

NOTICE

NOTICE IS HEREBY GIVEN THAT THE TWENTY EIGHTH ANNUAL GENERAL MEETING OF THE SHAREHOLDERS OF UCAL FUEL SYSTEMS LIMITED WILL BE HELD AT THE MINI HALL, THE MUSIC ACADEMY, NEW NO. 168 (OLD NO 306) T.T.K.ROAD, ROYAPETTAH, CHENNAI-600014 ON 29TH SEPTEMBER 2014 AT 12.15 P.M TO TRANSACT THE FOLLOWING BUSINESS:

ORDINARY BUSINESS:

1. Item No: 1 – To receive, consider and adopt the audited financial statements of the company for the year ended 31st March 2014, and the Report of the Directors and the Auditors thereon.
2. Item No: 2 – To declare dividend on equity shares for the year ended 31st March 2014.
3. Item No: 3 – To appoint a director in place of Mr.S.Natarajan who retires by rotation and, being eligible, offers himself for re-appointment as an Independent Director

To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **ORDINARY RESOLUTION**:

"RESOLVED THAT pursuant to the provisions of Sections 149,150 and 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr.S.Natarajan (DIN:00155988) director of the company who retires by rotation at this Annual General Meeting and being eligible offers himself for re-appointment be and is hereby appointed as an Independent Director of the Company not liable to retire by rotation for a term of five consecutive years from the conclusion of this Annual General Meeting."

4. Item No: 4 – To Appoint Statutory Auditors

To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **ORDINARY RESOLUTION**:

"RESOLVED THAT pursuant to the provisions of Section 139 and other applicable provisions if any, of the Companies Act, 2013 and the Rules framed thereunder, as amended from time to time, M/s. G. Balu Associates, Chartered Accountants, Chennai (Firm Registration No. 000376S) be and are hereby re-appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the 29th Annual General Meeting of the Company, on a remuneration of Rs.15 lakhs (Rupees Fifteen lakhs only) plus reimbursement of out of pocket expenses and service tax."

SPECIAL BUSINESS:

5. Item No: 5 – To appoint Mr.Ram Ramamurthy as a director liable to retire by rotation

To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **ORDINARY RESOLUTION**:

"Resolved that Mr.Ram Ramamurthy (DIN:06955444) who was appointed additional director of the company and holds office up to the date of this annual general meeting and in respect of whom the company has received a notice in writing from a member proposing his candidature for the office of director be and is hereby appointed director of the company whose period is liable to retirement by rotation."

6. Item No: 6 – To approve the appointment of Mr.Ram Ramamurthy as Wholetime Director and the remuneration payable to him.

Upon passing of resolution in Item No 5, the shareholders to consider and if thought fit, to pass, with or without modification(s), the following resolution as a **SPECIAL RESOLUTION**:

"RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V to the Companies Act, 2013 and subject to the approval of the Central Government, the consent of the Shareholders, be and is hereby accorded to the appointment of

Mr. Ram Ramamurthy (holding DIN 06955444) as whole-time director of the company, whose office shall be liable to determination of retirement by rotation of directors and who fulfils all the conditions specified under Schedule V to the Companies Act, 2013 except the criteria specified under clause (e) of Part I of Schedule V relating to appointment of a Non-Resident, for a period of two years effective from 4th September 2014, on a monthly remuneration not exceeding Rs.1,00,000/- subject to the condition that the overall total managerial remuneration including salary, perquisites and commission shall not exceed the limits specified under Sections 197 and 198 read with Schedule V of the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof.

In the event of loss or inadequacy of profits in any financial year, the company will either pay minimum remuneration by way of salary and perquisites in accordance with Schedule V to the Companies Act, 2013 not exceeding the statutory limits prescribed or allowed by the Central Government or shall apply to the Central Government to continue to pay the remuneration stated herein above without seeking further approval from shareholders."

"RESOLVED FURTHER THAT any one of the Directors of the Company / Ms. Rekha Raghunathan, Company Secretary of the Company be and is hereby authorised to do all such acts and deeds as may be necessary for seeking the approval of the shareholders and Central Government as required under Part I of Schedule V and to do such deeds and acts as may be necessary to give effect to the above resolutions."

7. Item No: 7 – To appoint Dr.V.Sumantran as an independent director

To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **ORDINARY RESOLUTION**:

"RESOLVED THAT pursuant to the provisions of Sections 149,150 and 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Dr.V.Sumantran (DIN:02153989) director of the company in respect of whom the company has received a notice in writing from a member proposing his candidature for the office of director be and is hereby appointed as an Independent Director of the Company not liable to retire by rotation and to hold office for a term of five consecutive years from the conclusion of this Annual General Meeting."

8. Item No: 8 – To appoint Dr. M.S.Ananth as an Independent Director

To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **ORDINARY RESOLUTION**:

"RESOLVED THAT pursuant to the provisions of Sections 149,150 and 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Dr.M.S.Ananth (DIN:00482391) director of the company in respect of whom the company has received a notice in writing from a member proposing his candidature for the office of director be and is hereby appointed as an Independent Director of the Company not liable to retire by rotation and to hold office for a term of five consecutive years from the conclusion of this Annual General Meeting."

9. Item No: 9 – To approve the Borrowing limits of the company.

To consider and if thought fit, to pass, with or without modification(s), the following resolution as a **SPECIAL RESOLUTION**:

"RESOLVED THAT in supersession of the Ordinary Resolution passed at the 22nd Annual General Meeting of the company held on 26th September 2008 and pursuant to the provisions of section 180(1)(c) of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force), consent of the company be and is hereby accorded to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include any Committee which the Board may constitute for this purpose) of the Company, for borrowing any sum or sums of money from time to time whether in Indian rupees or foreign currency, whether unsecured or secured, in excess of the aggregate of the paid up share capital and free reserves of the company provided that the moneys to be borrowed together with moneys already borrowed by the Company (apart from the temporary loans obtained/to be obtained from the Company's Bankers in the ordinary course of business) shall not be in excess of Rs 500 crores (Rupees five hundred crores only) over and above the aggregate of the paid-up share capital and free reserves of the company."

"RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board is hereby authorised to do all such acts, deeds and things as it may in its absolute discretion deem fit, necessary, proper or desirable and to settle any question, difficulty, doubt that may arise in respect of the borrowing(s) aforesaid and further to do all such acts, deeds and things and to execute all documents and writings as may be necessary, proper, desirable or expedient to give effect to this resolution."

10. Item No:10 – To approve the creation of Mortgages/Charges/Hypothecation on the movable and immovable properties of the company

To consider and if thought fit, to pass, with or without modification(s), the following resolution as a **SPECIAL RESOLUTION**:

"RESOLVED THAT in supersession of the Ordinary Resolution passed on at the 22nd Annual general meeting held on 26th September 2008 and pursuant to Section 180 (1) (a) of the Companies Act, 2013 and the rules made thereunder, (including any statutory modification(s) or re-enactment thereof for the time being in force), the consent of the Company be and is hereby accorded to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include any Committee which the Board may constitute for this purpose) of the Company, to create charges, mortgages and hypothecations in addition to the existing charges, mortgages and hypothecations created by the company on such immoveable and moveable properties of the Company, where so ever situate, present and future and in such manner as the Board may deem fit together with power to take over the management and concern of the company in certain events, in favour of Financial institutions/banks/other lenders/investing agencies/ trustees for debenture and bonds (hereinafter referred to as the "Lenders") and to secure the Financial assistances granted/ to be granted by the Lenders from time to time provided the aggregate of borrowings so secured shall not exceed Rs 500 crores (rupees five hundred crores), outstanding at any time exclusive of interest, additional interest , compound interest, liquidated damages, commitment charge, premia on prepayment or on redemption costs, charges, expenses, and all other moneys payable by the Company to the Lenders in terms of the respective facility agreements entered into by the company."

"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors of the Company/ committee be and is hereby authorised and empowered to finalize, settle and execute requisite agreements, documents, deeds, indemnities, guarantees, declarations and other legal undertakings and to do all such acts and deeds, matters and things as it may in its absolute discretion deem necessary, proper or desirable with the lenders and to settle any question, difficulty or doubt that may arise in regard to the creation of charges, mortgage or hypothecation as aforesaid."

11. Item No: 11 – to approve the amendment in the articles of association

To consider and if thought fit, to pass, with or without modification(s), the following resolution as a **SPECIAL RESOLUTION**:

"RESOLVED THAT pursuant to the provisions of Section 14 and all other applicable provisions of the Companies Act, 2013 read with Companies (Incorporation) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and subject to such other approvals, consents as may be required in this regard, Article 146(a) of the Articles of Association of the Company be and is hereby amended by substituting the following Article in its place.

"146 (a): Chairman: The directors may from time to time appoint one among them as Chairman. The Chairman so appointed may also hold the position of Managing Director in the company."

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

12. Item No: 12 – to approve the appointment of Dr.V.Krishnamurthy, who will be holding an office of profit, as Advisor.

To consider and if thought fit, to pass, with or without modification(s), the following as a **SPECIAL RESOLUTION**:

"RESOLVED THAT pursuant to the provisions of Section 188(f) of the Companies Act, 2013 read with Rule 15 of Companies (Meetings of Board & its Powers) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and subject to the approval of the Central Government, the approval of the Shareholders of the company be and is hereby accorded to the appointment of Dr. V. Krishnamurthy, relative of Mr. Jayakar Krishnamurthy, Chairman and Managing Director of the Company, to hold an office or place of profit as

Advisor to the Company on a monthly remuneration of Rs.5,00,000/- (Rupees Five lakh only) (excluding reimbursement of travelling and other actual expenses) for a period of two years with effect from 21.09.2014."

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do all such acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

Place : Chennai
Date : 30.08.2014

REKHA RAGHUNATHAN
COMPANY SECRETARY

NOTES

1. Member entitled to attend and vote at the Annual General Meeting (AGM) is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the company. The instrument appointing the proxy, in order to be effective, must be deposited at the company's registered office, duly completed and signed, not less than FORTY-EIGHT HOURS before the meeting. Proxies submitted on behalf of limited companies, societies, etc., must be supported by appropriate resolutions/authority, as applicable. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the company. In case a proxy is proposed to be appointed by a member holding more than 10% of the total share capital of the company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.
2. The explanatory statement pursuant to Section 102 of the Companies Act, 2013, in respect of the Items No. 3, 5 to 12 which sets out the details with respect to the special business to be transacted at the meeting is annexed hereto.
3. The register of members and share transfer books of the company will remain closed from 26th September 2014, to 29th September 2014 (both days inclusive) for the payment of dividend on equity shares. The cut-off date for determining voting rights for e-voting on resolutions listed for the Annual General Meeting will be 29th August 2014.
4. As per the provisions of section 72 of the Companies Act, 2013 and rule 19(1) of the Companies (Share Capital and Debentures) Rules 2014 shareholders holding shares in physical form may file nomination in the prescribed SH-13 with the Company's Registrar and Transfer Agent. In respect of shares held in demat form, the nomination form may be filed with the respective Depository Participant (DP).
5. Members are requested to hand over the enclosed Attendance Slip, duly signed in accordance with their specimen signature(s) registered with the company for admission to the meeting hall. Members who hold shares in dematerialised form are requested to bring their Client ID and DP ID numbers for identification. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
6. Corporate members intending to send their authorised representatives to attend the meeting are requested to send to the company a certified copy of the board resolution authorising their representative to attend and vote on their behalf at the meeting.
7. The Securities Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore requested to submit the PAN to their Depository Participant with whom they are maintaining their dematerialised accounts. Members holding shares in physical form can submit their PAN details to the Company's Registrar and Transfer Agent M/s.Integrated Enterprises (India) Pvt. Ltd. (Integrated).
8. Members holding shares in electronic form are requested to intimate immediately any change in their address to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to advise any change in their address immediately to Integrated.
9. Members holding shares in physical form are requested to consider converting their holding to dematerialised form to eliminate all risks associated with physical shares and for ease in portfolio management. Members can contact the company or Integrated for assistance in this regard.

10. Members who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names are requested to send the share certificates to Integrated for consolidation into a single folio.
11. Details pertaining to Directors seeking appointment required as per Clause 49 of the Listing Agreement is provided in the Explanatory Statement to this notice.
12. Pursuant to the provisions of Section 205A (5) and 205C of the Companies Act, 1956, the Company has transferred the unpaid or unclaimed dividends for the financial years upto 2005-2006 from time to time on due dates, to the Investor Education and Protection Fund (the IEPF) established by the Central Government. Pursuant to the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on 30th September 2013 (date of last Annual General Meeting) on the website of the Ministry of Corporate Affairs. Shareholders who have not encashed their dividend warrants pertaining to the financial years 2006-2007, 2007-2008, 2009-2010, 2010-2011, 2011-2012 and 2012-2013 are advised to write to the company/Integrated immediately claiming the dividends declared by the company
13. Members desirous of getting any information about the accounts and/or operations of the company are requested to write to the company at least seven days before the date of the Annual General Meeting to enable the company to keep the information ready at the meeting.
14. Pursuant to Clause 32 of the Listing Agreement entered into with the Stock Exchanges and Sections 20, 101 and 136 of the Companies Act, 2013, electronic copy of Annual Report and this Notice inter-alia indicating the process and manner of e-voting along with Attendance Slip and proxy form are being sent by e-mail to those shareholders whose e-mail addresses have been made available to the company/Depository Participants unless any member has requested for a hard copy of the same.
15. In terms of Circular No. NDSL/CIR/II/10/2012 dated March 09, 2012 for those Members whose Depository Participant accounts do not contain the details of their email addresses, printed copies of the Notice of Annual General Meeting and Annual Report for the year ended March 31, 2014 are being dispatched in the mode prescribed under Companies Act, 2013.
16. Members holding shares in electronic mode are requested to keep their email addresses updated with the Depository Participants. Members holding shares in physical mode are also requested to update their email addresses by writing to Integrated, at 2nd Floor, Kences Towers, No. 1 Ramakrishna Street, off. North Usman Road, T. Nagar, Chennai 600 017 quoting their folio number(s).
17. All documents referred to in the Notice and the explanatory statement are available for inspection at the Registered Office of the Company during normal business hours on all days except Saturdays, Sundays and Public holidays up to and including the date of the Annual General Meeting.
18. Shareholders may note that the Notice to the 28th Annual General Meeting of the company and the Annual Report for 2013-2014 will also be made available in the Company's website www.ucalfuel.co.in.
19. The company has a separate email id -investor@ucalfuel.co.in to enable shareholders to register their complaints / queries if any
20. VOTING THROUGH ELECTRONIC MEANS E-VOTING INSTRUCTIONS:-

In compliance with the provisions of Clause 35B of the Listing Agreements, Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members facility to exercise their right to vote at the Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by National Securities Depository Limited (NSDL):

I. The instructions for e-voting are as under:

- A. In case a Member receives an email from NSDL [for members whose email IDs are registered with the Company/Depository Participant(s)]:

- (i) Open email and open PDF file viz; "UCALFUEL-evoting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for e-voting. Please note that the password is an initial password.
- (ii) Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com/>
- (iii) Click on Shareholder - Login
- (iv) Put user ID and password as initial password/PIN noted in step (i) above. Click Login.
- (v) Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (vi) Home page of e-voting opens. Click on e-Voting: Active Voting Cycles.
- (vii) Select "EVEN" of UCAL FUEL SYSTEMS LIMITED.
- (viii) Now you are ready for e-voting as Cast Vote page opens.
- (ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
- (x) Upon confirmation, the message "Vote cast successfully" will be displayed.
- (xi) Once you have voted on the resolution, you will not be allowed to modify your vote.
- (xii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to ufsl.scrutiny@gmail.com with a copy marked to evoting@nsdl.co.in

B. In case a Member receives physical copy of the Notice of AGM [for members whose email IDs are not registered with the Company/ Depository Participant(s) or requesting physical copy] :

- (i) Initial password is provided as below/at the bottom of the Attendance Slip for the AGM :

EVEN (E Voting Event Number)	USER ID	PASSWORD/PIN

- (ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.

- II. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for shareholders and e-voting user manual for shareholders available at the downloads section of www.evoting.nsdl.com
- III. If you are already registered with NSDL for e-voting then you can use your existing user ID and password/PIN for casting your vote.
- IV. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- V. The e-voting period commences on 23.09.2014 (9.00 a.m.) and ends on 25.09.2014 (6.00 p.m.). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 29.08.2014, may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
- VI. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date (record date) 29.08.2014.

- VII. Mr.P. Sriram, Practising Company Secretary (Membership No. 4862) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- VIII. The Scrutinizer shall within a period not exceeding three(3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two(2) witnesses not in the employment of the company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman & Managing Director of the Company.
- IX. The Results shall be declared on or after the AGM of the company. The Results declared alongwith the Scrutinizer's Report shall be placed on the company's website www.ucalfuel.com and on the website of NSDL within two (2) days of passing of the resolutions at the AGM of the Company and communicated to the Madras Stock Exchange Limited, BSE Limited and National Stock Exchange of India Limited, where equity shares are listed.

BY ORDER OF THE BOARD

REKHA RAGHUNATHAN
Company Secretary

Place : Chennai
Date : 30.08.2014

Explanatory Statement (Pursuant to section 102 of the Companies Act, 2013)

The following explanatory statement sets out all material facts relating to the business mentioned under Item Nos. 3, 5 to 12 of the accompanying Notice:

Item Nos. 3, 7 and 8

Mr.S. Natarajan, Dr. V. Sumantran and Dr. M.S. Ananth are Independent Directors on the Board of the company within the definition of Independent Directors under Clause 49 of the Listing Agreements entered into with the stock exchanges.

Pursuant to the provisions of Section 149 of the Companies Act, 2013, which came into effect from April 1, 2014, every listed public company is required to have independent directors for a fixed term and not liable to retire by rotation. Accordingly Item Nos: 3, 7 and 8 are placed before the shareholders for approval for appointing Independent Directors not liable to retire by rotation for a period of five consecutive years from the conclusion of this Annual General Meeting.

About the Independent directors:

Mr. S. Natarajan joined the Board of the company on 13th April, 2009 and is retiring at this annual general meeting. A notice has been received in writing from a shareholder signifying his intention to propose Mr. S. Natarajan as a candidate for office of independent director of the company.

Dr. V. Sumantran joined the Board on 29th July, 2009. A notice has been received in writing from a shareholder signifying his intention to propose Dr. V. Sumantran as a candidate for office of the independent director of the company.

Dr. M.S. Ananth joined the Board on 13th April, 2009. A notice has been received in writing from a shareholder signifying his intention to propose Dr. M.S. Ananth as a candidate for office of the independent director of the company.

Declaration by Independent Directors:

Mr.S. Natarajan, Dr. M.S. Ananth and Dr. V. Sumantran have given a declaration to the Board that they meet the criteria of independence as provided under section 149(6) of the Companies Act, 2013. Mr.S. Natarajan, Dr. V. Sumantran and Dr. M.S. Ananth are not disqualified from being appointed Directors in terms of Section 164 of the Companies Act, 2013 and have given their consent to act as directors. In the opinion of the Board, each of these directors fulfill the conditions specified in the Companies Act, 2013 and the Rules framed thereunder for appointment as Independent Director and they are independent of the management. The Board is of the opinion that the continued association of Mr. S. Natarajan, Dr. M.S. Ananth and Dr. V. Sumantran would be of immense benefit to the Company and it is desirable to continue their services as Independent Directors of the Company.

Inspection by Members:

The terms and conditions of appointment of Mr. S. Natarajan, Dr. M.S. Ananth and Dr. V. Sumantran as Independent Directors would be available for inspection without any fee by the members at the Registered Office of the company during normal business hours on any working day excluding Saturday, Sunday and other public holidays.

A brief profile of Mr.S. Natarajan is given below in accordance with clause 49 of the listing agreement.

Born on 1.11.1947, Mr. S. Natarajan is a member of the Institute of Chartered Accountants of India, New Delhi since 1975. During the period of his active practice, he has represented many of the leading Indian corporate houses. Some of the corporate houses that he has represented or has been associated with includes: SPIC group, Udayar group, Binny group, Sterling group, Modi Industries group and Shriram Group. He joined the Shriram Group of Companies in 2001 as director and has played a key role in restructuring the various businesses of Shriram Group of companies, which resulted in the group focusing on and augmenting its strengths in its core businesses relating to financial services and realty sectors. Mr Natarajan is by nature an entrepreneur and has significantly contributed as much to the growth of the existing businesses of Shriram group as he has to the new ventures.

He joined the Board of Ucal Fuel Systems Limited on 13th April 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:

1	Shriram Properties Private Limited	Director	Member -Audit Committee
2	Shriram Properties & Infrastructure Private Limited	Director	-
3	Shriram Properties Holdings Private Limited	Director	-
4	Shriram Business Solutions Limited	Director	-
5	Shriram Venture Limited	Director	-
6	Shriram Financial Ventures (Chennai) Private Limited	Director	-
7	Binny Limited	Director	-
8	Binny Mills Limited	Director	-
9	S V Global Mill Limited	Director	-
10	Sheetala Credit & Holdings Private Limited, New Delhi	Director	-
11	Calcom Credit & Holdings Private Limited, New Delhi	Director	-
12	Rajat Chakra Credit & Holdings Private Limited, New Delhi	Director	-
13	Satluj Credit & Holdings Private Limited, New Delhi	Director	-
14	Saranga Investment & Consultancy Private Limited	Director	-
15	Sippin Spirits Private Limited	Director	-
16	Nocus Cloud Solutions Private Limited	Director	-

A brief profile of Dr.V. Sumantran is given below in accordance with clause 49 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 (Rensselaer 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 during 2004-05. Dr. V. Sumantran co-chaired the Engineering Services Forum of NASSCOM during

2005-06. Dr. V. Sumantran was the 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. Till recently he was Executive Vice Chairman, Hinduja Automotive, UK and Vice Chairman, Ashok Leyland Limited.

He is a member of the National Manufacturing Competitiveness Council in the Government of India. 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	Celeris Technologies Private Limited	Managing Director	–

A brief profile of Dr.M.S. Ananth is given below in accordance with clause 49 of the listing agreement.

Born on 15.11.1945, Dr. M.S. Ananth is a Chemical Engineer. He obtained his Ph.D. degree in Chemical Engineering in the area of Molecular Thermodynamics from the University of Florida, USA in 1972. He joined IIT Madras as a faculty in the Department of Chemical Engineering in 1972. He has held various senior positions such as Head of the Department, Dean of Academic Courses and Dean of Academic Research. In December 2001 he took over as Director in IIT(M). He has been one of the key persons associated with the preparation of The Strategic Plan of IIT(M) - Vision 2010. He has 42 years of experience in this field. He is a Fellow of Indian Institute of Chemical Engineers and Indian National Academy of Engineering. He was a Member of the National Manufacturing Competitiveness Council, Government of India and a Member of the Scientific Advisory Committee to the Council of Ministers, Government of India. He retired as Director from IIT Madras on 30th July 2011 and is currently engaged as visiting professor, Department of Chemical Engineering, IISc, Bangalore.

He joined the Board of Ucal Fuel Systems Limited on 13th April 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	UCAL Polymer Industries Limited	Director	–
2	CMC Limited	Director	–

No other Director or key managerial personnel or their relatives other than Mr. S. Natarajan is concerned or interested financial or otherwise in the resolution set out in Item No. 3 of the notice.

No other Director or key managerial personnel or their relatives other than Dr. V. Sumantran is concerned or interested financial or otherwise in the resolution set out in Item No. 7 of the notice.

No other Director or key managerial personnel or their relatives other than Dr. M.S. Ananth is concerned or interested financial or otherwise in the resolution set out in Item No. 8 of the notice.

The Board recommends the ordinary resolutions set out in Item Nos. 3, 7 and 8 of the Notice for approval by the Shareholders.

Item Nos. 5 and 6

The Board of Directors at their meeting held on 30th August, 2014 have appointed Mr. Ram Ramamurthy as an "Additional Director" of the Company with effect from 30th August 2014. The above additional director holds office up to the date of this Annual General Meeting and is eligible for appointment as Director in this Annual General Meeting. The company has received a notice in writing under section 160 of the Companies Act, 2013 along with the requisite deposit amount from a shareholder proposing the candidature of Mr Ram Ramamurthy for the office of director of the company. Mr. Ram

Ramamurthy is not disqualified from being appointed Director in terms of section 164 of the Companies Act, 2013 and has given his consent to act as director

Further the Board of directors in their meeting held on 30th August 2014 have also appointed Mr. Ram Ramamurthy as whole time director of the company with effect from 4th September 2014 for a period of two years on a remuneration as detailed in the resolution.

Born on 22nd May 1948, Mr Ram Ramamurthy is a B.E Mechanical Engineering graduate and an MBA from the University of Texas at Arlington, Texas He has worked in the consumer financial services sector for 25 years, in the manufacturing sector for 10 years and in the IT sector for 8 years. His functional experience includes design of manufacturing tools, manufacturing planning, consumer credit risk management, statistical modeling, business systems development, data driven marketing, online real-time personalized marketing technology and online real-time campaign management. He started his career as a design engineer in Lucas TVS and has worked for companies like Siemens AG Berlin, Germany and Associates First Capital. He has recently shifted to India after working with Citigroup and its associates for the last ten years in various capacities.

With the company contemplating various other business opportunities and proposing to collaborate with new partners, the Board felt that a senior person at the Board level is required for close monitoring of the new projects from the initial stages to ensure their smooth functioning. It was also felt that a senior person at Board level is required to assist the Chairman and Managing Director in the management of the subsidiaries. With Corporate Social Responsibility (CSR) assuming significance, the Board was also of the view that a director should be in charge of the implementation of the CSR schemes. In view of his experience and knowledge the board is of the opinion that the appointment of Mr. Ram Ramamurthy is appropriate and in the best interest of the Company.

Mr. Ram Ramamurthy, is a Non-Resident and his appointment requires the approval of Central Government for the purpose of compliance of Clause (e) of Part I of Schedule V of the Companies Act, 2013.

Copy of the draft letter of appointment of Mr Ram Ramamurthy setting out the terms and conditions is available for inspection by the shareholders at the registered office of the company.

Mr Ram Ramamurthy does not hold any shares in the company. He does not hold directorship in any other company. He is not related to any other director of the company.

In view of the provisions of Sections 196, 197, 203 and any other applicable provisions of the Companies Act, 2013 the company seeks the approval of shareholders for such appointment and payment of remuneration which is subject to the approval of Central Government for which necessary application shall be made. The above information also includes details as required under Clause 49 of the listing agreement.

No other Director or key managerial personnel or their relatives other than Mr Ram Ramamurthy is concerned or interested financial or otherwise in the resolutions set out in Item No. 5 and Item No. 6 of the notice.

The Board recommends the Ordinary Resolution set out at item no. 5 and the special resolution set out in Item No 6 of the Notice for the approval of the Shareholders.

Item Nos. 9 and 10

Section 180 of the Companies Act, 2013 (the Act) (corresponding to Section 293 of the Companies Act, 1956) has been notified by Ministry of Corporate Affairs (MCA) with effect from September 12, 2013. In terms of Section 180(1) (a) and 180(1) (c) borrowings by a company apart from temporary loans obtained from the company's bankers in excess of its paid-up capital and free reserves and mortgage of assets for such borrowings require the approval of the shareholders by way of special resolution.

Shareholders of the Company vide resolution dated 26th September 2008 passed at the Annual General Meeting of the Company had pursuant to Section 293(1)(d) of the Companies Act, 1956, approved the borrowings over and above the aggregate of paid up share capital and free reserves of the Company provided that the total amount of such borrowings together with the amounts already borrowed and outstanding at any point of time shall not be in excess of Rs.400 Crore (Rupees Four hundred Crores).

The shareholders of the Company under Section 293(1)(a) of the Companies Act, 1956 had also approved creating mortgages/ charges/ hypothecations on the movable and immovable properties of the Company in favour of the lending agencies / financial institutions / banks / debenture trustees up to a limit of Rs.400Crore.

The Ministry of Corporate Affairs (MCA) has vide its Circular dated March 25, 2014 clarified that a fresh approval of the shareholders by way of special resolution shall be sought under Section 180 of the Companies Act, 2013. It has thus become necessary for the company to pass a fresh resolution by way of a special resolution. Having regard to the current business plans of the company including its expansion plans an enhancement of limit is also being sought at the current juncture.

None of the Directors or Key Managerial Personnel of the Company or their relatives are concerned or interested, financially or otherwise in the resolutions.

The Board recommends the Special Resolutions as set out in Item No.9 and Item No.10 of the notice for approval by the Shareholders.

Item No. 11

Mr Jayakar Krishnamurthy is holding the position of Chairman and Managing Director. As per the requirements of Section 203 of the Companies Act, 2013 an individual shall not be appointed/reappointed Chairman as well as Managing Director at the same time unless the Articles of Association allows such appointment or the company does not carry multiple businesses.

It is proposed to amend the Articles of Association of the company to allow the holding of the position of Chairman and Managing Director by the same person. As per section 14(1) of the Companies Act, 2013 amendment to Articles of Association of a Company requires the approval of the shareholders of the Company by a Special Resolution.

Accordingly it is proposed to amend the Articles of Association as set out in Item No. 11 in the Notice to provide for the appointment of an individual as Chariman and Managing Director at the same time.

None of the Directors or Key Managerial Personnel of the Company or their relatives except Mr Jayakar Krishnamurthy are, in any way, concerned or interested, financially or otherwise, in the Special Resolution set out at Item No. 11 of the Notice.

The Board commends the Special Resolution set out at Item No. 11 of the Notice for approval by the shareholders.

Item No 12:

Dr. V. Krishnamurthy was appointed as Advisor for a period of five years from 21.09.2009. His tenure expires on 20.09.2014. Dr. V. Krishnamurthy is the father of Mr. Jayakar Krishnamurthy, Chairman and Managing Director of the Company and thus he holds office of profit under Section 188 of the Companies Act, 2013. His appointment was approved by the shareholders in Annual General meeting held on 29.09.2009 and the company had also obtained the approval of Central Government vide A70357702/5/2011-CL.VII dated 23rd March 2011.

The Board of Directors at their meeting held on 30th August 2014, reappointed him as Advisor for a further period of two years with effect from 21.09.2014 on a salary of Rs.5,00,000/- per month.

Dr. V. Krishnamurthy is a Chartered Engineer and holds a Doctorate in Economics from Soviet Academy of Sciences, a Doctorate in Sciences from Banaras Hindu University and a Doctorate in Letters from Pondicherry University. He is currently the Chancellor of the Central University of Tamilnadu and the Indian Maritime University. He is also the President of the Academy of Higher Education, Tiruchirapalli. Until recently Dr.V.Krishnamurthy was the Chairman of the National Manufacturing Competitiveness Council (NMCC), holding the rank of a Cabinet Minister in the Government of India. He was also a member of the Prime Minister's Council on Trade and Industry, Prime Minister's Trade & Economic Relations Committee, Prime Minister's Energy Coordination Committee, Prime Minister's High Level Committee on Manufacturing and a High Level Advisory Group on Climate Change. He was the Chairman of the group set up by the Prime Minister for design and manufacture of civilian aircraft in India and the Co-Chairman of the Empowered committee for setting up FAB facilities in India.

Dr V.Krishnamurthy was also Chairman and CEO of Bharat Heavy Electricals Limited, Maruti Udyog Limited and Steel Authority of India Limited.

He has been Chairman of IIM Bangalore and Ahmedabad; IIT- New Delhi; Xavier Institute of Management, Bhubaneswar, Centre for Organization Development, Hyderabad and Chairman of the Technology Information, Forecasting & Assessment Council.

Among other positions, he has served as Member, Planning Commission and Secretary to the Government of India in the Ministry of Industry. He has also been member of the Energy Advisory Committee, Public Enterprises Selection Board and Telecom Restructuring Committee. He has chaired various committees including the National Committee on Quality, the Committee to prepare a comprehensive White Paper on the Public Enterprises in India, the Committee to determine the Policies on Disinvestment in Public Sector, the group to restructure oil companies in Public Sector and the Committee to assess the capability and infrastructure of the private sector to build conventional submarines. He was also the co chairman of the Indo Japan study committee.

He has been decorated with various honours, the more important among them being the PADMA SHRI in 1973, PADMA BHUSHAN in 1986 and PADMA VIBHUSHAN in 2007 and THE GRAND CORDON OF THE ORDER OF THE RISING SUN by the Government of Japan in 2009.

He has recently penned his memoirs titled "AT THE HELM" which was released by Harper Collins in June 2014.

Dr. V. Krishnamurthy has been formally associated with UCAL Fuel Systems Limited for over ten years now in an advisory capacity. During his tenure he has streamlined various management practices to improve the overall performance of the company. His advice and guidance has helped the company achieve optimization of production capacity, improvement in technology, profitability and commercial competitiveness'. The advice and guidance received from Dr.V.Krishnamurthy has enabled the company to grow and expand. The Board is of the opinion that his continued association as an Advisor to the company will be most advantageous and beneficial to the company. Therefore the Board proposes his appointment as Advisor to the company for further period of two years from 21.09.2014 on remuneration as set out in the Resolution.

Pursuant to Section 188 of the Companies Act, 2013 read with Company (Meetings of the Board and its Powers) Rules, 2014, following particulars are given below :

Name of the related party	Name of the director or key managerial personnel who is related, if any	Nature of relationship	Nature, material terms, monetary value and particulars of the contract or arrangement	Amount
Dr. V. Krishnamurthy	Mr. Jayakar Krishnamurthy	Father/Son	Advisor to the company	Rs.500,000/- per month

Since the above said transaction falls under Related Party Transactions in terms of Section 188 (f) of the Companies Act,2013 read with Rule XII Companies (Meetings of Board & its Powers) Rules, 2014, the said transaction requires the approval of the Shareholders by passing Special Resolutions.

Further, in terms of Section 188 of the Companies Act, 2013, Mr. Jayakar Krishnamurthy, Chairman and Managing Director is interested in the resolutions and will not vote on the resolutions.

Except Mr. Jayakar Krishnamurthy, none of the other Directors or Key managerial persons of the Company or their relatives are, in any way, concerned or interested, financial or otherwise, in the resolution.

The Board commends the special resolutions set out at Item No. 12 of the Notice for approval by the shareholders.

BY ORDER OF THE BOARD

Place: Chennai
Date: 30.08.2014

REKHA RAGHUNATHAN
COMPANY SECRETARY

UCAL FUEL SYSTEMS LIMITED

CIN: L31900TN1985PLC012343

Regd. 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, website : www.ucalfuel.com

Form No.MGT-11

PROXY FORM

(Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014)

Name of the member(s)

Registered address

E-mail ID

Folio No./Client ID./DPID

I/We, being the member(s) holding Shares of the above named company, hereby appoint

1. Name: Address:

E-mail ID: Signature

Or failing him,

2. Name: Address:

E-mail ID: Signature

Or failing him,

3. Name: Address:

E-mail ID: Signature

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 28th Annual General Meeting of the Company, to be held on Monday, the 29th September, 2014, at 12.15 P.M. at MINI HALL, THE MUSIC ACADEMY, New No.168 (Old No.306) T.T.K. Road, Royapettah, Chennai 600 014 and at any adjournment thereof in respect of such resolutions as are indicated below:

[PTO.

Resolution No.	Description of Resolution	Special / Ordinary	Optional	
			For	Against
	Ordinary Business:			
1	Adoption of the audited financial statements of the company along with the directors and auditors report.	Ordinary		
2	Declaration of dividend for the year ended 31st March 2014.	Ordinary		
3	Appointment of Mr.S. Natarajan who retires by rotation and being eligible, offers himself for reappointment as an independent director.	Ordinary		
4	Appointment of statutory auditors.	Ordinary		
	Special Business:			
5	Appointment of Mr.Ram Ramamurthy as a director liable to retire by rotation.	Ordinary		
6	Appointment of Mr.Ram Ramamurthy as a whole time director and remuneration payable to him.	Special		
7	Appointment of Dr.V. Sumantran as an independent director.	Ordinary		
8	Appointment of Dr.M.S. Ananth as an independent director.	Ordinary		
9	Approval for the borrowing limits of the Company under Section 180(1) (c) of Companies Act, 2013	Special		
10	Approval for the creation of mortgages/charges/hypothecation on the movable and immovable properties of the company under Section 180(1)(a).	Special		
11	Approval for the amendment to the Articles of Association.	Special		
12	Approval for the appointment of Dr.V. Krishnamurthy, who will be holding an office of profit, as advisor.	Special		

Signed this day of2014.

Signature of the Shareholder

Signature of Proxy holder(s)

Affix Rs.1
Revenue
Stamp

Note:

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not later than 48 hours before the commencement of the Meeting.
2. It is optional to put a "X" in the appropriate column against the Resolutions indicated in the box. If you leave the 'For' or 'Against' column blank against any or all Resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
3. Please complete all details of member(s) in the above box before submission.

**UCAL FUEL SYSTEMS LIMITED**

CIN: L31900TN1985PLC012343

Registered Office: "Raheja Towers", Delta Wing – Unit 705

177, Anna Salai, Chennai – 600 002, India

Tel: (91-44) 42208111 Fax: (91-44) 2860 5020

E-mail: investor@ucalfuel.co.in, Website: www.ucalfuel.com

ATTENDANCE SLIP**28th ANNUAL GENERAL MEETING**

I / We hereby record my / our presence at the 28th Annual General Meeting of the Company at The Mini Hall, The Music Academy, New No.168 (Old No.306), T.T.K. Road, Royapettah, Chennai - 600 014, on Monday, September 29, 2014, at 12.15 P.M.

Member's Folio/
DP ID-Client ID No.

Member's / Proxy's Name
in Block Letters

Member's / Proxy's
Signature

VOTING THROUGH ELECTRONIC MEANS

EVEN (E Voting Event Number)	USER ID	PASSWORD/PIN

Note:

1. Please fill in the Folio No. / DP ID-Client ID No. and name, sign this Attendance Slip and hand it over at the Attendance Verification Counter at the ENTRANCE OF THE MEETING HALL.
2. Physical copy of the Annual Report for 2013-14 and Notice of the Annual General Meeting (AGM) along with Attendance Slip and Proxy Form, is sent in the permitted mode to all members to their registered address.

UCAL Fuel Systems Limited

FUELLING A TRAIL
Blazing Path of Excellence...

Annual Report
2013 - 14



Board of Directors

Mr. Jayakar Krishnamurthy	Chairman and Managing Director
Mr. Ram Ramamurthy	Whole-time Director (Appointed with effect from 04.09.2014)
Mr. R.Sundararaman	Joint Managing Director (Ceased to be Director with effect from 01.04.2014)
Mr. S.Muthukrishnan	Director (Ceased to be Director with effect from 30.09.2013)
Mr. S. Natarajan	Director
Dr. M.S. Ananth	Director
Dr. V. Sumantran	Director
Mr. R.W. Khanna	Nominee Director (Ceased to be nominee director with effect from 23.01.2014)
Mr. K. Ajit Kumar	Nominee Director (Ceased to be nominee director with effect from 19.06.2014)

Audit Committee

Mr. S. Natarajan	Chairman
Mr. M.S. Ananth	Member
Dr. V. Sumantran	Member (Appointed with effect from 11.08.2014)
Mr. Jayakar Krishnamurthy	Member

Chief Executive Officer

Mr. P.H. Narayanan

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

Cost Auditor

Mr. V. Kalyanaraman
No.4, 2nd Street, North Gopalapuram,
Chennai 600 086

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 website : www.ucalfuel.com
CIN: L31900TN1985PLC012343

Manufacturing Plants

Tamil Nadu, Puducherry and Haryana

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DIRECTORS' REPORT

The Directors hereby present the Twenty Eighth Annual Report together with the audited accounts of the company for the year ended 31st March 2014.

FINANCIAL HIGHLIGHTS

The performance of the company for the year ended 31st March 2014 is as follows:

(₹ in lakhs)

Particulars	For the year ended	
	31.03.2014	31.03.2013
Gross Revenue	52,682	57,084
Net Revenue (excluding Excise Duty)	46,563	50,435
Total Expenditure	40,333	43,756
Operating Income	6,230	6,679
Other Income	100	123
Profit before Interest, Tax & Depreciation	6,330	6,802
Interest	2,983	3,197
Deferred Revenue Expenses	417	417
Depreciation	1,923	1,925
Profit before Tax & Exceptional item	1,007	1,263
Tax Expense	185	305
Profit after Tax/Net Profit	822	958
Balance of profit brought forward from last year	8,815	8,316
Amount Available for Appropriations	9,637	9,274
Appropriations:		
Transfer to General Reserve	200	200
Dividend	221	221
Tax on Dividend	33	38
Balance Carried to Balance Sheet	9,183	8,815

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 2013-2014.

TRANSFER TO GENERAL RESERVE

A sum of ₹ 200 lakhs has been transferred to the general reserve of the company for the financial year 2013-2014.

PERFORMANCE

The turnover of the company decreased by 8% from ₹ 50,435 lakhs in the financial year 2012-2013 to ₹ 46,563 lakhs in the financial year 2013-2014. This was mainly because of the continued recessionary trend in the auto sector and consequent low off take by the customers. This decrease in turnover was in spite of the efforts put in by the management to identify new markets and new business. The Earnings before Interest, Tax and Depreciation (EBITDA) also decreased from ₹ 6,802 lakhs in the financial year 2012-2013 to ₹ 6,330 lakhs in the financial year 2013-2014. The decrease can be mainly attributed to the reduction in the volume of business and the high fixed expenditure cost.

In spite of considerable efforts the exports reduced to ₹ 2,069 lakhs during the financial year 2013-2014 from ₹ 2,589 lakhs in the financial year 2012-2013. This decrease is again a reflection of the global trends in the auto sector. The spares sales of the company during the financial year 2013-2014 was ₹ 3,164 lakhs as against that of ₹ 3,048 lakhs in the financial year 2012-2013 showing a marginal increase.

The Profit After Tax (PAT) for 2013-2014 was less than that of the financial year 2012-2013 by 14%. The Company's earning per share was ₹ 3.72 during the financial year 2013-2014.

The economy continued its downward trend in 2013-2014 and the automobile segment did not show any signs of improvement. The company's manufacturing plants worked at less than optimum capacity as the customer off take was low. However the company's efforts to cut costs through various new initiatives, close monitoring and control of projects and steps to increase productivity continued unabated during the financial year 2013-2014. Rearranging the production facilities did yield some savings in the form of increased efficiency of operations but that was not substantial enough to make up for the low off take and the constant demand by the customer for price discounts. The supply chain management continued to be a challenge in terms of price and quality.

The reduced turnover resulted in a limited capital expenditure in 2013-2014 keeping in mind the low demand in the automobile segment. The company continued its emphasis on updating its facilities and spent ₹ 534 lakhs in capital investments in the financial year 2013-2014 as compared to ₹ 734 lakhs spent in the financial year 2012-2013. The company strengthened its R&D by spending ₹ 907 lakhs on R&D in the financial year 2013-2014 as against an amount of ₹ 1,013 lakhs spent in the previous financial year.

DIRECTORS

Mr.R.Sundararaman stepped down as Joint Managing Director on 01.04.2014. The Board places on record its appreciation for the services rendered by him during his tenure. Mr.R.W.Khanna's nomination as director was withdrawn by Exim bank and he ceased to be Nominee Director with effect from 23.01.2014. In his place Exim Bank nominated Mr K.Ajit Kumar and he was appointed Nominee Director with effect from 23.01.2014. Subsequently Exim Bank withdrew his nomination too and he ceased to be Nominee Director with effect from 19.06.2014. The Board places on record its appreciation for the services rendered by Mr.R.W.Khanna and Mr.K.Ajit Kumar during their tenure as Directors. Mr. S.Muthukrishnan did not seek re-appointment at the previous Annual General Meeting.

The Board in its meeting held on 30th August 2014 appointed Mr.Ram Ramamurthy as Additional Director with immediate effect. His appointment will be confirmed at the ensuing Annual General Meeting of the company. Subject to the approval of the shareholders and Central Government, the Board also appointed Mr.Ram Ramamurthy as Whole time Director for a period of two years with effect from 4th September 2014. Appropriate resolutions for his appointment and remuneration have been set out in the Notice convening the Annual General Meeting.

Mr.S. Natarajan retires by rotation and being eligible offers himself for reappointment. However in terms of Section 149 of the Companies Act 2013, Mr.S.Natarajan, Dr.V.Sumantran and Dr.M.S.Ananth are seeking appointment as Independent Directors for a consecutive term of five years from the conclusion of this Annual General Meeting.

Brief resume/details of Directors who are to be appointed/reappointed as mentioned herein has been furnished along with the explanatory statement in the Notice convening the Annual General Meeting.

Padma Vibhushan Dr. V. Krishnamurthy continues to guide the management in all areas and the Board is grateful to him for his continued guidance and support.

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 the Companies Act, 2013. 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 cost auditor of the company for the financial years 2013-2014 and 2014-2015. The cost audit report for the financial year 2013-2014 will be filed within the due date. The company has however come out of the purview of cost audit for the year 2014-2015.

AUDIT COMMITTEE

Dr.V.Sumantran was appointed member of the audit committee on 11.08.2014. Mr. S.Natarajan, Dr. M.S. Ananth and Mr. Jayakar Krishnamurthy continue to be the other members of the Audit Committee. Mr. S.Natarajan continues as Chairman of the Audit committee. The committee met five times during the year.

SUBSIDIARY COMPANIES

The company has two wholly owned subsidiaries.

Ucal Polymer Industries Limited (UPIL) - UPIL continues to perform well and support the company by expanding its scope of supply of plastic and rubber components to the company. The turnover for the financial year 2013-2014 was ₹ 2,598 lakhs compared to that of ₹ 2,357 lakhs in the financial year 2012-2013. The net profit after tax was higher at ₹ 248 lakhs in the financial year 2013-2014 thereby recording an increase of 9% as against ₹ 228 lakhs in the financial year 2012-2013. This has been achieved mainly due to the introduction of new products and improved efficiency of operations. A dividend of 20% has been declared by UPIL. UPIL's objective of expanding its customer profile beyond UCAL Fuel Systems Limited (UFSL) is proceeding at a rather slow pace but its attempts to diversify its product portfolio has succeeded to a large extent in the financial year 2013-14.

Amtec Precision Products Inc, USA (Amtec) - The turnover of Amtec was ₹ 17,561 lakhs during the financial year 2013-2014 up from ₹ 14,832 lakhs in the financial year 2012-2013 thereby recording an increase of 18% in rupee terms. In US dollar terms, the turnover was \$ 37.51 million during financial year 2013-2014 compared to \$ 29.01 million in the financial year 2012-2013 showing an increase of 9%. Amtec has earned a cash profit of ₹ 400 lakhs during the financial year 2013-2014. The company's growth has been reasonable considering the fact that the global auto industry had not really picked up in 2013-2014. Amtec's efforts to gain entry into original equipment manufacturers and Tier 1 suppliers by obtaining minority certification did not materialize to the extent expected in the financial year 2013-2014. This is in spite of the fact that Amtec enjoys a high credibility amongst its customers. Capacity utilization continues to be low and in addition Amtec has not been able to take advantage of low cost sourcing from India. The employee costs continues to be high and an increase in the customer portfolio seems to be the only solution to increase profitability.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements for the year ended 31st March 2014 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 ₹ 685 lakhs has been achieved during the financial year 2013-2014 as against that of ₹ 598 lakhs in the financial year 2012-2013. Efforts are on to improve the overall performance of the company and its subsidiaries in all respects.

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 Companies Act, 1956 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 30th August 2014 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 Companies Act, 1956. 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 requirements 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 2014 and of the profit of the company for the year ended 31st March 2014;

- (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 2013-2014 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 of its employees, customers and bankers, the cooperation of its vendors and suppliers and the assistance of governmental agencies. The Board is particularly grateful to the shareholders for continuing to repose their confidence in the company.

For and on behalf of the Board

Place : Chennai
Date : 30.08.2014

JAYAKAR KRISHNAMURTHY
Chairman and Managing Director

ANNEXURE-A TO THE DIRECTORS' REPORT

A. CONSERVATION OF ENERGY

a. Energy conservation measures undertaken

The company is continuously engaged in energy conservation activities. During the year 2013-2014, the company commissioned the separate high tension cable feeder line directly from the electricity board sub station to the manufacturing locations at plant 1, plant 6 and plant 8. This has benefited the company by way of savings in energy cost and has helped the company avail purchase of third party power through the feeder line at competitive rates per unit, as otherwise the company would have had to generate the power required by running captive gensets during power cuts and load shedding. The hydraulic pump motor in the die casting machines were made to cut off with a timer based circuit when there is no work in the die casting machine due to certain interruptions thereby resulting in considerable savings in energy costs. The same was horizontally deployed on machines working with power pack and scrubber unit. CFL lights were introduced in the main manufacturing areas where general lighting was provided. The company continues to generate energy through its windmills.

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

In the current financial year 2014-2015, there is a proposal to implement controlled heating and melting of aluminum alloy in the furnace used for pressure die casting machines which can bring considerable savings in cost. The process of phasing out old outdated machines and replacing them with energy efficient ones is continuing. The company is on the exercise of optimizing the plant power load to meet the demand and has also reduced peak hour load. The company is planning an energy audit this financial year to identify areas and various methods of energy conservation. Activities like solar panel installations are proposed to be carried out after a detailed energy audit.

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 ₹ 16.32 lakhs. The proposed measures are estimated to result in an annual savings of more than ₹ 60 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

- Development of technology and products for the automotive, aerospace and defence segments.
- Development of the existing products for existing and new customer requirements to suit their Vehicle / Engine upgrades.
- Development of products to address the automotive and non-automotive segment with the domain area on air-fuel management, exhaust management and pumps.
- Continuous performance improvement of the existing products with various additions of features through upgradation of technology.
- Enhancing the In-house competency with the required theoretical and virtual simulation capability to meet the customer requirements.
- Reducing the import content in the product and cost reduction through value engineering efforts.

2. Benefits derived out of R&D

- Enhancing the product range to suit various requirements from the customer.
- Product development for new applications and new customers.
- Product and Technology readiness for the organization to meet the market challenges.
- Demonstration of technical capability has given rise to new business opportunities.
- Product cost reduction through validation of parts from new sources and value engineering.
- Customers are approaching the company for new developments in appreciation of the R&D skill sets, support system.
- Improvements in manufacturing process and quality.
- Building knowledge capital within the organization.

3. Future Plans

- To develop products and technologies in view of the future emission regulations and market trends in the domain area of air-fuel management system, exhaust management system and pumps.
- To study the requirements in product improvement / new designs addressing the environmental factors.
- To explore the products / services with the existing technology.
- To explore opportunities on the engineering services and for the defence research organization.
- To explore opportunities in the non-automotive segment.

4. Expenditure on R&D

Particulars	₹ in Lakhs
a. Capital	43.28
b. Revenue (Recurring) (includes amount transferred to Deferred revenue expenses)	863.96
c. Total	907.24
d. Total R&D expenditure as a percentage of total turnover	1.94%

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

The company has fully absorbed the technologies in the areas of carburettors, air suction valves, two stroke direct injection system, four stroke port injection system and pumps and is continuously improving them to adapt them to new customers preferences and new applications through innovative features in these products. The product range and new customer additions have been mainly due to the company's initiative and focus on R&D. The company is proposing to enter into the testing and engineering services segment with Orbital Australia PTY Limited and the defence segment with Jahagirdar Aero Products. The technology absorption in both these segments is likely to commence this financial year. The company is constantly exploring new technology options keeping in view the market trends and environment regulations.

The new developments through indigenous efforts include

- Constant Depression (CD) carburettor for the executive segment (125cc engine) and premium segment (500cc engine) motorcycles of 2 major Two-Wheeler manufacturers.
- Air Suction Valve for (110cc engine) scooter for a major Two-Wheeler manufacturer.
- Variable Depression (VD) carburettor for scooter application (110cc engine) for a major Two-Wheeler manufacturer.
- Variable Depression (VD) carburettor for the upgraded engines of a major 3-Wheeler manufacturer.
- Vacuum pump for 1.1, 1.4, 1.6 L diesel engine for a major passenger car manufacturer.

2. Benefits derived as a result of the above efforts

- The company has been able to provide an engineering solution to meet the challenging performance and emission targets through innovative features in the product.
- The company has been able to approach the customer with new products with superior price performance for various applications.
- The company has widened its product portfolio thereby accessing new markets and segments.
- The company has been able to enter into engineering services that will also help in the development of new technologies.
- The company has been able to enter into aerospace, defence and other non-automotive markets.

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 2013-2014, the total foreign exchange outgo was ₹ 3,646 lakhs while the foreign exchange earned was ₹ 2,069 lakhs resulting in a net foreign exchange outgo of ₹ 1,577 lakhs.

For and on behalf of the Board

Place : Chennai
Date : 30.08.2014

JAYAKAR KRISHNAMURTHY
Chairman and Managing Director

ANNEXURE-B TO THE DIRECTORS' REPORT

REPORT ON CORPORATE GOVERNANCE

CORPORATE GOVERNANCE PHILOSOPHY

The company is committed to sound ethical policies, 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 consisted of five Directors as on 31st March 2014. 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 during the financial year 2013-2014. The list of directors for the financial year 2013-14 is as follows.

Chairman and Managing Director	Mr. Jayakar Krishnamurthy
Joint Managing Director	Mr. R. Sundararaman (Ceased to be director with effect from 01.04.2014)
Non Executive Director	Mr.S. Muthukrishnan *
Non- Executive and Independent directors	Mr. S. Natarajan
	Dr. M.S. Ananth
	Dr. V. Sumantran
	Mr.R.W. Khanna (Nominee of Export Import Bank of India) **
	Mr. K. Ajit Kumar (Nominee of Export Import Bank of India)***

* Mr. S. Muthukrishnan ceased to be director with effect from 30.09.2013.

** Mr. R.W. Khanna ceased to be Nominee Director with effect from 23.01.2014.

*** Mr. K. Ajit Kumar was nominated as Director by Export Import Bank of India (Exim Bank) in place of Mr.R.W. Khanna on 23.01.2014 His nomination was withdrawn by Exim Bank and he ceased to be nominee director with effect from 19.06.2014.

All independent directors are professionals and possess vast experience in their respective 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 during the financial year 2013-2014 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	-	-
Dr. M.S. Ananth	Non-Executive and Independent	-	2	-	-
Dr. V. Sumantran	Non-Executive and Independent	-	-	-	-
Mr. R.W. Khanna**	Nominee Director Exim Bank	-	1	-	-
Mr. Ajit Kumar***	Nominee Director Exim Bank	-	2	-	-

* Ceased to be director with effect from 30.09.2013

** Ceased to be nominee director with effect from 23.01.2014

*** Appointed nominee director with effect from 23.01.2014 and ceased to be nominee director with effect from 19.06.2014

Notes:

- a. Other directorships exclude foreign companies, private limited companies and alternate directorships.
- b. Only membership in audit committee and stakeholder relationship committee have been reckoned for other committee memberships.

b) Details of Directors appointment / Reappointment

Relevant details are furnished in the Notice convening the Annual General Meeting to be held on 29th September 2014.

c) Board Meetings and Attendance at Board Meetings

The Board met five times during the financial year 2013-2014. 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	16.05.2013	7	6
2	12.08.2013	7	6
3	02.09.2013	7	6
4	09.11.2013	6	5
5	12.02.2014	6	6

The company places before the Board all those details as required under 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 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 expenditure, sets the strategy the company should follow and ensures financial stability. The effective execution of the decisions, suggestions and directions of the Board are followed up periodically. The minutes of the meeting of the audit committee and the other committees are placed before the Board. The Board also takes on record the actions taken by the company on all its decisions periodically. The Board takes on record the declaration made by the company secretary, chairman and managing director and the chief financial officer regarding compliances 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	5	Present
2.	Mr. R.Sundararaman	5	5	Present
3.	Mr. S.Muthukrishnan*	5	3	–
4.	Mr. S.Natarajan	5	4	Present
5.	Dr. M.S.Ananth	5	2	Absent
6.	Dr. V. Sumantran	5	5	Present
7.	Mr. R.W.Khanna**	5	4	Absent
8.	Mr. K.Ajit Kumar***	5	1	–

* Ceased to be director with effect from 30.9.2013

** Ceased to be nominee director with effect from 23.01.2014.

*** Appointed nominee director with effect from 23.01.2014 and ceased to be nominee director with effect from 19.06.2014

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 the Companies Act, 2013. The terms of reference broadly include reviewing the system of internal controls and also the internal audit reports and action taken reports, assessing 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 reviews the performance of the internal auditors, statutory auditor and cost auditor and recommends their appointment / reappointment. The audit committee takes note of any default in the payments to creditors, shareholders and governmental agencies. The committee also looks into those matters specifically referred to it by the Board. The statutory auditor and the internal auditors were present at the audit committee meetings. The audit committee comprised of the following directors for the year ended 31st March 2014:

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

As on 31st March 2014 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, the other independent director and the chief financial officer were permanent invitees to the meetings of the committee. 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. Dr.V.Sumantran was appointed as member of the audit committee on 11th August 2014. Chairman of the audit committee was present at the previous Annual General Meeting of the company held on 30th September 2013. The audit committee met five times during the year. The details are as follows:

S.No	Date	Committee Strength	Number of Directors present
1	16.05.2013	3	2
2	12.08.2013	3	2
3	02.09.2013	3	2
4	09.11.2013	3	2
5	12.02.2014	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	2
Mr. Jayakar Krishnamurthy	5

3. NOMINATION AND REMUNERATION COMMITTEE

In order to comply with Section 178 of the Companies Act, 2013 the Remuneration Committee has been renamed Nomination and Remuneration committee and its role and scope has been enhanced to include a) formulation of guidelines for appointment of directors, key managerial personnel and senior managerial personnel, b) formulation of criteria for evaluation of independent directors and the Board, c) formulation of policies for remuneration of directors, senior managerial personnel and key managerial personnel. 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, d) identifying and recommending to the Board appointment of directors, senior management personnel, key management personnel based on the criteria laid down, e) evaluating the performance of Independent directors, directors, senior managerial personnel and key managerial personnel and making recommendations to the Board regarding their appointment, removal etc. The Nomination and 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 2013-2014 the committee met once on 02.09.2013.

4. STAKEHOLDERS RELATIONSHIP COMMITTEE

In order to comply with Section 178(5) of the Companies Act, 2013 the Investor Grievance Committee has been renamed Stakeholder Relationship committee and the scope extended to cover the grievances of all types of security holders in the company. Dr. M.S. Ananth, Mr.Jayakar Krishnamurthy, Mr.R.Sundararaman were the members of the committee as on 31st March 2014. The committee was reconstituted to include Dr.M.S.Ananth as its member in place of Mr.S.Muthukrishnan who ceased to be director. Mr.Jayakar Krishnamurthy was appointed Chairman of the committee.

The committee has constituted a share transfer committee with Ms.Rekha Raghunathan, Company Secretary. Mr. M.R.Shivakumar, DGM – Finance and Mr. N. Gnanasambandan, Chief Financial Officer as members to approve the share transfers, transmissions, issue of duplicate share certificates and rematerialisation of shares. Share transfers are completed within 15 days from date of receipt of requisite documents. The actions of share transfer committee are ratified by the stakeholders relationship committee at its subsequent meetings.

The stakeholders relationship committee met regularly to ratify the actions of the share transfer committee and to redress investor grievances like non receipt of dividend warrants, non receipt of share certificates, etc expeditiously. The committee regularly reviews the movement in shareholding and ownership structure. The committee also reviews the performance of the Registrar and Transfer Agents. The committee met six times during the year 2013-2014. The committee approved the transfer of 1,400 shares in physical form.

Complaints received and redressed during the year 2013-2014

S.No.	Nature of Complaints	Number of Complaints
1	Regarding annual report	15
2	Revalidation of dividend warrant	52
3	Issue of duplicate share certificate	2
4	Issue of duplicate dividend warrant	-
5	Procedure for transmission	3
6	General queries	10
7	Non receipt of dividend	11
8	Correction in share certificate	-
9	Change of address	2
10	Unclaimed dividend	87
11	Correction in dividend cheque	1
		<u>183</u>

SEBI vide Circular Ref:CIR/OIAE/2/2011 dated June 3, 2011 informed the company that they had commenced processing of investor complaints in a web based complaints redress system "SCORES". Under this system, all complaints pertaining to companies are electronically sent through SCORES and the companies are required to view the complaints pending against them and submit Action Taken Report (ATRs) alongwith supporting documents electronically in SCORES. 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

During the financial year 2013-2014 remuneration was paid to the two executive directors. The remuneration payable to these directors is determined by the Board on the recommendation of the Nomination and 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 2013-2014

	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	12,24,347	4,03,291
Contribution to Provident Fund	8,64,000	5,40,000
Contribution to Superannuation Fund	10,80,000	-
Total	<u>1,84,68,347</u>	<u>75,43,291</u>

The managerial remuneration of ₹ 1,84,68,347 paid for the year 2013-2014 is in excess of the limits specified under Section 198/309 of the Companies Act, 1956, by a sum of ₹ 75,52,289, 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 2013-2014

Name of the Director	Board Meeting (₹)	Audit Committee Meeting (₹)	Remuneration Committee Meeting (₹)	Investors Grievance Committee Meeting (₹)	Total (₹)
Mr. S.Muthukrishnan	60,000	–	–	90,000	1,50,000
Mr. S.Natarajan	80,000	80,000	20,000	–	1,80,000
Dr. M.S.Ananth	40,000	40,000	–	–	80,000
Dr. V.Sumantran	1,00,000	–	20,000	–	1,20,000
Export Import Bank of India	1,00,000	–	–	–	1,00,000
Total	3,80,000	1,20,000	40,000	90,000	6,30,000

c) Details of shareholding of Directors as on 31st March 2014

Of the two executive directors in the financial year 2013-2014, Mr. Jayakar Krishnamurthy holds 354,208 equity shares in the company. Mr.R. Sundararaman, the other executive director who held office till 31st March 2014 did not hold any shares in the company. Among the non executive directors Mr. S.Muthukrishnan who ceased to be director with effect from 30th September 2013 held 31,922 equity shares in the company. The other independent directors do not hold any shares in the company.

6. ANNUAL GENERAL MEETING (AGM) AND EXTRAORDINARY GENERAL MEETING (EGM)

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

Venue	Financial Year	Date & Time
<u>Annual General Meeting</u>		
Dynasty Hall,	2010-2011	September 30, 2011 - 12.00 Noon
Hotel Ambassador Pallava	2011-2012	September 28, 2012 - 10.00 a.m.
Egmore, Chennai	2012-2013	September 30, 2013 - 10.00 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 2011	Special resolution passed for reappointment of Mr. Jayakar Krishnamurthy, Chairman 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 held on 28th September 2012	No special resolution passed
AGM held on 30th September 2013	No special resolution passed

No special resolutions were required to be passed by the shareholders of the company through postal ballot during the year 2013-2014.

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 the 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. The company has complied with all mandatory requirements in clause 49 of the listing agreement in the preceeding three years.

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 Nomination and Remuneration Committee:
A nomination and 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 policy has been communicated to all employees across all locations of the company. The company affirms that no personnel has been denied access to the audit committee.

10. MEANS OF COMMUNICATION

- a. 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.
- b. 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.

- c. Pursuant to the listing agreement, all data related to quarterly financial results, shareholding pattern, etc., are filed in NEAPS within the time frame prescribed in this regard.
- d. 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 code of conduct has been laid down for the Board members and senior management of the company. 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 2013-2014.

12. GENERAL SHAREHOLDER INFORMATION

a) Annual General Meeting

Date and time	:	29th September 2014 at 12.15 p.m.
Venue	:	The Mini Hall, The Music Academy, New No. 168 (Old No. 306), TTK Road, Royapettah, Chennai - 600 014.
Book Closure Date	:	26.09.2014 to 29.09.2014 (both days inclusive)
Financial Year	:	1 st April to 31 st March

b) Financial Calendar 2014-2015 (tentative)

The Board meeting for the approval of	2013-14 (Tentative Calendar)
Unaudited results for Quarter ending June 30, 2014	Held on 11 th August 2014
Unaudited results for Quarter ending September 30, 2014	Between 1 st October and 14 th November 2014
Unaudited results for Quarter ending December 31, 2014	Between 1 st January 2015 and 14 th February 2015
Audited Results for the year ending March 31, 2015	Before 31 st May 2015

c) Particulars of Dividend for the year ended 31.03.2013

Date of declaration	30.09.2013
Rate of dividend	10%
Book Closure Date	25.09.2013-30.09.2013
Date of payment of dividend	18.10.2013
Amount of dividend paid	₹ 2,21,13,625
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)	:	UCALFUEL
ISIN allotted by Depositories (Company ID Number)	:	INE 139B01016

(Note: Annual Listing fees for the year 2014-15 was duly paid to the above stock exchanges). The company proposes to delist the securities of the company from The Madras Stock Exchange Limited in the current financial year.

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 2013	56.50	49.00	40,063	56.30	50.90	61,865
MAY 2013	58.25	47.10	77,688	57.90	47.00	1,14,977
JUN 2013	50.50	39.00	25,788	48.60	39.05	60,156
JUL 2013	45.00	35.30	39,504	42.35	35.15	81,306
AUG 2013	54.40	34.25	2,48,499	54.90	34.25	5,30,379
SEP 2013	43.85	39.00	30,530	44.90	39.10	87,949
OCT 2013	48.00	38.75	95,701	48.50	38.75	1,60,856
NOV 2013	58.65	42.90	4,71,382	59.20	42.70	12,82,974
DEC 2013	50.95	44.10	49,691	51.95	44.60	93,512
JAN 2014	51.50	40.50	31,104	50.95	40.15	58,383
FEB 2014	45.45	39.00	25,952	45.40	40.15	32,343
MAR 2014	49.90	42.50	78,326	48.85	42.30	1,44,016

f) Shareholding Pattern as on 31st March 2014

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	2	-	9,02,187	9,02,187	4.08
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	479	7,421	7,04,370	7,11,791	3.22
b. Individuals	17,141	2,63,908	55,16,667	57,80,575	26.15
c. Non Resident Indians	140	680	73,219	73,899	0.33
Total	17,778	2,78,309	2,18,35,316	2,21,13,625	100.00

g) Distribution of Shareholding as on 31st March 2014

Number of Equity Shares held	Number of Shareholders	Number of Shares	% of Capital
Upto 500	15,697	23,32,785	10.549
501-1000	1,119	8,97,108	4.057
1001-2000	530	7,94,407	3.592
2001-3000	169	4,29,626	1.943
3001-4000	70	2,50,649	1.133
4001-5000	57	2,69,474	1.219
5001-10000	129	15,99,736	7.234
10001 AND ABOVE	7	1,55,39,840	70.27
Total	17,778	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, 2014 is as follows:

Financial Year	Unpaid/ Unclaimed dividend as on 31.03.2014 (₹)	Date of declaration	Date of transfer to IEPF
2006-2007	4,08,082	14.09.2007	20.10.2014
2007-2008	5,90,178	26.09.2008	01.11.2015
2009-2010	7,39,183	30.09.2010	05.11.2017
2010-2011	24,27,124	30.09.2011	05.11.2018
2011-2012	8,94,544	28.09.2012	03.11.2019
2012-2013	2,61,568	30.09.2013	05.11.2020

- 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 (DP) 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 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. 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 2014 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. 2,18,35,316 equity shares representing 98.74% of the paid up equity capital have been dematerialized as on 31st March 2014.

l) Information to Shareholders

A brief resume of the directors reappointed together with the nature of their experience and details of the other directorships held by them 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. This initiative will enable the companies to facilitate fast communication and will also lead to cost saving.

Accordingly the Annual Report for 2013-2014, 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 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 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 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, Puducherry – 605 009, India Tel. No.: 0413-4211500; Fax: 0413-2272176 Email: ufsl.pondy@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 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

Plant Nos 3 and 5 in Gurgaon and Ambattur respectively are not operational.

o) Address for Correspondence

To contact Registrars and 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, 2014.

Place : Chennai
Date : 30.08.2014

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 : 30.08.2014

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, 2014 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

G. BALASUBRAMANYAN
Partner
Membership No. 007628

Place : Chennai
Date : 30.08.2014

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

1. GENERAL OVERVIEW

The financial year 2013-2014 has been a challenging one for the auto and the auto component industry in India. The slowdown in the auto industry continued. High inflation, rising interest rates, low consumer sentiment, soaring fuel prices, weakening rupee and uncertain economic scenario were the major reasons for the downturn of the auto industry in 2013-2014. Except for the two-wheeler segment which had shown a moderate growth, all other segments in the auto industry had weakened in 2013-2014. Automakers and dealers had resorted to high discounts to push their sales. Production cuts and lay-offs continued in the auto sector with capacity utilization remaining at a low level. Under this backdrop the performance of the auto component industry was also not as expected. Flagging vehicle sales, increased capital costs, high interest rates, high input costs, currency fluctuations and costlier imports had adversely affected the cost competitiveness of the auto component industry in 2013-2014. The company is particularly worried about the rising input costs which has been very difficult to control as it is based on several external factors. The company is trying to contain its raw material costs on a war footing but any impactful decrease can be achieved only with the active participation of the supplier and customer. The management understands that the future of the company depends on offering innovative solutions to the customer at competitive prices and the management is taking efforts in this direction. The Management has started diversification into adjacent markets like defence and aerospace. With a stable government at the centre aiming to provide an environment conducive to manufacturing and signs of economic revival with a high investor sentiment already visible the company is confident of a better financial year and an improved performance in 2014-2015.

2. FUTURE BUSINESS STRATEGY

The company will continue its development efforts in the carburettor segment as it is fairly confident that the carburettor will continue to dominate the two wheeler business due to its cost competitiveness. Incorporating innovative features in the carburettor to meet emission targets and fuel economy targets will take priority. At the same time the company's efforts in the fuel injection segment will also continue and the company is working with certain OEM's in this area. Customer penetration will be carried on in an aggressive scale this financial year. All R&D efforts will be directed towards achieving the company's long term vision of becoming an one stop shop for all engine management requirements of the two wheeler industry. The company will continue to expand its developmental work relating to pumps especially the vacuum pump for which there is a huge market. The company's indigenously developed vacuum pump has become highly competitive and the company plans to market it on an aggressive scale in the current year also.

The company plans to enter into the powertrain testing and engineering services segment in collaboration with Orbital Australia PTY Limited (Orbital). The negotiations with Orbital are continuing. The company is also proposing to enter the defence sector this year through a collaboration with Jahagirdar Aero products (JAP). The collaboration will first focus on the domestic DRDO market for Unmanned Ariel Vehicle (UAV) hiring services, maintenance and consulting and then on the business of design, development, maintenance, consulting, hiring and trading in UAV segments. Both these new projects are likely to take off this year and is a part of the managements objective to harness adjacent technology capabilities. Both these collaborations will result in bringing new technology and products. The company will continue its value engineering activities and address the market needs by faster turnaround of products and its variants.

3. ANALYSIS OF SALES

The sale of carburettors and air suction valves was lower this financial year as compared to that of the previous financial year due to a change in the demand pattern of the customers. However the sales of pumps increased this financial year as compared to that of the previous financial year due to the introduction of new models. The multi point fuel injection and fuel filter sales also witnessed a growth due to an increase in the sales of gasoline cars.

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

The market share of the two-wheeler carburettor and air suction valve has declined as compared to that of the financial year 2012-13 due to variation in the product mix of the customers. The market share in the pump segment has however increased compared to the previous financial year. The management is fully aware that aggressive marketing and product diversification is the need of the hour and is taking steps in this direction.

5. SWOT ANALYSIS

Strengths

- Disbursed location of manufacturing
- Excellent brand image
- High credibility with customers and suppliers
- Well equipped R&D facilities
- State of the art manufacturing facilities
- Only Indian organization holding the carburettor technology
- Highly conducive working environment

Weaknesses

- Weak on exports
- Slow rate of growth despite a growing market for the products
- Slow rate of diversification
- Failure to take advantage of the presence of Amtec and source to OEMs abroad

Opportunities

- Large presence of new markets
- Availability of adjacent technologies for future growth
- Large scope to increase after market sales
- Good footing in USA through Amtec

Threats

- Increase in cost of inputs without a corresponding increase in selling Prices
- High attrition rates
- Competition from foreign players because of inadequate protection to Indian industry

6. RESEARCH AND DEVELOPMENT (R & D)

In alignment with the vision of the organization to be a Global Engineering Solution provider in power train system, the focus of R&D is to develop technology, products to meet the existing and futuristic market and customer requirements. The company is aiming to be a creator of technology and ensure that the benefits of new technology is available to the customers at the right time.

The new facilities at R&D include

- Up gradation of the oil pump, vacuum pump performance / durability test rigs. This is keeping in view the ability to test futuristic products.
- Up gradation of chassis dynamometer controller to be able to test the vehicle in the driving cycle addressing the proposed emission norms.
- Addition of design software, which can communicate the product packaging requirements in line with the customer compatible software.

Major automotive manufacturers have established their facilities in India and the company is geared-up to take on various developmental activities for them. These developmental activities also include validation at product level and system level. In this context, the R&D is proposing to establish a test facility in collaboration with Orbital and also plans to use the existing facilities to validate the product and engine. This will pave way for developing new technologies, products as per the vision of the organization as the R&D will be in direct touch with the OEMs. Owing to the increasing demand in the CNG segment for commercial and light commercial vehicle, the R&D again in collaboration with Orbital is developing products

for the direct injection technology. This will improve the competencies and the product development capability of the company. Considering the business potential in the aerospace market, the company is developing its competency in adjacent technology in terms of the power train and electronic engine management system for the UAV. The R&D will continue to carry out evaluation of parts from alternate sources and change in material and standardization of parts. This activity is a part of the cost reduction exercise of the company.

The R&D department continues to enjoy the recognition from the Department of Scientific and Industrial Research, Ministry of Science and Technology. R&D engineers continue to publish papers in the National and International conferences. R&D engineers are also encouraged to pursue research programmes including Doctorate.

7. MANUFACTURING CAPABILITIES, FACILITIES AND OPERATIONS

The company believes in the Prime Ministers vision of "zero defect and zero effect" manufacturing. The company has strengthened its die casting processes to reduce rejections. In order to eliminate one of the biggest causes of rejection in die casting which is shrinkage in the parts, produced in higher tonnage capacity machines, a new processing technology was implemented. The company is also taking steps to phase out outdated die casting machines and also to improve the capacity utilisation of its existing die casting machines. In machining and assembly the process flow and machinery layout has been followed, which allows "Single piece flow" in cellular manufacturing system, where the group of machines work in rhythm according to TAKT time, which is based on customer pull. More or less, all the manufacturing lines for products like carburetors/ secondary air valves have been redesigned to produce maximum number of products per hour. In assembly process, for press fitting operations, pneumatic, Hydraulic presses have been used. Alternate method of testing the products were introduced which is totally automatic, resulting in savings of consumables and labour. Quality continues to be a challenge mainly due to suppliers not adhering to standards. The company is educating the suppliers and also helping them in their processes.

The company's plant at the Mahindra SEZ has not taken off as expected as the plans for increasing exports is not fructifying. The company is in the process of identifying some of the uneconomical centres of production and consolidating them in fewer places thereby reducing overhead costs. Capacity expansion was done by adding lines in Bawal plant for manufacture of pumps. Modification and upgradation of lines was done at the Puducherry plant to manufacture new models of carburetors

Extra efforts are being taken to sensitise the organisation on the need for zero effect on environment and ensuring that none of the activities affect adversely the environment and the ecosystem.

8. HUMAN RESOURCES AND INDUSTRIAL RELATIONS

The company's labour and personnel policies are periodically reviewed to reflect the current prevailing conditions. Industrial relations continue to be cordial with the workmen and trade unions. An amicable wage settlement was reached at the Puducherry Plant with the recognized union. All employee grievances have been addressed. The company has ensured an environment where the employees can contribute their fullest in a free and fair atmosphere.

Attrition continues and is a concern to the management as people leave after being considerably trained in their respective areas. The company has taken various initiatives to contain attrition. Manpower requirement was filled by giving priority to internal sources through horizontal transfers and promotions.

Training programmes for workers before actually deploying them to work in machines continues to take precedence to avoid quality problems and ensure safety. Several new initiatives were taken to enhance productivity, reduce cost and improve work-life balance. The "Know Your Product-Process and Customers" programme was launched with a view to enhance the knowledge of workers/staff across the organization on the products, process and customer. This was designed to cover all critical functions. Besides this several other technical/behavioural/attitudinal training programmes were organized. A company-wide monthly communication exercise was undertaken in the wake of the sluggish business scenario to sensitize the employees about the business conditions and the need for achieving increased productivity and reduced expenditure.

There is a concern about the growing employee cost and this is being addressed. Rationalisation of the white collar employees and white collar productivity continues to be a focus area. Rationalisation of contract labour is also proving to be a challenge. The company plans to concentrate its efforts in this area in the current financial year. The performance appraisal system has been further streamlined. While there has been no complaint of sexual harassment, the human resource department is in the process of setting up a mechanism for prevention and redressal of sexual harassment of women workers at work place.

9. CORPORATE SOCIAL RESPONSIBILITY

The company has been engaged in CSR long before it became mandatory. The company has regularly been donating a portion of its profits to The Culture and Heritage Trust of Karuveli and has been funding the infrastructure development of the National College at Tiruchirapalli which is run by the Academy of Higher Education. The Culture and Heritage Trust of Karuveli sponsors education of the underprivileged especially girls. The Trust has also been actively engaged in the conservation of heritage buildings and in improving places of public interest in Karuveli. The Trust which has till now been working only in the village of Karuveli will expand its scope of operations beyond Karuveli as public participation to the projects of the trust has not been very forthcoming. The Trust however will continue its efforts to educate the people of Karuveli village about the need for skill development and a clean environment as both its projects to teach computer skills and build toilets for every household did not materialize due to lack of cooperation from the local population. However the development work on introduction of newer crops and plantations will continue at Karuveli.

Aligning itself with Prime Minister's call to build toilets in schools, the company with the help of the Trust and of the Academy of Higher Education will identify schools and educational institutions where this will be implemented during this financial year.

The development of infrastructure for National College which caters to the rural and underprivileged population has been the most important focus of the company in the recent years. This infrastructure development has happened at a fast pace and the college has made an impact on the student community and the local population with its improved infrastructure. A State of art library, new classrooms, girls and boys hostels and the indoor stadium have all started functioning. The outdoor stadium will start functioning from this year onwards. Development of education and linking it with employment will continue to be the company's main focus. Towards this end the company plans to start skill development programmes in collaboration with National College during this financial year. The company has set up a CSR committee under the chairmanship of an independent director to monitor the CSR Schemes and their implementation.

10. CONTROL SYSTEMS AND ADEQUACY

The company has an internal control system commensurate with its size and nature of business to safeguard the assets of the company. The internal auditors cover a wide area of operations and this is being continuously improved under the guidance of the audit committee. 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. A system of management audit is proposed to be introduced from this financial year to ensure higher levels of productivity and efficiency and to keep the organisation ahead and competitive. Mr.V.Kalyanaraman had been appointed cost auditor of the company for the financial year 2013-2014 and the cost audit report will be filed within the stipulated period of 180 days from the close of the financial year. The company has completed the reimplementation of oracle across the organization. This has improved the transparency of operations and has enabled speedy and accurate data collection and analysis..

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 LIMITED, 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 31st March 2014, 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") read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Sec 133 of the Companies Act, 2013. 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, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. 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 31st, 2014;
- (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"), as amended, 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 read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Sec 133 of the Companies Act, 2013; and
 - e. On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2014, 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

G. BALASUBRAMANYAN
Partner

Membership Number: 007628

Place : Chennai
Date : 09.05.2014

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 2014. 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. 4.33 Crores (outstanding as on 31.03.2013 is Rs. 7.69 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 thereunder 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	Nature of the Dues	Amount Rs. in Lakhs	Forum where dispute is pending
Income Tax Act	Income Tax AY 1996-97	14.02	High Court of Madras
Income Tax Act	Income Tax AY 1999-00	4.12	High Court of Madras
Income Tax Act	Income Tax AY 2000-01	3.59	High Court of Madras
Income Tax Act	Income Tax AY2005-06	2.55	CIT Appeals III, Chennai
Income Tax Act	Income Tax AY 2005-06	101.91	CIT Appeals III, Chennai
Income Tax Act	Income Tax AY 2006-07	171.43	CIT Appeals III, Chennai
Income Tax Act	Income Tax AY 2007-08	2.09	CIT Appeals III, Chennai
Central Excise Act	Service Tax FY 2005-06	1.93	Commissioner of Central Excise Appeals
Central Excise Act	Service Tax FY 2011-12	0.69	Deputy Commissioner of Service Tax
Central Excise Act	Service Tax FY 2011-12	1.23	Commissioner (Appeals) Central Excise
Central Excise Act	Service Tax FY 2010-11	4.81	Deputy Commissioner, Tambaram
Central Excise Act	Central Excise FY-2008-09	16.80	Commissioner of Central Excise, Pondicherry
Central Excise Act	Central Excise FY 2006-07	120.43	Joint Commissioner of Central Excise
Central Excise Act	Central Excise FY 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	FY 2002-03	44.14	Additional Commissioner, Gurgaon.
Central Sales Tax Act	CST Plant-1	1.04	Appellate Deputy Commissioner
Central Sales Tax Act	CST Plant 8	4.77	Appellate Deputy Commissioner, Chennai
VAT Act	VAT plant (7 & 8)	83.07	Appellate Deputy Commissioner, Chennai
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

G. BALASUBRAMANYAN
Partner
Membership Number: 007628

Place : Chennai
Date : 09.05.2014

BALANCE SHEET AS AT 31ST MARCH 2014

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

	Note	As at 31st March 2014	As at 31st March 2013
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share capital	2	2,211.36	2,211.36
Reserves & Surplus	3	28,362.99	27,795.35
Non-Current Liabilities			
Long-Term Borrowings	4	10,913.31	13,938.60
Deferred Tax Liabilities(Net)	5	1,241.16	1,237.50
Other Long Term Liabilities	6	1,290.02	713.66
Long-Term Provisions	7	87.91	124.19
Current liabilities			
Short-Term Borrowings	8	9,858.61	9,744.63
Trade Payables	9	9,119.98	9,483.03
Other Current Liabilities	10	5,486.34	5,072.35
Short-Term Provisions	11	402.72	432.35
TOTAL		68,974.40	70,753.02
ASSETS			
Non-Current Assets			
Fixed Assets	12		
Tangible Assets		19,805.70	21,211.71
Intangible Assets		100.81	155.37
Capital Work-In-Progress		975.13	947.30
Non-Current Investments	13	15,626.40	15,625.59
Long-Term Loans & Advances	14	485.60	449.08
Other Non-Current Assets	15	-	155.50
Current Assets			
Inventories	16	4,233.37	4,605.25
Trade Receivables	17	11,676.89	10,959.24
Cash & Cash Equivalents	18	267.34	624.88
Short-Term Loans & Advances	19	15,646.93	15,602.10
Other Current assets	20	156.23	417.00
TOTAL		68,974.40	70,753.02
Summary of significant accounting policies	1		

The accompanying notes are an integral part of these financial statements

For and on behalf of the Board of Directors
JAYAKAR KRISHNAMURTHY
 CHAIRMAN & MANAGING DIRECTOR

N. GNANASAMBANDAN
 CHIEF FINANCIAL OFFICER

REKHA RAGHUNATHAN
 COMPANY SECRETARY

Place: Chennai
 Date: 09.05.2014

As per our Report Attached of even date

For M/s **G.BALU ASSOCIATES**
 FRN : 000376S
 Chartered Accountants

G. BALASUBRAMANYAN
 Partner
 Membership No. 007628

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2014

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

	Note	Year ended 31st March 2014	Year ended 31st March 2013
Revenue From Operations (net)	21	46,563.18	50,434.62
Other Income	22	100.37	123.57
Total Revenue		46,663.55	50,558.19
Expenses:			
Cost of Material Consumed	23	25,123.11	27,519.11
Changes in Inventories of Finished Goods & Work in progress	24	322.38	(90.85)
Employees Cost & Benefits	25	5,576.24	5,230.79
Finance Costs	26	2,983.26	3,197.17
Depreciation and Amortization Expense	27	1,922.88	1,925.05
Other Expenses	28	9,728.90	11,513.78
Total Expenses		45,656.77	49,295.05
Profit Before Exceptional Item		1,006.78	1,263.14
Exceptional Items		-	-
Profit Before Tax		1,006.78	1,263.14
Add / (Less) Tax Expense:			
Current tax		(181.00)	(260.00)
Deferred tax		(3.66)	(45.18)
Profit (Loss) for the year		822.12	957.95
Earnings per equity share:			
Basic & Diluted	29	3.72	4.33
Summary of significant accounting policies	1		

The accompanying notes are an integral part of these financial statements

For and on behalf of the Board of Directors

JAYAKAR KRISHNAMURTHY

CHAIRMAN & MANAGING DIRECTOR

N. GNANASAMBANDAN
CHIEF FINANCIAL OFFICER

REKHA RAGHUNATHAN
COMPANY SECRETARY

As per our Report Attached of even date

For M/s G.BALU ASSOCIATES

FRN : 000376S

Chartered Accountants

G. BALASUBRAMANYAN
Partner
Membership No. 007628

Place: Chennai

Date: 09.05.2014

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2014

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

	For the year ended 31.03.2014	For the year ended 31.03.2013
A. Cash Flow from Operating Activities:		
Net Profit/(Loss) before extraordinary items and tax	1,006.78	1,263.14
<i>Adjustments for :</i>		
Depreciation and amortisation	1,922.88	1,925.05
(Profit) / loss on sale / write off of assets	(3.75)	(20.82)
Finance costs	2,983.26	3,197.17
Interest income	(12.64)	(11.80)
Dividend income	(13.86)	(13.30)
Deferred revenue expenses written off	417.00	417.00
Net unrealised exchange (gain) / loss	(425.66)	(106.86)
	<u>4,867.23</u>	<u>5,386.44</u>
Operating profit / (loss) before working capital changes	5,874.01	6,649.58
<i>Changes in working capital:</i>		
<i>Adjustments for (increase) / decrease in operating assets:</i>		
Inventories	71.88	(30.03)
Trade receivables	(295.91)	(405.82)
Short-term loans and advances	265.52	(1,478.52)
Long-term loans and advances	(36.52)	(101.86)
Other current assets	260.77	(6.99)
Other non-current assets	155.50	391.54
<i>Adjustments for increase / (decrease) in operating liabilities:</i>		
Trade payables	(351.89)	(349.27)
Other current liabilities	206.84	(238.37)
Other long-term liabilities	576.36	(163.21)
Short-term provisions	(29.63)	8.48
Long-term provisions	(36.28)	20.11
	<u>786.64</u>	<u>(2,353.94)</u>
	6,660.65	4,295.64
Cash flow from extraordinary items	-	-
Cash generated from operations	6,660.65	4,295.64
Net income tax (paid) / refunds	(151.00)	(462.44)
Net cash flow from / (used in) operating activities (A)	<u>6,509.65</u>	<u>3,833.20</u>
B. Cash Flow from Investing Activities		
Capital expenditure on fixed assets, including capital advances	(534.08)	(734.06)
Proceeds from sale of fixed assets	23.30	30.31
Interest received		
- Others	12.64	11.80
Dividend received		
- Subsidiaries	12.50	12.50
- Others	1.36	0.80
	<u>(484.28)</u>	<u>(678.65)</u>
Cash flow from extraordinary items	-	-
	<u>(484.28)</u>	<u>(678.65)</u>
Net income tax (paid) / refunds	-	-
Net cash flow from / (used in) investing activities (B)	<u>(484.28)</u>	<u>(678.65)</u>

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

	For the year ended 31.03.2014	For the year ended 31.03.2013
C. Cash Flow from Financing Activities		
Proceeds from long-term borrowings	-	2,800.00
Repayment of long-term borrowings	(3,157.96)	(3,309.63)
Proceeds from other short-term borrowings	18.62	1,644.19
Finance cost	(2,983.26)	(3,197.17)
Dividends paid	(222.73)	(889.51)
Tax on dividend	(37.58)	(143.50)
	(6,382.91)	(3,095.62)
Cash flow from extraordinary items	-	-
Net cash flow from / (used in) financing activities (C)	(6,382.91)	(3,095.62)
Net increase / (decrease) in Cash and cash equivalents (A+B+C)	(357.54)	58.93
Cash and cash equivalents at the beginning of the year	624.88	565.95
Cash and cash equivalents at the end of the year	267.34	624.88
Cash and cash equivalents Comprises of:		
Cash on hand	7.34	11.39
Balances with banks		
In current accounts	137.53	151.93
In deposit accounts with original maturity of less than 3 months	69.27	408.14
In unpaid Dividend Account	53.20	53.42
	267.34	624.88

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 are an integral part of these financial statements

For and on behalf of the Board of Directors

JAYAKAR KRISHNAMURTHY

CHAIRMAN & MANAGING DIRECTOR

N. GNANASAMBANDAN

CHIEF FINANCIAL OFFICER

REKHA RAGHUNATHAN

COMPANY SECRETARY

As per our Report Attached of even date

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

FRN : 000376S

Chartered Accountants

G. BALASUBRAMANYAN

Partner

Membership No. 007628

Place: Chennai

Date: 09.05.2014

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014

NOTE 1. ACCOUNTING POLICIES

a. Basis of accounting and preparation of financial statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under section 211(3C) of the Companies Act, 1956, ("the 1956 Act") (which continue to be applicable in respect of section 133 of the Companies Act 2013 ("the 2013 Act") in terms of general Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs) and the relevant provisions of the 1956 Act/2013 Act as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of financial statements are consistent with those followed in the previous year.

b. Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known/ materialise.

c. 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.

d. 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.

e. Assets acquired under Lease

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

f. 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.

g. Investments

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

h. 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.

i. Sundry Debtors and Loans & Advances

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

j. 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.

k. 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.

l. 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.

m. 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.

n. Miscellaneous Expenditure

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

o. Software expenditure :

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

p. 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.

q. Operating Cycle :

Based on the nature and activities of the company and the normal time between acquisition of assets and their realisation in Cash or cash equivalents, the company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014 (CONTD.)

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

	As at 31st March 2014	As at 31st March 2013
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 Capital		
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, 2014		As at March 31, 2013	
	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, 2014		As at March 31, 2013	
	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 31.03.2014) - Nil

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014 (CONTD.)

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

Note 3

Reserves & Surplus	As at 31st March 2013	Additions	Deductions	As at 31st March 2014
(a) Capital Reserve	160.00	-	-	160.00
(b) Special State Capital Subsidy	282.85	-	-	282.85
(c) General Reserves	16,371.82	200.00	-	16,571.82
(d) Securities Premium Account	2,165.34	-	-	2,165.34
	18,980.01	200.00	-	19,180.01
(e) Surplus in Statement of Profit and Loss				
			As at 31st March 2014	As at 31st March 2013
Balance as at Beginning of the Year			8,815.34	8,316.11
(+) Net Profit/(Net Loss) For the current year			822.11	957.95
(+) Transfer from Reserves			-	-
(+) Income Tax Provision Written Back			-	-
(-) Proposed Dividends			221.14	221.14
(-) Tax on Proposed Dividends			33.33	37.58
(-) Interim Dividends			-	-
(-) Transfer to Reserves			200.00	200.00
Balance as at End of the Year			9,182.98	8,815.34
Total Reserves and Surplus			28,362.99	27,795.35

(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 2014	As at 31st March 2013
On Equity Shares of Rs.10/- each		
Amount of Dividend proposed	221.14	221.14
Dividend per equity share	Re.1 per share	Re.1 per share

Note 4

Long Term Borrowings

(i) Secured

Term Loans From Banks	10,913.31	13,938.60
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(ii) UnSecured

Term Loans From Financial Institutions	-	-
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Total	10,913.31	13,938.60
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NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014 (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.12.16 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 28 months. Rate of interest-15.25%
Loan amount of Rs.1.65 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 9 months. Rate of interest-14%
Loan amount of Rs.6.83 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 3 years. Rate of interest-14.75%
Loan amount of Rs.1.15 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 1 year. Rate of interest-14.75%
Loan amount of Rs.8.79 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 2 years. Rate of interest-14.75%
Loan amount of Rs.4.23 crores is secured by first charge on assets created out of Term Loan.	Repayable in quarterly instalments of Rs.30 lakhs (3 years) & Rs.36.50 lakhs (1 year) each.The period of maturity with reference to Balance Sheet date is 3 years. Rate of interest-14.75%
Loan amount of Rs. 16 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 4 years. Rate of Interest-14.75%
Term loan of Rs.17.72 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 3 years. Rate of interest-12.5%
Term loan of Rs.8 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 lakhs (8 instalments). The period of maturity with reference to Balance Sheet date is 3 years. Rate of Interest-12.5%
Term loan of Rs.4 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 3 years. Rate of Interest-12.5%
OIF Term loan of USD -6.65 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 6 years.

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014 (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
Term loan of Rs.23.69 crores is secured by paripassu first 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 4 years. Rate of interest-14.75%

Note 5

Deferred Tax Liabilities (Net)	As at 31.03.2014	As at 31.03.2013
Deferred Tax Liabilities		
Depreciation	1,241.16	1,237.50
Total	1,241.16	1,237.50

(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	660.82	338.10
(b) Others		
Advance From Customers	13.41	10.07
Other Liabilities	615.79	365.49
Total	1,290.02	713.66

Note 7

Long-Term Provisions

(a) Provision For Employee Benefits

Provision For Leave Encashment	87.91	124.19
Total	87.91	124.19

Note 8

Short Term Borrowings

(i) Secured

Short Term Borrowings	-	908.64
Cash Credit from banks	6,911.78	6,816.42

(ii) Unsecured

Inter Corporate Deposits		
- From related parties	433.00	768.59
- From others	-	-
Short Term Loan From Others	2,513.83	1,250.98
Total	9,858.61	9,744.63

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014 (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 31.03.2014	As at 31.03.2013
Trade Payables		
(a) Related Parties	883.45	564.64
(b) Others	8,236.53	8,918.39
Total	<u>9,119.98</u>	<u>9,483.03</u>

Note 10

Other Current Liabilities

Current maturities of Long Term Debts	3,515.17	3,308.02
Advances From Customers	-	81.53
Interest Accrued but not Due	36.74	39.30
Unclaimed Dividend	53.20	53.42
Other Liabilities	1,881.23	1,590.08
Total	<u>5,486.34</u>	<u>5,072.35</u>

Note 11

Short-Term Provisions

(a) Provision For Employee Benefits

Gratuity Fund Payable	54.82	73.70
Provision For Leave Encashment	12.43	14.93

(b) Others

Provision for Tax (Net of Advance Tax)	81.00	85.00
Provision for Proposed Dividend	221.14	221.14
Provision for Tax on Dividend	33.33	37.58
Total	<u>402.72</u>	<u>432.35</u>

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014 (CONTD.)

Note 12 Fixed Assets

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

	GROSS BLOCK				DEPRECIATION/AMORTISATION				NET BLOCK	
	As at 1 April, 2013	Addi- tions	Deduc- tions	As at 31 March, 2014	As at 1 April, 2013	For the Year	Deduc- tions	Up to 31 March, 2014	As at 31 March, 2014	As at 31 March, 2013
Tangible Assets										
(a) Land										
Freehold	551.34	-		551.34	-	-	-	-	551.34	551.34
Leasehold	3,288.85	-	-	3,288.85	-	-	-	-	3,288.85	3,288.85
(b) Buildings	6,321.58	23.15	-	6,344.73	1,026.80	211.67	-	1,238.47	5,106.26	5,294.78
(c) Plant and Equipment	30,059.08	427.18	212.21	30,274.05	18,238.76	1,596.92	190.46	19,645.22	10,628.83	11,820.32
(d) Furniture and Fixtures	566.04	2.28	0.10	568.22	402.42	31.96	0.09	434.29	133.93	163.62
(e) Vehicles	220.22	26.59	6.32	240.49	177.10	16.69	6.00	187.79	52.70	43.12
(f) Office equipment	277.74	5.19	-	282.93	228.06	11.08	-	239.14	43.79	49.68
Total Tangible Assets - A	41,284.85	484.39	218.63	41,550.61	20,073.14	1,868.32	196.55	21,744.91	19,805.70	21,211.71
Previous year	40,875.70	2,411.17	2,002.02	41,284.85	18,390.89	1,847.84	165.59	20,073.14		
Intangible Assets:										
Technical Knowhow	2,326.62	-	-	2,326.62	2,171.25	54.56	-	2,225.81	100.81	155.37
Total Intangible Assets - B	2,326.62	-	-	2,326.62	2,171.25	54.56	-	2,225.81	100.81	155.37
Previous year	2,326.62	-	-	2,326.62	2,094.04	77.21	-	2,171.25		
Total Fixed Assets-C (A+B)	43,611.47	484.39	218.63	43,877.23	22,244.39	1,922.88	196.55	23,970.72	19,906.51	21,367.08
Previous year	43,093.70	2,519.79	2,002.02	43,611.47	20,484.93	1,925.05	165.59	22,244.39		
Capital Work - In - Progress									975.13	947.30
Total									20,881.64	22,314.38

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014 (CONTD.)

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

	As at 31st March 2014	As at 31st March 2013
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
600 (Previous Year NIL) Equity Shares of Rs. 10 each of Suryadev Alloys and Power Private Limited	0.81	–
	<u>15,621.88</u>	<u>15,621.07</u>
(**) - Investments in Subsidiary Companies		
Total Investments	<u>15,626.40</u>	<u>15,625.59</u>
Aggregate amount of quoted investments	4.52	4.52
Market Value of quoted investments	29.02	29.17
Aggregate amount of unquoted investments	15,621.88	15,621.07
Aggregate provision for diminution in value of investments	NIL	NIL
Note 14		
Long-Term Loans & Advances		
Considered Good		
(a) Security Deposits	485.60	449.08
Total	<u>485.60</u>	<u>449.08</u>
Note 15		
Other Non-Current Assets		
Unamortized Expenses	–	155.50
Total	<u>–</u>	<u>155.50</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 2014 (CONTD.)

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

	As at 31st March 2014	As at 31st March 2013
Note 16		
Inventories (Refer note 1(i)) (As certified by the management)		
Spares	112.82	281.96
Tools & Consumables	1,012.56	1,472.79
Raw Materials and Components	2,591.09	2,011.22
Work-in-progress	207.52	485.60
Finished goods	309.38	353.68
Total	4,233.37	4,605.25
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	11,408.88	10,463.51
Trade receivables outstanding for a period exceeding six months from the date they are due for payment	268.01	495.73
Total	11,676.89	10,959.24
Note 18		
Cash & Cash Equivalents		
(a) Cash on hand	7.34	11.39
(b) Bank Balances		
In Current Account	137.53	151.93
Fixed Deposit(**)	69.27	408.14
(c) Other Bank Balances		
Unpaid Dividend Account	53.20	53.42
Total	267.34	624.88
(**)Held under lien by bank as Margin Money		
Note 19		
Short-Term Loans & Advances		
Considered Good		
(a) Loans and advances	2,630.54	2,702.23
(b) Loans & Advances to related parties	12,491.81	12,090.02
(c) Advance Income Tax and TDS Receivable (Net of Provisions)	255.06	234.79
(d) Balance with government authorities	269.52	575.06
Total	15,646.93	15,602.10
Note 20		
Other Current Assets		
Unsecured, Considered Good		
Unamortized Expenses	156.23	417.00
Total	156.23	417.00

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014 (CONTD.)

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

	Year Ended 31st March 2014	Year Ended 31st March 2013
Note 21		
Revenue From Operations		
(a) Sale of Products		
Gross Sales	52,682.54	57,084.41
Less : Excise Duty	6,119.36	6,649.79
Total	46,563.18	50,434.62
Note 22		
Other Income		
Interest Received	12.64	11.80
Miscellaneous Income	45.54	44.55
Profit on sale of Assets	15.18	20.82
Dividends : From Subsidiaries	12.50	12.50
: From Others	1.36	0.80
Gain on Exchange Fluctuation	13.15	33.10
Total	100.37	123.57
Note 23		
Cost of Material Consumed		
Opening Stock		
Raw Materials	261.31	203.94
Components	1,749.90	1,924.51
	2,011.21	2,128.45
(+) Purchases		
Raw Materials	6,845.35	7,355.35
Components	16,017.41	16,990.19
Outworks	2,840.23	3,056.33
	25,702.99	27,401.87
(-) Closing Stock		
Raw Materials	159.35	261.31
Components	2,431.74	1,749.90
	2,591.09	2,011.21
Total	25,123.11	27,519.11

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014 (CONTD.)

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

	Year Ended 31st March 2014	Year Ended 31st March 2013
Note 24		
Changes in inventories of Finished Goods and Work in Progress		
Opening Stock		
Finished Goods	353.68	240.53
Work-in-progress	485.60	469.63
Goods in transit	–	38.27
	839.28	748.43
(-) Closing Stock		
Finished Goods	309.38	353.68
Work-in-progress	207.52	485.60
	516.90	839.28
(Increase) / Decrease in Finished Goods and Work in Progress	322.38	(90.85)
Note 25		
Employees Cost & Benefits		
Salaries, Wages & Bonus	4,797.36	4,326.80
Contribution to Provident Fund & Other Funds	295.44	369.59
Staff Welfare Expenses	483.44	534.40
Total	5,576.24	5,230.79
Note 26		
Finance Costs		
Interest Expenses on :		
Term Loans	1,828.10	1,937.96
Other Borrowing costs	1,155.16	1,259.21
Total	2,983.26	3,197.17
Note 27		
Depreciation and Amortisation Expense		
Depreciation for tangible assets (Note No. 12)	1,868.32	1,847.84
Amortisation for intangible assets (Note No. 12)	54.56	77.21
Total	1,922.88	1,925.05

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014 (CONTD.)

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

	Year Ended 31st March 2014	Year Ended 31st March 2013
Note 28		
Other Expenses		
Tools and stores consumed	2,060.38	2,125.99
Power & Fuel	2,192.73	2,382.57
Repairs & Maintenance		
– Building	8.25	19.80
– Plant & Machinery	367.68	597.67
– Others	226.06	310.32
Postage, Telephone, Fax, etc.	64.64	63.70
Insurance	51.62	64.52
Rates and Taxes	67.39	65.33
Rent	231.29	233.01
Directors Sitting Fees	6.30	7.20
Auditors Remuneration		
– For Audit Fees	15.00	12.50
– For Taxation matters	2.15	1.24
– For Certificates	5.39	5.40
– For other services	–	1.46
– For out of pocket expenses	2.16	0.11
Travelling Expenses - Others	312.94	260.90
Discount Allowed	90.50	100.28
Packing Charges	445.32	481.00
Research & Development Expenses	863.25	943.64
Other Expenses	2,720.76	3,526.99
Deferred Revenue Expenditure	417.00	417.00
Exchange Loss	(425.66)	(106.86)
Loss on Sale of Fixed Assets	3.75	0.01
Total	9,728.90	11,513.78

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

	Unit	2013-14	2012-13
a) Amount used as the numerator			
Profit after taxation	Rs. In lakhs	822.12	957.95
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.	3.72	4.33

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014 (CONTD.)

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

	As at 31st March 2014	As at 31st March 2013
Note 30		
Contingent Liabilities, Guarantees and Commitment		
Contingent Liabilities		
Claims against the company not acknowledged as debts :-		
i) Sales Tax	88.88	88.88
ii) Excise Duty	221.69	221.89
iii) Service Tax	8.66	35.91
iv) Income Tax	299.71	299.71
v) ESI	–	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	458.80	590.19
ii) 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	10,269.04	9,446.29
iii) Guarantees given by Banks on behalf of the company	123.27	31.26
Commitment		
Estimated amount of contracts remaining to be executed on capital account, net of advances, not provided for :	49.51	72.22

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.12,048.81 lakhs, (Previous Year Rs. 11,647.02 lakhs) and c) bank guarantees given to banks on its behalf aggregating to Rs.10,269.04 (Previous year Rs.9,446.29 lakhs). The operations of this subsidiary have shown 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. 2,905.61 lakhs (previous year Rs. 2,535.41 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 2014	As at 31st March 2013
a. Principal amount	10.51	48.47
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 2014 (CONTD.)

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

Note 34

The balances outstanding as on 31st March 2014 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. 424.34 lakhs (previous year Rs. 479.12 lakhs), travel expenses Rs. 30.52 Lakhs (Previous year Rs. 22.65 lakhs) and Rent Rs. 198.00 Lakhs (Previous year Rs. 198.00 Lakhs)

Note 37 **Research and Development expenditure incurred**

Particulars	Financial Year	
	2013-14	2012-13
Capital Expenses	43.28	22.94
Revenue Expenses	863.25	943.64
Deferred Revenue Expenses	0.71	46.44

Note 38

Electricity charges debited to Profit & Loss account is net of Rs.126.62 lakhs (previous year Rs.148.68 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:	2013-14	2012-13
Contribution to defined contribution plans are charged in the Profit & Loss Account for the year:		
Employers Contribution to Provident Fund	146.91	139.94
Employers Contribution to Pension Scheme	60.38	57.52
Employers Contribution to Superannuation Scheme	44.24	34.42

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 2014 (CONTD.)

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

Disclosures for defined benefit plans based on actuarial reports as on 31st March 2014

Description	Funded Gratuity		Non-Funded Leave Encashment	
	2013-14	2012-13	2013-14	2012-13
(i) <u>Change in defined benefit obligation</u>				
Opening defined benefit obligation	529.12	611.77	139.12	109.58
Current Service cost	40.72	4,660.74	22.43	17.47
Interest Cost	42.33	48.94	11.02	9.42
Actuarial loss / (gain)	(35.81)	(4,767.98)	(66.11)	2.65
Benefits paid	(38.37)	(24.35)	(6.12)	
Closing defined benefit obligation	537.99	529.12	100.34	139.12
(ii) <u>Change in fair value of assets</u>				
Opening fair value of plan assets	455.42	391.93	–	–
Expected return on plan assets	39.47	80.74	–	–
Actuarial gain / (loss)	–	(45.20)	–	–
Contributions by employer	26.65	52.30	–	–
Benefits paid	(38.37)	(24.35)	–	–
Closing fair value of plan assets	483.17	455.42	–	–
(iii) <u>Amount recognized in the Balance Sheet</u>				
Present value of obligations as at year end	537.99	529.12	100.34	139.12
Fair value of plan assets as at year end	483.17	455.42	–	–
Amount not recognized as assets	–	–	–	–
Net (asset) / liability recognized as on 31.03.13	(54.82)	(73.70)	(100.34)	(139.12)
(iv) <u>Expenses recognized in the profit & loss account</u>				
Current service cost	40.72	4,660.74	22.43	17.47
Interest on defined benefit obligation	42.33	48.94	11.02	9.42
Expected return on plan assets	(39.47)	(80.74)	–	–
Net actuarial loss / (gain) recognized in the current year	(35.81)	(4,767.98)	(66.11)	2.65
Total Expense recognized in P&L Account	7.77	(139.04)	32.66	(29.54)
(v) <u>Principal actuarial assumptions used</u>				
Discount rate (p.a)	8%	8%	9.25%	8.10%
Expected rate of return on plan assets (p.a)	8.75%	9.30%		
Salary Escalation (p.a)	5%	6%	6%	8%
Attrition rate (p.a)	1-3%	1-3%		

Note 40

The managerial remuneration of Rs.260.48 lakhs paid for the year 2012-13 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, the company has already applied for Central Government approval.

The managerial remuneration of Rs.260.11 lakhs paid for the year 2013-14 is in excess of the limits specified under Section 198/309 of the Companies Act, 1956, by a sum of Rs.75.52 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, the Company is in the process of filing the application for approval from the Central Government.

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014 (CONTD.)

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

Note 41

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

Class of Goods	Sales Value	Clog. Stock Value	WIP Value
AUTO PARTS	46,406.91	307.25	207.52
	(50,208.06)	(329.38)	(485.60)
OTHERS	156.27	2.13	-
	(226.56)	(24.30)	-

Year ended
31st March 2014

Year ended
31st March 2013

Note 42

Raw Materials and Components Consumed

A) Raw material		
Aluminium Alloy	5,435.03	5,291.53
Zinc	1,031.32	798.19
B) Other components and raw materials (which do not individually account for more than 10% of the total consumption)	18,656.76	21,429.39
Total	25,123.11	27,519.11

Note 43

Raw Materials and Components Consumed

Item	YEAR ENDED 31-03-2014				YEAR ENDED 31-03-2013			
	RAW MATERIALS	%	COMPO-NENTS	%	RAW MATERIALS	%	COMPO-NENTS	%
IMPORTED	301.44	4.31	2,774.60	15.30	538.98	7.59	3,722.83	18.23
INDIGENOUS	6,688.43	95.69	15,358.64	84.70	6,561.08	92.41	16,696.22	81.77
Total	6,989.87	100.00	18,133.24	100.00	7,100.06	100.00	20,419.05	100.00

Note 44

Value of CIF Imports

	Year ended 31st March 2014	Year ended 31st March 2013
Raw materials	244.97	233.30
Components and Spares	2,577.75	3,428.92
Capital goods	0.26	68.44
Total	2,822.98	3,730.66

Note 45

Earnings in Foreign Exchange (FOB Basis)

Exports	2,069.36	2,589.45
Total	2,069.36	2,589.45

Note 46

Expenditure in foreign currency

Foreign Travel	160.91	96.89
Interest	238.81	173.61
Market Research services	414.22	451.82
Export Consultancy	9.50	10.67
Product Development Expenses	-	36.35
Total	823.44	769.34

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014 (CONTD.)

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

Note 47

Dividends remitted in foreign currency	Year ended 31st March 2014	Year ended 31st March 2013
a. Number of non-resident shareholders	140	144
b. Number of shares held (Equity shares of Rs.10 each)	73,899	68,583
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 is 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

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

(ii) Key Management Personnel

- a. Mr. Jayakar Krishnamurthy (Chairman and Managing Director)
- b. Mr. R. Sundararaman (Joint Managing Director - ceased to director with effect from 01.04.2014)

(iii) OTHER RELATED ENTERPRISES

- a. Bharat Technologies Auto Components Limited
- b. Minica Real Estates Private Limited
- c. Minica Services Private Limited
- d. Southern Ceramics Private Limited
- e. Sujo Land and Properties Private Limited
- f. Carburettors Limited
- g. Magnetic Meter Systems (India) Limited
- h. Bangalore Union Services Private Limited

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014 (CONTD.)

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

(iv) RELATIVES OF KEY MANAGEMENT PERSONNEL

Dr. V. Krishnamurthy

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 2013-14				
Purchase of materials	2,755.36 (2,198.32)	486.80 (785.59)		
Consultancy charges paid				36.00 (36.00)
Rent Received	1.20 (1.20)			
Rent paid		400.53 (401.08)		
Managerial Remuneration			260.11 (260.48)	
Interest Paid		75.09 (71.68)		
Sale of goods	50.91 (68.76)	41.22 (25.87)		
Sale of Fixed Assets		8.18 (Nil)		
Loans Taken		Nil (500.00)		
Loans repaid		335.60 (615.01)		
Advances Given	Nil (1,245.15)			
Dividend paid		146.38 (585.50)	3.54 (14.17)	5.48 (21.92)
Balances as on 31.03.2014				
Outstanding payables	753.77 (559.93)	492.49 (834.24)	9.32 (32.42)	
Outstanding receivables	15,397.42 (14,147.65)	2,233.05 (2,100.00)		
Guarantees given	10,269.04 (9,446.29)			

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.

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014 (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

N. GNANASAMBANDAN
CHIEF FINANCIAL OFFICER

REKHA RAGHUNATHAN
COMPANY SECRETARY

G. BALASUBRAMANYAN
Partner
Membership No. 007628

Date: 09.05.2014

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	31.03.2014	1,250,000	100%	247.96	1,316.96	—	—
2. AMTEC Precision Products Inc., Shares of USD 0.01 each	31.03.2014	1,000	100%	(385.48)	(25,421.45)	—	—

JAYAKAR KRISHNAMURTHY
CHAIRMAN AND MANAGING DIRECTOR

N. GNANASAMBANDAN
CHIEF FINANCIAL OFFICER

REKHA RAGHUNATHAN
COMPANY SECRETARY

Place: Chennai
Date: 09.05.2014

UCAL POLYMER INDUSTRIES LIMITED

(Wholly Owned Subsidiary)

Board of Directors

Dr. V. Krishnamurthy	Chairman
Dr. M.S. Ananth	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)	
	2013-14	2012-13
(A) Capital	125.00	125.00
(B) Reserves	1,531.77	1,316.96
(C) Total Assets	3,889.14	3,734.33
(D) Total Liabilities	3,889.14	3,734.33
(E) Details of Investment (except in case of investment in subsidiaries)	–	–
(F) Turnover	2,597.78	2,356.91
(G) Profit before Taxation	374.81	352.23
(H) Provision for Taxation	126.85	124.34
(I) Profit after Taxation	247.96	227.89
(J) Proposed Dividend	25.00	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)	
	2013-14	2012-13
(A) Capital	15,455.53	15,455.53
(B) Reserves	(26,532.84)	(25,421.45)
(C) Total Assets	12,990.20	13,153.93
(D) Total Liabilities	12,990.20	13,153.93
(E) Details of Investment (except in case of Investments in subsidiaries)	–	–
(F) Turnover	17,560.64	14,832.02
(G) Profit before Taxation	(385.48)	(573.47)
(H) Provision for Taxation	–	(13.92)
(I) Profit after Taxation	(385.48)	(587.39)

* 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**

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 31st March 2014, 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 31st, 2014;
- (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 subsidiaries, 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 has 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 subsidiary) have not been audited by us. The financial statements of this subsidiary has 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. 16,879.35 lakhs, total revenue of Rs.20,158.42 lakhs and total cash flows of Rs.2.11 lakhs (negative) for the year ended on that date.

In 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, on management certification. Our opinion is not qualified in respect of this matter.

For G BALU ASSOCIATES,
Chartered Accountants
FRN: 000376S

G. BALASUBRAMANYAN
Partner
Membership Number: 007628

Place: Chennai
Date : 09.05.2014

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2014

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

	Notes	As at 31st March 2014	As at 31st March 2013
I. EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2	2,211.36	2,211.36
Reserves & Surplus	3	3,352.57	3,694.00
Non-Current Liabilities			
Long-Term Borrowings	4	16,951.05	20,660.23
Deferred Tax Liabilities (Net)	5	(1,375.59)	(1,117.20)
Other Long-Term Liabilities	6	1,290.02	713.66
Long-Term Provisions	7	87.91	124.19
Current Liabilities			
Short-Term Borrowings	8	12,997.12	13,469.82
Trade Payables	9	9,931.64	10,834.38
Other Current Liabilities	10	8,632.76	6,287.18
Short-Term Provisions	11	435.62	466.38
TOTAL		54,514.46	57,344.00
II. ASSETS			
Non-Current Assets			
Fixed Assets	12		
Tangible Assets		29,075.11	31,282.76
Intangible Assets		132.01	186.56
Capital Work-In-Progress		975.13	947.30
Non-Current Investments	13	5.33	4.52
Long-Term Loans & Advances	14	934.34	897.70
Other Non-Current Assets	15	6.51	217.16
Current Assets			
Inventories	16	7,043.73	7,257.55
Trade Receivables	17	11,689.53	11,551.71
Cash & Bank Balances	18	286.76	641.51
Short-Term Loans & Advances	19	4,209.78	3,940.23
Other Current Assets	20	156.23	417.00
TOTAL		54,514.46	57,344.00
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

N. GNANASAMBANDAN
CHIEF FINANCIAL OFFICER

REKHA RAGHUNATHAN
COMPANY SECRETARY

For M/s **G.Balu Associates**

FRN : 000376S

Chartered Accountants

G. BALASUBRAMANYAN
Partner
Membership No. 007628

Place: Chennai

Date: 09.05.2014

Consolidated Statement of Profit And Loss For The Year Ended 31ST March 2014

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

	Notes	As at 31st March 2014	As at 31st March 2013
Revenue From Operations	21	64,383.54	65,356.47
Other Income	22	678.77	733.13
Total Revenue		65,062.31	66,089.60
Expenses:			
Cost of Material Consumed	23	29,928.08	31,210.86
Changes in Inventories of Finished Goods & Work in progress	24	28.30	(199.04)
Employees Cost & Benefits	25	12,125.47	11,079.58
Finance Costs	26	3,563.43	3,783.10
Depreciation and Amortization Expense	27	2,803.19	2,760.32
Other Expenses	28	15,617.72	16,412.89
Total Expenses		64,066.19	65,047.71
Profit Before Exceptional Item		996.12	1,041.89
Exceptional Items		–	–
Profit Before Tax		996.12	1,041.89
Add / (Less) Tax Expense:			
Current tax		(316.10)	(398.88)
Excess / Short provision for tax relating to earlier years		3.51	(2.09)
Deferred tax		1.07	(42.48)
Profit (Loss) for the period		684.60	598.44
Earnings per equity share:			
Basic & Diluted	29	3.10	2.71

The accompanying notes are an integral part of these financial statements

For and on behalf of the Board of Directors

JAYAKAR KRISHNAMURTHY

CHAIRMAN & MANAGING DIRECTOR

N. GNANASAMBANDAN
CHIEF FINANCIAL OFFICER**REKHA RAGHUNATHAN**
COMPANY SECRETARYPlace: Chennai
Date: 09.05.2014

As per our Report Attached of even date

For M/s G.Balu Associates

FRN : 000376S

Chartered Accountants

G. BALASUBRAMANYAN
Partner
Membership No. 007628

Consolidated Cash Flow Statement for the year ended 31 March, 2014

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

	For the year ended 31 March, 2014	For the year ended 31 March, 2013
A. Cash Flow from Operating Activities:		
Net Profit/(Loss) before extraordinary items and tax	996.12	1,041.90
<i>Adjustments for :</i>		
Depreciation and amortisation	2,803.19	2,760.32
(Profit) / loss on sale / write off of assets	-	-
Finance costs	3,563.43	3,783.10
Interest income	(13.21)	(12.12)
Dividend income	(13.86)	(13.30)
Liabilities / provisions no longer required written back	-	-
Deferred Revenue Expenditure Written off	417.00	417.00
Net unrealised exchange (gain) / loss	300.25	(214.49)
	<u>7,056.80</u>	<u>6,720.51</u>
Operating profit / (loss) before working capital changes	8,052.92	7,762.41
<i>Changes in working capital:</i>		
<i>Adjustments for (increase) / decrease in operating assets:</i>		
Inventories	213.81	243.85
Trade receivables	(137.82)	(545.54)
Short-term loans and advances	(269.55)	1,090.49
Long-term loans and advances	(36.64)	(341.00)
Other current assets	-	449.98
Other non-current assets	155.50	345.67
<i>Adjustments for increase / (decrease) in operating liabilities:</i>		
Trade payables	(902.75)	(4.96)
Other current liabilities	299.59	(924.34)
Other long-term liabilities	576.36	(163.21)
Short-term provisions	(30.77)	(988.90)
Long-term provisions	(36.28)	20.11
	<u>(168.55)</u>	<u>(817.85)</u>
	7,884.37	6,944.56
Cash flow from extraordinary items	-	-
Cash generated from operations	7,884.37	6,944.56
Net income tax (paid) / refunds	(311.13)	(557.99)
Net cash flow from / (used in) operating activities (A)	<u>7,573.24</u>	<u>6,386.57</u>
B. Cash flow from Investing Activities		
Capital expenditure on fixed assets, including capital advances	(544.36)	(1,061.73)
Proceeds from sale of fixed assets	23.30	30.31
Purchase of long-term investments	-	-
- Others	-	-
Interest received	-	-
- Others	13.21	12.12
Dividend received	-	-
- Others	13.86	0.80
	<u>(493.99)</u>	<u>(1,018.50)</u>
Net cash flow from / (used in) investing activities (B)	<u>(493.99)</u>	<u>(1,018.50)</u>

Consolidated Cash Flow Statement for the year ended 31 March, 2014

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

	For the year ended 31 March, 2014	For the year ended 31 March, 2013
C. Cash flow from Financing Activities		
Proceeds from long-term borrowings	(3,627.04)	(2,183.44)
Repayment of other short-term borrowings	4.28	1,624.92
Finance cost	(3,563.43)	(3,783.10)
Dividends paid	(210.23)	(889.51)
Tax on dividend	(37.58)	(143.50)
	(7,434.00)	(5,374.63)
Cash flow from extraordinary items	-	-
Net cash flow from / (used in) financing activities (C)	(7,434.00)	(5,374.63)
Net increase / (decrease) in Cash and cash equivalents (A+B+C)	(354.75)	(6.56)
Cash and cash equivalents at the beginning of the year	641.51	648.07
Cash and cash equivalents at the end of the year	286.76	641.51
Cash and cash equivalents at the end of the year comprise of:		
Cash on hand	9.37	13.18
Balances with banks		
In current accounts	148.30	161.71
In deposit accounts with original maturity of less than 3 months	75.89	413.19
In unpaid Dividend Account	53.20	53.43
	286.76	641.51

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 represent 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

N. GNANASAMBANDAN
CHIEF FINANCIAL OFFICER**REKHA RAGHUNATHAN**
COMPANY SECRETARY**G. BALASUBRAMANYAN**
Partner
Membership No. 007628Place: Chennai
Date: 09.05.2014

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 2013 to 31st March 2014. 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 include, 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 2014 (CONTD.)

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

	As at 31st March 2014	As at 31st March 2013
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>

Note 3

Reserves & Surplus	As at 31st March 2013	Additions	Deductions	As at 31st March 2014
(a) Capital Reserve	160.00	-	-	160.00
(b) Special State Capital Subsidy	282.85	-	-	282.85
(c) General Reserves	16,471.82	200.00	-	16,671.82
(d) Securities Premium Account	2,165.34	-	-	2,165.34
(e) Foreign Currency Monetary Items Translation Difference Account	618.63		103.12	515.51
(f) Foreign Currency Translation Reserve	(1,084.98)	-	626.69	(1,711.67)
	<u>18,613.66</u>	<u>200.00</u>	<u>729.81</u>	<u>18,083.85</u>

	As at 31st March 2014	As at 31st March 2013
(g) Surplus in Statement of Profit and Loss		
Balance as at Beginning of the Year	(14,919.66)	(15,057.35)
(+) Net Profit/(Net Loss) For the current year	672.10	598.44
(+) Transfer from Reserves	-	-
(+) FBT & Income Tax Provision Return Back	-	-
(-) Proposed Dividends	246.14	221.14
(-) Tax on Proposed Dividends	37.58	39.61
(-) Interim Dividends	-	-
(-) Transfer to Reserves	200.00	200.00
Balance as at End of the Year	<u>(14,731.28)</u>	<u>(14,919.66)</u>
Total Reserves and Surplus	<u>3,352.57</u>	<u>3,694.00</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	16,951.05	20,660.23
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(ii) UnSecured

Term Loans From Financial Institutions	-	-
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Total	<u>16,951.05</u>	<u>20,660.23</u>
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NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014 (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. 0.25 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. The balance instalment payable is 2. Term Loan amounting to Rs. 6.37 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 10.

Amtec Precision Products Inc

Term loan of 11.25 million USD and Working Capital Term loan of 1.25 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 monthly / 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. Working Capital Term loan amounting to 1.59 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. The balance instalment payable is 9. All term loans are additionally secured by corporate guarantee given by UCAL Fuel Systems Ltd.

Note 5

	As at 31.03.2014	As at 31.03.2013
Deferred Tax Liabilities (Net)		
Deferred Tax Liabilities		
Depreciation	(1,371.16)	(1,115.99)
Deferred Tax Asset	-	-
Provision For Leave Encashment	(4.43)	(1.21)
Total	(1,375.59)	(1,117.20)
(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	660.82	338.10
(b) Others		
Advance From Customers	13.41	10.07
Other Liabilities	615.79	365.49
Total	1,290.02	713.66

Note 7

Long-Term Provisions

(a) Provision For Employee Benefits		
Provision For Leave Encashment	87.91	124.19
Total	87.91	124.19

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014 (CONTD.)

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

	As at 31.03.2014	As at 31.03.2013
Note 8		
Short-Term Borrowings		
(i) Secured		
Cash Credit from banks	7,276.02	7,180.80
Short-Term Borrowings	–	908.64
(ii) UnSecured		
Inter Corporate Deposits		
– From related parties	433.00	768.59
– From others	–	–
Short-Term Loan From Others	5,288.10	4,611.79
Total	12,997.12	13,469.82
Note 9		
Trade Payables	9,931.64	10,834.38
Total	9,931.64	10,834.38
Note 10		
Other Current Liabilities		
Current maturities of Long-Term Debts	5,731.52	3,685.52
Advances From Customers	–	84.15
Interest Accrued but not Due	45.15	62.16
Unclaimed Dividend	53.20	53.42
Other Liabilities	2,802.90	2,401.93
Total	8,632.76	6,287.18
Note 11		
Short-Term Provisions		
(a) Provision For Employee Benefits		
Gratuity Fund Payable	57.97	76.66
Provision For Leave Encashment	12.43	14.93
	70.40	91.59
(b) Others		
Provision for Tax (Net of Advance Tax)	81.50	114.04
Provision for Proposed Dividend	246.14	221.14
Provision for Tax on Proposed Dividend	37.58	39.61
	365.22	374.79
Total	435.62	466.38

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014 (CONTD.)

Note 12 Fixed Assets

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

	GROSS BLOCK				DEPRECIATION/AMORTISATION			NET BLOCK	
	As at 1 April, 2013	Addi- tions	Deduc- tions	As at 31 March, 2014	As at 1 April, 2013	For the Year	Deduc- tions	As at 31 March, 2014	As at 31 March, 2013
Tangible Assets									
(a) Land									
Freehold	551.34	-		551.34	-	-	-	551.34	551.34
Leasehold	3304.83	-		3304.83	-	-	-	3304.83	3304.83
(b) Buildings	8908.94	39.86	30.05	8,918.75	1605.53	297.28	-	7,015.94	7303.41
(c) Plant and Equipment	47341.82	567.34	271.29	47,637.87	27515.30	2376.35	190.47	17,936.69	19,826.52
(d) Furniture and Fixtures	642.71	3.51	0.10	646.12	475.53	32.72	0.09	137.96	167.18
(e) Vehicles	280.35	26.59	6.32	300.62	215.75	23.49	6.00	67.38	64.60
(f) Office equipment	671.26	14.90	-	686.16	606.39	18.79	-	60.98	64.87
Total Tangible Assets - A	61,701.25	652.20	307.76	62,045.69	30,418.50	2,748.63	196.56	29,075.11	31,282.75
Previous year	59,429.72	4,757.13	2,485.60	61,701.25	28,002.65	2,683.11	267.26	30,418.50	
Intangible Assets:									
Technical Knowhow	2339.24	-	-	2339.24	2,183.86	54.56	-	100.82	155.37
Goodwill	31.19	-	-	31.19	-	-	-	31.19	31.19
Total Intangible Assets - B	2,370.43	-	-	2,370.43	2,183.86	54.56	-	132.01	186.56
Previous year	2,261.81	108.62	-	2,370.43	2,106.65	77.21	-	2,183.86	
Total Fixed Assets-C (A+B)	64,071.68	652.20	307.76	64,416.12	32,602.36	2,803.19	196.56	29,207.12	31,469.31
Previous year	61,691.53	4,865.75	2,485.60	64,071.68	30,109.30	2,760.32	267.26	32,602.36	
Capital Work - In - Progress								975.13	947.30
Total								30,182.25	32,416.61

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014 (CONTD.)

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

	As at 31st March 2014	As at 31st March 2013
Note 13		
Non Current Investments		
OTHER INVESTMENTS		
a) 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
b) NON TRADE-QUOTED		
600 (Previous Year NIL) equity shares of Rs. 10/- each of Suryadev Alloys and Power Private Limited	0.81	–
Total	5.33	4.52
Aggregate amount of quoted investments	4.52	4.52
Market Value of quoted investments	29.02	29.17
Note 14		
Long-Term Loans & Advances		
Considered Good		
(a) Security Deposits	491.34	454.70
(b) Other Loans & Advances		
(i) From related parties	443.00	443.00
(ii) From others		
Total	934.34	897.70
Note 15		
Other Non-Current Assets		
Unamortized Expenses	6.51	167.89
Others		49.27
Total	6.51	217.16
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	1,330.95	1,497.34
Goods in transit		4.83
Tools & Consumables	1,308.80	1,805.79
Raw Materials and Components	2,975.84	2,497.34
Goods in transit		5.53
Work-in-progress	944.81	958.49
Goods in transit	9.73	–
Finished goods	473.60	488.23
Total	7,043.73	7,257.55

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014 (CONTD.)

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

	As at 31st March 2014	As at 31st March 2013
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	11,421.52	11,054.05
Trade receivables outstanding for a period exceeding six months from the date they are due for payment	268.01	497.66
Total	11,689.53	11,551.71
Note 18		
Cash & Cash Equivalents		
(a) Cash on hand	9.37	13.18
(b) Bank Balances		
In Current Account	148.30	161.72
Fixed Deposit(**)	75.89	413.19
(c) Other Bank Balances		
Unpaid Dividend Account	53.20	53.42
Total	286.76	641.51
(**) Held under lien by bank as Margin Money.		
Note 19		
Short-Term Loans & Advances		
Considered Good		
(a) Loans and Advances	3,655.48	3,112.49
(b) Advance Income Tax and TDS Receivable (Net of Provisions)	255.06	234.79
(c) Balance with Government Authorities	299.24	592.95
Total	4,209.78	3,940.23
Note 20		
Other Current Assets		
Unsecured, Considered Good		
Unamortized Expenses	156.23	417.00
Total	156.23	417.00
Note 21		
Revenue From Operations		
Sale of Products		
Sales	70,959.73	72,447.24
Less : Excise Duty	6,576.19	7,090.77
Total	64,383.54	65,356.47

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014 (CONTD.)

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

	Year Ended 31st March 2014	Year Ended 31st March 2013
Note 22		
Other Income		
Interest Received	13.21	12.12
Miscellaneous Income	520.26	550.68
Profit on sale of Assets	15.18	20.82
Dividends : From Subsidiaries	12.50	12.50
: From Others	1.36	0.80
Amortisation of Currency Translation difference account	103.11	103.11
Gain on Exchange Fluctuation	13.15	33.10
Total	678.77	733.13
Note 23		
Cost of Material Consumed		
Opening Stock :		
Raw Materials	747.43	290.15
Components	1,749.90	1,924.51
	2,497.33	2,214.66
(+) Purchases :		
Raw Materials	11,405.42	11,249.93
Components	16,017.41	16,990.18
Outworks	2,983.76	3,253.42
	30,406.59	31,493.53
(-) Closing Stock :		
Raw Materials	544.10	747.43
Components	2,431.74	1,749.9
	2,975.84	2,497.33
Total	29,928.08	31,210.86
Note 24		
Changes in inventories of Finished Goods & Work in progress		
Opening Stock		
Finished Goods	488.23	418.64
Work in Progress	958.49	790.77
Goods in transit		38.27
	1,446.72	1,247.68
(-) Closing Stock		
Finished Goods	464.95	488.23
Work in Progress	953.47	958.49
	1,418.42	1,446.72
(Increase) / Decrease in Finished Goods & Work in progress	28.30	(199.04)
Note 25		
Employees Cost & Benefits		
Salaries, Wages & Bonus	8,736.95	7965.06
Contribution to Provident Fund & Other Funds	812.63	728.71
Staff Welfare Expenses	2,575.89	2,385.81
Total	12,125.47	11,079.58
Note 26		
Finance Costs		
Interest Expenses on:		
Term Loans	2,403.88	2,523.09
Other Borrowing costs	1,159.55	1,260.01
Total	3,563.43	3,783.10

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014 (CONTD.)

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

	Year Ended 31st March 2014	Year Ended 31st March 2013
Note 27		
Depreciation and Amortisation Expense		
Depreciation for Tangible Assets	2,748.63	2,683.11
Amortisation for Intangible Assets	54.56	77.21
Total	2,803.19	2,760.32

Note 28

Other Expenses

Tools and Stores Consumed	4,210.21	3,967.37
Power & Fuel	2,537.75	2,680.77
Repairs & Maintenance		
- Building	64.64	72.12
- Plant & Machinery	882.99	1033.17
- Others	278.50	348.96
Postage, Telephone, Fax, etc.	127.69	125.52
Insurance	160.75	166.69
Rates and Taxes	188.13	157.69
Rent	854.27	777.34
Directors Sitting Fees	6.30	7.20
Auditors Remuneration		
- For Audit Fees	16.00	13.50
- For Tax Audit	2.35	1.44
- For Certificates	5.39	5.40
- For other services	-	1.46
- For out of pocket expenses	2.16	0.11
Travelling Expenses - Others	341.30	291.21
Discount Allowed	90.50	100.28
Packing Charges	546.24	535.89
Research & Development Expenses	863.25	943.64
Other Expenses	4,444.21	4872.98
Deferred Revenue Expenditure	417.00	417.00
Exchange Loss	(425.66)	(106.86)
Loss on Sale of Fixed Assets	3.75	0.01
Total	15,617.72	16,412.89

Note 29

Earnings Per Share (EPS) Calculation (Basic and Diluted) :

a) Amount used as the numerator Profit after Taxation	684.60	598.44
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	3.10	2.71

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014 (CONTD.)

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

	As at 31st March 2014	As at 31st March 2013
Note 30		
Estimated amount of contracts remaining to be executed on capital account, net of advances, not provided for	49.51	72.22
Note 31		
Claims against the company not acknowledged as debts :-		
i) Sales Tax	88.88	88.88
ii) Excise Duty	221.69	221.89
iii) Service Tax	8.66	35.91
iv) Income Tax	301.31	299.71
v) ESI/PF	14.47	15.74
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	458.80	592.19
ii) Guarantees given by Banks on behalf of the company	125.27	31.26

Note 34**Ucal Fuel Systems Ltd**

The managerial remuneration of Rs.260.48 lakhs paid for the year 2012-13 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, the company has already applied for Central Govt approval and the Company expects to get it shortly.

The managerial remuneration of Rs.260.11 lakhs paid for the year 2013-14 is in excess of the limits specified under Section 198/309 of the Companies Act, 1956, by a sum of Rs.75.52 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, the Company is in the process of filing the application for approval from the Central Government.

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. Sundararaman (Joint Managing Director - ceased to director with effect from 01.04.2014)

(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

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014 (CONTD.)

- f. Carburettors Limited
- g. Magnetic Meter Systems (India) Limited
- h. Bangalore Union Services Private Limited

(iii) RELATIVES OF KEY MANAGEMENT PERSONNEL

Dr. V. Krishnamurthy

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 2013-14			
Purchase of materials	486.80 (785.59)		
Labour charges paid	86.12 (3.13)		
Consultancy charges paid			36.00 (36.00)
Rent paid	544.53 (509.08)		
Managerial Remuneration		260.11 (289.38)	
Interest Paid	75.09 (71.68)		
Sale of goods	41.22 (25.87)		
Sale of Fixed Assets	8.18 (Nil)		
Loans Taken	(Nil) 500.00		
Loans repaid	335.60 (615.01)		
Dividend paid	146.38 (585.50)	3.54 (14.17)	5.48 (21.92)
Balances as on 31.03.2014			
Outstanding payables	612.05 (860.89)	9.32 (32.42)	
*Outstanding receivables	2,237.60 (2,100.00)		

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.

Note 36

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

For and on behalf of the Board of Directors
JAYAKAR KRISHNAMURTHY
 CHAIRMAN & MANAGING DIRECTOR
N. GNANASAMBANDAN
 CHIEF FINANCIAL OFFICER

REKHA RAGHUNATHAN
 COMPANY SECRETARY

Place: Chennai
 Date: 09.05.2014

As per our Report Attached of even date

For M/s G.Balu Associates
 FRN : 000376S
 Chartered Accountants
G. BALASUBRAMANYAN
 Partner
 Membership No. 007628

FINANCIAL HIGHLIGHTS

Rs. in lakhs

Particulars	2013-14	2012-13	2011-12	2010-11	2009-10
1. SALES	46,563.18	50,434.62	52,502.52	48,154.48	39,366.06
2. Other Income (Including Services)	100.37	123.57	209.84	84.61	93.23
3. TOTAL INCOME	46,663.55	50,558.19	52,712.36	48,239.09	39,459.29
4. Total Expenditure	40,750.63	44,172.83	44,556.43	40,486.19	33,656.73
5. Profit before Interest & Depreciation	5,912.92	6,385.36	8,155.93	7,752.90	5,802.56
6. Interest	2,983.26	3,197.17	3,017.56	2,725.11	2,852.06
7. Depreciation	1,922.88	1,925.05	2,143.86	2,356.80	2,376.70
8. Profit before Tax	1,006.78	1,263.14	2,994.51	2,670.99	573.80
9. Profit after Tax	822.12	957.95	2,268.34	2,220.99	762.64
10. Share Capital	2,211.36	2,211.36	2,211.36	2,211.36	2,211.36
11. Reserves & Surplus	28,362.99	27,795.35	27,096.12	25,855.83	24,662.89
12. Net Worth	30,574.35	30,006.71	29,307.48	28,067.19	26,874.25
13. Long Term loans from banks/Financial Institutions	14,428.48	17,246.62	17,552.11	16,985.26	17,576.91
14. Fixed Assets	20,881.64	22,314.38	23,954.21	21,788.66	19,976.47
15. Dividend Rate (%)	10	10	40	40	10
16. Earnings per Share (Rs.)	3.72	4.33	10.26	10.04	4.23
17. Debt Equity Ratio	0.47 :1	0.57 :1	0.60 :1	0.61 : 1	0.65 :1

UCAL FUEL SYSTEMS LIMITED

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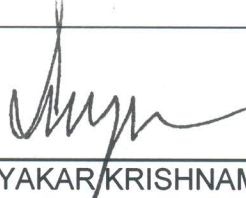
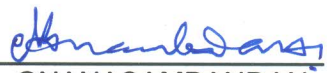

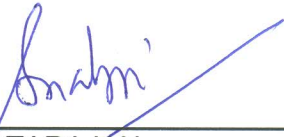
E-mail: ufsl.ho@ucalfuel.co.in • Website: www.ucalfuel.com

CIN: L31900TN1985PLC012343

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 2014
3	Type of Audit observation	Un-qualified
4	Frequency of observation	Not applicable
5	To be signed by	
	CEO/Managing Director	 JAYAKAR/KRISHNAMURTHY
	CFO	 N. GNANASAMBANDAN
	Auditor of the company	 G. BALASUBRAMANYAN
	Audit Committee Chairman	 S. NATARAJAN