
Raw Materials	11,249.93	11,326.64
Components	16,990.18	18,460.50
Outworks	3,253.42	3,215.47
	31,493.53	33,002.61
(-) Closing Stock :		
Raw Materials	747.43	290.15
Components	1,749.90	1,924.51
	2,497.33	2,214.66
Total	31,210.86	32,547.84
Note 24		
Changes in inventories of Finished Goods & Work in progress		
Opening Stock		
Finished Goods	418.64	361.10
Work in Progress	790.77	854.65
Goods in transit	38.27	-
	1,247.68	1,215.75
(-) Closing Stock		
Finished Goods	488.23	418.64
Work in Progress	958.49	790.77
	1,446.72	1,209.41
(Increase) / Decrease in Finished Goods & Work in progress	(199.04)	6.34
Note 25		
Employees Cost & Benefits		
Salaries, Wages & Bonus	7,965.06	7,880.95
Contribution to Provident Fund & Other Funds	728.71	819.05
Staff Welfare Expenses	2,385.81	2,333.83
Total	11,079.58	11,033.83
Note 26		
Finance Costs		
Interest Expenses on:		
Term Loans	2,523.09	2,280.16
Other Borrowing costs	1,260.01	1,284.33
Total	3,783.10	3,564.49

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013 (CONTD.)

(All Amounts in Rs. Lakhs, unless otherwise stated)

	Year Ended 31st March 2013	Year Ended 31st March 2012
Note 27		
Depreciation and Amortisation Expense		
Depreciation for Tangible Assets	2,683.11	2,807.98
Amortisation for Intangible Assets	77.21	92.67
Total	2,760.32	2,900.65
Note 28		
Other Expenses		
Tools and Stores Consumed	3,967.37	3,718.48
Power & Fuel	2,680.77	2,109.09
Repairs & Maintenance		
- Building	72.12	123.91
- Plant & Machinery	1,033.17	829.14
- Others	348.96	381.94
Postage, Telephone, Fax, etc.	125.52	75.92
Insurance	166.69	128.38
Rates and Taxes	157.69	159.89
Rent	777.34	350.81
Directors Sitting Fees	7.20	8.25
Auditors Remuneration		
- For Audit Fees	13.50	13.56
- For Tax Audit	1.44	1.30
- For Certificates	5.40	5.97
- For other services	1.46	-
- For out of pocket expenses	0.11	0.11
Travelling Expenses - Others	291.21	309.36
Discount Allowed	100.28	136.81
Packing Charges	535.89	570.37
Royalties	-	21.85
Research & Development Expenses	943.64	852.35
Other Expenses	4,872.98	5,691.84
Deferred Revenue Expenditure	417.00	417.00
Exchange Loss	(106.86)	(519.07)
Loss on Sale of Fixed Assets	0.01	-
Total	16,412.89	15,387.26
Note 29		
Earnings Per Share (EPS) Calculation (Basic and Diluted) :		
a) Amount used as the numerator Profit after Taxation	598.44	2,391.59
b) Weighted average number of equity shares used as denominator	22,113,625	22,113,625
c) Nominal value of shares	2,211.36	2,211.36
d) Earnings Per Share	2.71	10.82

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013 (CONTD.)

(All Amounts in Rs. Lakhs, unless otherwise stated)

	As at 31st March 2013	As at 31st March 2012
Note 30		
Estimated amount of contracts remaining to be executed on capital account, net of advances, not provided for :	72.22	676.61
Note 31		
Claims against the company not acknowledged as debts :-		
i) Sales Tax	88.88	44.14
ii) Excise Duty	221.89	2,390.00
iii) Service Tax	35.91	148.02
iv) Income Tax	299.71	297.62
v) ESI	1.27	1.27
vi) Stamp Duty	31.37	31.37

Note 32

Pursuant to the notification issued by Ministry of Corporate Affairs dated 29th December, 2011 on Accounting Standard 11, the Company had opted to capitalize the Foreign Exchange Loss in respect of Foreign Currency Term Loan, to be amortized over the remaining period of the loan in the financial year 2011-12. Accordingly, Rs. 721.74 lakhs had been accumulated in Foreign Currency Monetary items Translation Difference Account in FY-2011-12, out of which a sum of Rs. 103.11 lakhs has been credited to the Profit & Loss account during the year.

Note 33

Other moneys for which the company is contingently liable

i) In respect of Letter of Credits Outstanding/Buyers Credit	592.19	905.97
ii) Guarantees given by Banks on behalf of the company	31.26	42.30

Note 34

Ucal Fuel Systems Ltd

The managerial remuneration of Rs. 260.48 lakhs paid for the year is in excess of the limits specified under Section 198/309 of the Companies Act, 1956, by a sum of Rs. 51.78 lakhs, on account of inadequacy of profits. The shareholders have already approved in the AGM held on 30th September 2011, the continuation of payment of remuneration, in case of inadequacy of profit subject to Central Government approval. Accordingly, Central Government approval is now being sought.

Note 35

Related Party Disclosures

I Name of the related parties and Relationship

(i) Key Management Personnel

- Mr. Jayakar Krishnamurthy (Chairman and Managing Director)
- Mr. R. Sundarraman (Joint Managing Director)
- Mrs. Meenakshi Jayakar (Managing Director, UPIL)

(ii) OTHER RELATED ENTERPRISES

- Bharat Technologies Auto Components Limited
- Minica Real Estates Private Limited
- Minica Services Private Limited
- Southern Ceramics Private Limited
- Sujo Land and Properties Private Limited
- Carburettors Limited
- Magnetic Meter Systems (India) Limited
- Bangalore Union Services Private Limited

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013 (CONTD.)

(iii) RELATIVES OF KEY MANAGEMENT PERSONNEL

- a) Dr. V. Krishnamurthy
b) Mrs. Meenakshi Jayakar

Note : Related party relationship is identified by the company and relied upon by the auditors.

II. Details relating to parties referred to in items (i), (ii) & (iii) above

	(Rs in Lakhs)		
	OTHER RELATED ENTERPRISES	KEY MANAGEMENT PERSONNEL	RELATIVES OF KEY MANAGEMENT PERSONNEL
Transactions during the year 2012-13			
Purchase of materials	785.59 (1,215.74)		
Labour charges paid	3.13 (Nil)		
Consultancy charges paid	Nil (162.14)		36.00 (42.30)
*Purchase of Fixed Assets	Nil (1,821.07)		
Rent paid	509.08 (505.78)		63.44 (57.59)
Managerial Remuneration		289.38 (368.18)	
Interest Paid	71.68 (80.91)		
Sale of goods	25.87 (69.71)		
Sale of Fixed Assets		Nil (123.16)	
Loans Taken	500.00 (883.60)		
Loans repaid	615.01 (957.95)		
Advances Given	Nil (292.34)		
Dividend paid	585.50 (585.50)	14.17 (14.17)	21.92 (21.92)
Balances as on 31.03.2013			
Outstanding payables,	860.89 (817.52)	32.42 (80.13)	
*Outstanding receivables	2,100.00 Nil	Nil (123.16)	

Figures in brackets represent corresponding amount of previous year

1) There are no transactions exceeding 10% with respect to one related party that are not disclosed

* This purchase transaction has since been cancelled and the amount is reflected under the head outstanding receivables

Note 36

Previous year's figures have been regrouped wherever necessary to conform to current year's classification.

As per our Report Attached of even date

For and on behalf of the Board of Directors

JAYAKAR KRISHNAMURTHY

CHAIRMAN & MANAGING DIRECTOR

R. SUNDARARAMAN

JOINT MANAGING DIRECTOR

N. GNANA SAMBANDAN

CHIEF FINANCIAL OFFICER

REKHA RAGHUNATHAN

COMPANY SECRETARY

For M/s G.Balu Associates

FRN : 000376S

Chartered Accountants

R. RAVISHANKAR

Partner

Membership No. 26819

Place: Chennai

Date: 16.05.2013



UCAL FUEL SYSTEMS LIMITED

Reg. Office: "Raheja Towers", Delta Wing - Unit 705
177, Anna Salai, Chennai - 600 002, India

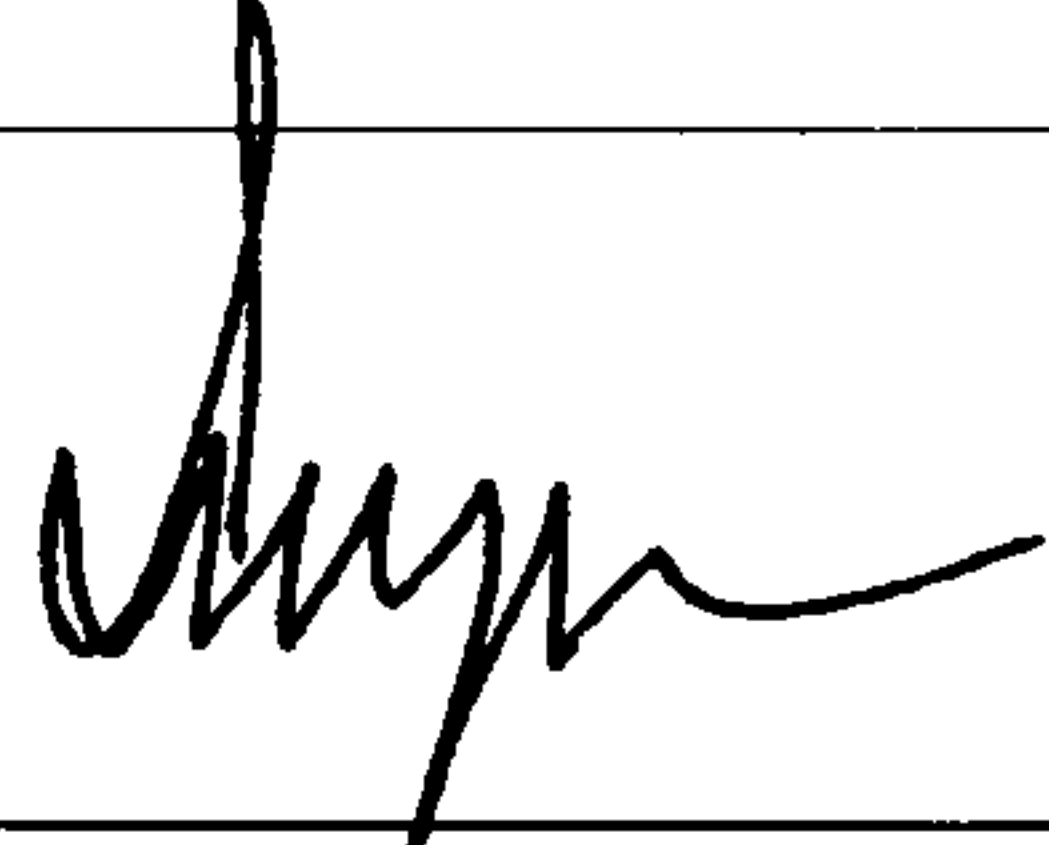


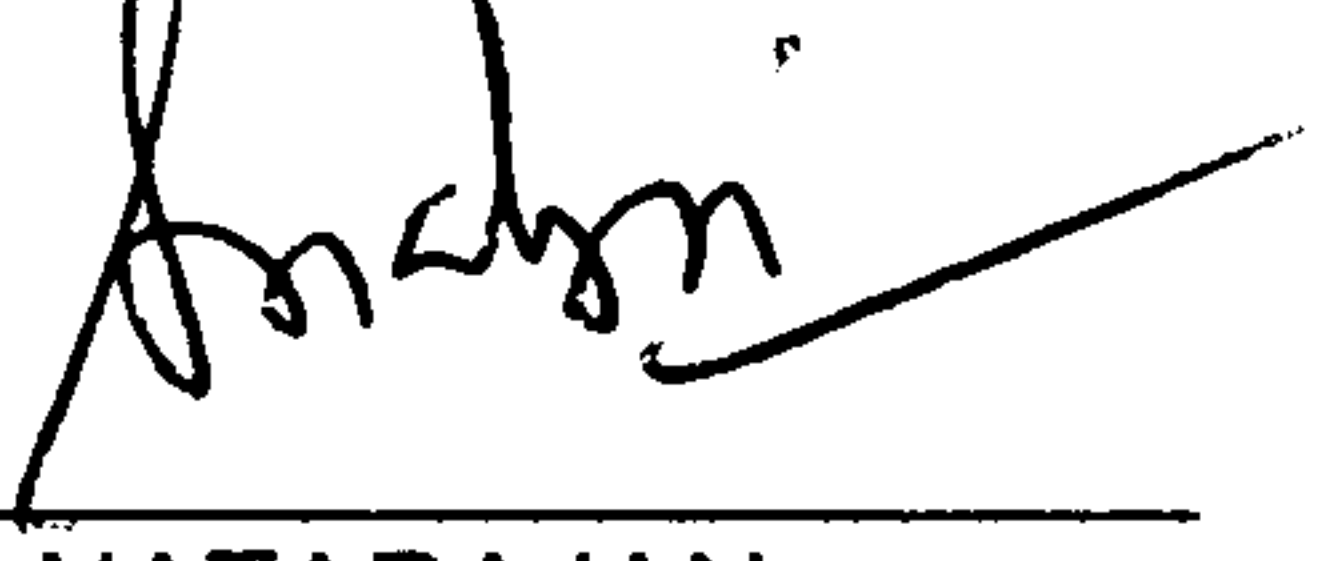
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E-mail: ufsl.ho@ucalfuel.co.in • Website: www.ucalfuel.com

UCAL FUEL SYSTEMS LIMITED

FORM A

FORMAT OF COVERING LETTER OF THE ANNUAL AUDIT REPORT TO BE FILED WITH THE STOCK EXCHANGES

1	Name of the Company	UCAL FUEL SYSTEMS LIMITED
2	Annual financial statements for the year ended	31 st March 2013
3	Type of Audit observation	Un-qualified
4	Frequency of observation	Not applicable
5	To be signed by	
	GEO/Managing Director	 JAYAKAR KRISHNAMURTHY
	CFO	 N. GNANASAMBANDAN
	Auditor of the company	 R. RAVISHANKAR, Partner G. Balu Associates MNO 26819 FRN 0003769
	Audit Committee Chairman	 S. NATARAJAN

