



## **UCAL Fuel Systems Limited**

**FUELLING A TRAIL**  
**Blazing Path of Excellence...**

**Annual Report 2014 - 15**

## NOTICE

Notice is hereby given that the 29th Annual General Meeting ("AGM") of the shareholders of UCAL FUEL SYSTEMS LIMITED, Corporate Identification Number - L31900TN1985PLC012343 ("company") will be held on Wednesday, September 30, 2015 at 11.30 AM at "Dynasty Hall", Hotel Ambassador Pallava, No. 30, Montieth Road, Egmore, Chennai - 600008, to transact the following business:-

### ORDINARY BUSINESS :

1. Item No 1: Adoption of financial statements

To receive, consider and adopt the financial statements of the company including the audited Balance Sheet as at March 31, 2015 and the statement of Profit and Loss for the year ended on that date together with the Reports of the Board of Directors ("Board") and Auditors thereon.

2. Item No 2 : Declaration of dividend

To declare dividend on equity shares for the financial year ended March 31, 2015.

3. Item No 3 : To appoint a director in place of Mr. Ram Ramamurthy (DIN 06955444) who retires by rotation and being eligible offers himself for re-appointment.

4. Item No 4 : To appoint Statutory Auditors

"RESOLVED THAT pursuant to Section 139, 142 and other applicable provisions, if any of the Companies Act, 2013 ("Act") and the Companies (Audit and Auditors) Rules, 2014 including any statutory modification(s) or enactment(s) thereof for the time being in force and pursuant to the recommendations of the Audit Committee and of the Board of Directors of the company, M/s G. Balu Associates, Chartered Accountants, Chennai, (Firm Registration Number 000376S), who have offered themselves for re-appointment and confirmed their eligibility to be appointed as Auditors of the company in terms of Section 141 of the Act and Rules made there under be and are hereby re-appointed as Auditors of the company to hold such office from the conclusion of this Annual General Meeting till the conclusion of the 30th Annual General Meeting on a remuneration as may be fixed by the Board of directors, as determined and recommended by the Audit Committee in consultation with such Auditors."

### SPECIAL BUSINESS :

5. Item No 5: To appoint Ms Rekha Raghunathan as Director

To consider and if thought fit, to pass with or without modifications(s), the following resolution as an Ordinary Resolution.

RESOLVED THAT pursuant to the provisions of section 149(1), 152 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 Articles of Association of the company, Ms.Rekha Raghunathan (DIN 00057774), who was appointed as Additional Director of the company with effect from 25th March 2015 by the Board of Directors as recommended by the Nomination and Remuneration Committee pursuant to Section 161 (1) of the Act and who holds office upto the date of the ensuing Annual General Meeting of the company and in respect of whom the company has received a notice in writing along with a deposit of ₹ 1,00,000 (Rupees One lakh only) from a shareholder under Section 160 (1) of the Act proposing her candidature for the office of Director be and is hereby appointed as Executive, Non Independent Director of the company liable to retire by rotation."

6. Item No 6: To ratify the remuneration to be paid to Cost Auditor

To consider and if thought fit, to pass with or without modification(s) the following resolutions as an Ordinary Resolution.

"RESOLVED THAT the company do hereby confirm and ratify in terms of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 including any statutory modification(s) or re-enactment thereof, for the time being in force, the remuneration approved by the Board of Directors on the recommendation of the Audit Committee for Mr.V. Kalyanaraman, Cost Accountant (Sole Proprietor Number 100006) for conducting the audit of the cost records of the company for the financial year 2015-2016, at ₹ 5,00,000 per annum (Rupees five lakh only per annum) excluding applicable taxes and out of pocket expense, if any, actually incurred for purpose of such audit."

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

## 7. Item No 7: To approve payment of remuneration to Managing Director

To consider and if thought fit, to pass with or without modification(s) the following resolutions as Special Resolution:

RESOLVED THAT pursuant to the provisions of Section 2(94), 196, 197, 198 and 203 read with related rules and Schedule V of Companies Act, 2013 and subject to approval of the Central Government and such other approvals, permissions, sanctions as may be required, the consent of the shareholders be and is hereby accorded for the payment of remuneration to Mr. Jayakar Krishnamurthy (who is also the Chairman of the company), as Managing Director of the company for a period of 2 years with effect from 1st September 2014 to 31st August 2016 on the following terms as recommended by the Nomination and Remuneration Committee and approved by the Board of Directors.

- a. Salary ₹ 72 Lakhs per annum
- b. Special allowance Rs 54 Lakhs per annum (This allowance, however will not be taken into account for calculation of benefits such as provident fund, gratuity, superannuation and leave encashment)
- c. House rent allowances ₹ 27 lakhs per annum

**Perquisites:**

- a. Medical Expenses: Reimbursement of medical expenses incurred in India for self and family subject to a ceiling of one month's basic salary for a year as per the rules of the company
- b. Leave travel expenses: Leave travel expenses for self and family, subject to a ceiling of one month's basic salary for a year as per the rules of the company
- c. Club Fees: Fees of one corporate club in India (Including admission and membership fee)
- d. Personal Accident Insurance Premium for self and family as per the rules of the company
- e. (i) Company's contribution towards provident fund and superannuation fund on basic salary as per the rules of the company  
(ii) Gratuity calculated on the basic salary as per the rules of the company
- f. Up to two cars for use on company's business.
- g. Leave and encashment of leave, in accordance with the rules of the company
- h. Other Allowances/benefits/perquisites: Any other allowances, benefits and perquisites as per the rules applicable to the senior executive of the company and/or which may become applicable in future and/or any other allowance, perquisites as the Board may from time to time decide
- i. Commission will be calculated at such percentage so as to make the overall remuneration including salary, perquisites and commission stated above, equivalent to 7.5% of the net profits in the respective years of the company as computed under Section 198 read with Schedule V to the Companies Act, 2013.

The Managing director shall be entitled to reimbursement of all actual expenses, including those on entertainment and traveling incurred by him in the course of the company's business.

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 or shall apply to the Central Government to continue to pay the remuneration stated hereinabove".

"RESOLVED FURTHER THAT the Board of Directors be and are hereby authorized to do all such acts, deeds and things as may be necessary to give effect to the above resolution".

By Order of the Board  
For UCAL FUEL SYSTEMS LIMITED

Place : Chennai  
Date : August 28, 2015

**REKHA RAGHUNATHAN**  
DIRECTOR AND COMPANY SECRETARY

## NOTES

1. A shareholder 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 shareholder of the company.
2. 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 commencement of the meeting. Proxies submitted on behalf of limited companies, societies, etc., must be supported by appropriate resolutions/authority, as applicable.
3. A person can act as proxy on behalf of shareholders 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 shareholder 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.
4. The explanatory statement pursuant to Section 102 of the Companies Act, 2013, in respect of the Items No. 5,6 and 7 which sets out the details with respect to the special business to be transacted at the meeting is annexed hereto.
5. The register of members and share transfer books of the company will remain closed from 24th September 2015, to 30th September, 2015 (both days inclusive) for the payment of dividend on equity shares.
6. Pursuant to Section 108 of the Companies Act 2013 read with Rule 20 of the Companies (Management and Administration) Rules 2014 as amended, the company is providing facility for voting by electronic means and the business set out in this notice shall be transacted through remote e-voting. The shareholders can cast their votes by way of remote e-voting in proportion to their share of the paid up equity share capital of the company as on the cut-off date 23rd September, 2015. The company also offers the facility of voting through polling paper at the Annual General Meeting. The shareholders can vote under any one of the options mentioned above
7. 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).
8. Shareholders 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. Shareholders 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 AGM, only such joint holder who is higher in the order of names will be entitled to vote.
9. Corporate shareholders intending to send their authorised representatives to attend the AGM 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 AGM.
10. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Shareholders holding shares in electronic form are, therefore requested to submit their PAN to their Depository Participant with whom they are maintaining their dematerialised accounts. Shareholders 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).
11. Shareholders 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. Shareholders holding shares in physical form are requested to advise any change in their address immediately to Integrated.
12. Shareholders 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. Shareholders can contact the company or Integrated for assistance in this regard.

13. Shareholders 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.
14. Details pertaining to Directors seeking appointment/ reappointment required as per Clause 49 of the Listing Agreement is provided in the Explanatory Statement to this notice.
15. Pursuant to the provisions of Section 124 of Companies Act, 2013, the company has transferred the unpaid or unclaimed dividends for the financial years upto 2006-2007 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 29th September 2014 (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 2007-2008, 2009-2010, 2010-2011, 2011-2012, 2012-2013 and 2013-2014 are advised to write to the company/ Integrated immediately claiming the dividends declared by the company.
16. Shareholders 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.
17. 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 remote 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 shareholder has requested for a hard copy of the same.
18. In terms of Circular No. NDSL/CIR/II/10/2012 dated March 09, 2012 for those shareholders 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, 2015 are being dispatched in the mode prescribed under Companies Act, 2013.
19. Shareholders holding shares in electronic mode are requested to keep their email addresses updated with the Depository Participants. Shareholders 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).
20. 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 on Sundays and Public holidays up to and including the date of the Annual General Meeting.
21. Shareholders may note that the Notice to the 29th Annual General Meeting of the company and the Annual Report for 2014-2015 will also be made available in the company's website [www.ucalfuel.com](http://www.ucalfuel.com).
22. The company has a separate email id: [investor@ucalfuel.co.in](mailto:investor@ucalfuel.co.in) to enable shareholders to register their complaints / queries if any.
23. VOTING PROCESS AND INSTRUCTIONS:

#### REMOTE E-VOTING (VOTING THROUGH ELECTRONIC MEANS) :-

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 shareholders facility to exercise their right to vote at the Annual General Meeting by electronic means and the business may be transacted through remote e-Voting Services provided by National Securities Depository Limited (NSDL):

The remote e-voting period shall commence from 26th September, 2015 at 9.00 a.m. and shall close on 29th September, 2015 at 5 p.m. During this period of remote e-voting, the shareholders of the company, holding shares either in physical form or in dematerialized form may cast their vote electronically. The remote e-voting module will be disabled for voting thereafter and the Shareholders will not be able to cast their vote electronically beyond the date and time mentioned above that is 29th September, 2015 at 5 p.m.

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

- A. In case a shareholder receives an email from NSDL [for shareholders whose email IDs are registered with the company/Depository Participant(s)]:
- 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 remote e-voting. Please note that the password is an initial password.
  - Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com/>
  - Click on Shareholder - Login
  - Put user ID and password as initial password/PIN noted in step (i) above. Click Login.
  - 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.
  - Home page of remote e-voting opens. Click on remote e-Voting: Active Voting Cycles.
  - Select "REVEN" of UCAL FUEL SYSTEMS LIMITED.
  - Now you are ready for remote e-voting as Cast Vote page opens.
  - Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
  - Upon confirmation, the message "Vote cast successfully" will be displayed.
  - Once you have voted on the resolution, you will not be allowed to modify your vote.
  - 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](mailto:ufsl.scrutiny@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
- B. In case a shareholder receives physical copy of the Notice of AGM [for shareholders whose email IDs are not registered with the company/ Depository Participant(s) or are requesting physical copy], the following instructions may be noted:

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

REVEN (Remote E-Voting Event Number)	USER ID	PASSWORD/PIN

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

- 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](http://www.evoting.nsdl.com)
- If you are already registered with NSDL for remote e-voting then you can use your existing user ID and password/ PIN for casting your vote.
- 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).
- The remote e-voting period commences on 26.09.2015 (9.00 a.m.) and ends on 29.09.2015 (5.00 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 of 23.09.2015, 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 share of the paid up equity share capital of the company as on the cut-off date 23.09.2015.
- 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 remote 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 and Managing Director of the company.
- IX. The Results shall be declared 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](http://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 BSE Limited and National Stock Exchange of India Limited, where equity shares are listed.

BY ORDER OF THE BOARD  
FOR UCAL FUEL SYSTEMS LIMITED

Place : Chennai  
Date : August 28, 2015

REKHA RAGHUNATHAN  
DIRECTOR AND COMPANY SECRETARY

### Explanatory Statement (Pursuant to Section 102 (1) of the Companies Act, 2013)

The following explanatory statement sets out all material facts relating to the business mentioned under item No. 5, 6 and 7 of the accompanying Notice :

#### Item No 5:

The Board of Directors has received a notice from a shareholder proposing the candidature of Ms. Rekha Raghunathan (DIN 00057774) as Director to be appointed under the provisions of Section 149 and 152 of the Companies Act, 2013. The Board appointed Ms.Rekha Raghunathan as additional director in their meeting held on 25th March 2015.

Ms. Rekha Raghunathan is a qualified Company Secretary from the Institute of Company Secretaries of India with over 14 years of experience. She is the seniormost woman manager in the company and has a impeccable track record of performance.

The Company has received from Ms. Rekha Raghunathan (i) consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment and Qualification of Directors) Rules 2014 (ii) intimation in Form DIR- 8 in terms of Companies (Appointment and Qualification of Directors) Rules, 2014 to the effect that she is not disqualified under sub-section (2) of Section 164 of the Companies Act, 2013.

The Resolution seeks the approval of shareholders for the appointment of Ms. Rekha Raghunathan as Director of the company pursuant to Section 149(1) and other applicable provisions of the Companies Act, 2013 and the Rules made hereunder. She is liable to retire by rotation. A copy of the letter of appointment of Ms. Rekha Raghunathan as Director setting out the terms and conditions is available for inspection by the shareholders at the company's Registered Office during normal business hours on working days.

None of the Directors, Key Managerial Personnel or their relatives, except Ms. Rekha Raghunathan to whom the resolution relates, are interested or concerned in the resolution.

The Board recommends the resolution as set out in Item No. 5 of the notice for the approval of the shareholders.

#### Item No 6:

The Board, on the recommendation of the audit committee, has approved the appointment of Mr.V. Kalyanaraman, Cost Accountant (Sole Proprietor Number 100006) as the cost auditor to conduct the audit of the cost records of the company for the financial year 2015-2016 at a remuneration of ₹ 5,00,000 per annum (Rupees five lakh only per annum) excluding applicable taxes and out of pocket expenses, if any.

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the cost auditor has to be ratified by the shareholders of the company. The Board recommends the resolution set forth in Item No.6 for the approval of the shareholders.

None of the Directors, Key Managerial Personnel or their relatives are concerned or interested in the resolution.

**Item No 7:**

Mr. Jayakar Krishnamurthy, is the Chairman and Managing Director of the Company. The shareholders at their meeting held on 30th September 2011 approved the reappointment and the remuneration payable to him for a period of five years from 1st September 2011 to 31st August 2016. However the Central Government approved the remuneration payable to Mr. Jayakar Krishnamurthy for a period of three years only vide its letter No: B25922303/1/2011-CL-VII Dated 14.05.2012 from 01st September 2011 till 31st August 2014 though his term as Managing Director was approved for a period of five years starting from 1st September 2011 till 31st August 2016.

Accordingly, the company filed an application before the Central Government for approval to continue to pay the same remuneration to Mr Jayakar Krishnamurthy for the period of his tenure from 01.09.2014 to 31.08.2016. The Central Government has in view of the new Companies Act, 2013 coming into force requested the company to once again obtain the shareholders approval for payment of remuneration. Accordingly the resolution is being put for the approval of the shareholders. The terms and conditions of the appointment and the remuneration set out in this notice continues to be the same as approved by the shareholders in the Annual General Meeting held on 30th September 2011.

Considering the performance of Mr. Jayakar Krishnamurthy and keeping in mind the following factors i.e., financial position of the company, Trend in the industry, Qualification and experience of the appointee, Past performance and Past remuneration of the appointee, the Nomination and the Remuneration Committee and the Board of Directors of the company had passed necessary resolutions on 30th August, 2014 under the provisions of Companies Act, 2013 for payment of remuneration as set out in the notice to Mr. Jayakar Krishnamurthy, Managing Director of the company for the period from 1st September, 2014 to 31st August, 2016. Accordingly an application has been made to seek the approval of the Central Government for continuance in payment of remuneration to Mr. Jayakar Krishnamurthy for the term of two years of his tenure as Managing Director from 1st September 2014 to 31st August 2016 subject to the shareholders approving the same in the ensuing Annual General meeting.

The company under the stewardship of Mr. Jayakar Krishnamurthy has initiated a lot of steps for improving its volume of business and revenues and the company's performance is expected to be better in the forthcoming years. In the financial year 2014-2015 the company's turnover has improved and the company is poised for a substantial growth in the current financial year due to its obtaining more remunerative orders from customers. The company is on the verge of diversification into high technology defence oriented fields. Mr. Jayakar Krishnamurthy has been spearheading the various improvement, expansion and developmental activities of the company. Mr. Jayakar Krishnamurthy is also wholly responsible for the management of the wholly owned subsidiary of the company in USA. The subsidiary is also performing better and has recorded a net profit this year.

It may be noted here that Mr. Jayakar Krishnamurthy had refunded a portion of the remuneration paid to him in view of inadequacy of profits during the last two less profitable financial years of the company. Keeping in mind his vast responsibilities as Managing Director and his contributions to the company and also to maintain the Remuneration levels in line with the industry standards, the company would like to continue to pay the remuneration as mentioned in the Notice to the Managing Director of the company. Hence the approval of the shareholders is sought by way of Special Resolution for continuing the payment of remuneration to Mr. Jayakar Krishnamurthy for the period of his tenure as Managing Director from 1st September 2014 to 31st August 2016. The consent of the shareholders is subject to the approval of Central Government to continue payment of the aforesaid remuneration to Mr. Jayakar Krishnamurthy from 1st September 2014 till 31st August 2016 i.e. from the date of expiry of the earlier Central Government approval till the expiry of the tenure of the Managing Director.

A copy of the letter of appointment of Mr. Jayakar Krishnamurthy as Managing Director setting out the terms and conditions is available for inspection by the shareholders at the company's Registered Office during normal business hours on working days.

None of the directors, Key managerial personnel or their relatives except Mr. Jayakar Krishnamurthy to whom this resolution relates, are interested or concerned in the resolution.

The Board recommends the resolution as set out in Item No. 7 of the notice for the approval of the shareholders.

By Order of the Board  
For UCAL FUEL SYSTEMS LIMITED

Place : Chennai  
Date : August 28, 2015

**REKHA RAGHUNATHAN**  
DIRECTOR AND COMPANY SECRETARY



**Disclosure as required under Clause 49 of the Listing Agreement in respect of Directors seeking appointment / re-appointment at the 29th Annual General Meeting of the company**

**Mr.Ram Ramamurthy (DIN 06955444)**

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 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 reappointment of Mr. Ram Ramamurthy is appropriate and in the best interest of the Company.

He does not hold any shares in the company. He is not related to any other director of the company. Details of his other directorships and membership/chairmanship of committees are given below:

Name of the Company	Position Held	Committee membership/chairmanship
UCAL JAP Systems Limited	Director	-

**Ms.Rekha Raghunathan (DIN 00057774)**

Born on 29th November 1970 Ms.Rekha Raghunathan is a Member of the Institute of the Company Secretaries of India. She also holds a Masters in Corporate Secretaryship. She has been the Company Secretary of Cauvery Palm Oil Limited and Bharat Technologies Auto Components Limited before joining the company and has over 14 years of experience. She has also been assisting the Chairman and Managing Director and Dr.V.Krishnamurthy on various special assignments over the years.

She does not hold any shares in the company. She is not related to any other director of the company. Details of her other directorships and membership/chairmanship of committees are given below:

Name of the Company	Position Held	Committee membership / chairmanship
1. Minica Real Estates Private Limited	Director	-
2. Sujo Land and Properties Private Limited	Director	-
3. Magnetic Meter Systems (India) Limited	Director	-
4. Bharat Technologies Auto Components Limited	Director	Member - Audit Committee Member - Stakeholders Relationship Committee
5. Bharat foundations Private Limited	Director	-

**Mr.Jayakar Krishnamurthy (DIN 00018987)**

Born on 30th November 1960, Mr. Jayakar Krishnamurthy a US Citizen holds a MBA degree in finance from Duke University, United States of America and has over 21 years of experience in all aspects of corporate finance including mergers and acquisition, treasury, taxation and compliance. Mr. Jayakar Krishnamurthy was responsible for worldwide finance, accounting, legal, administration, M&A, compliance and HR in a leading software service providing company before he was appointed as Managing Director of UCAL Fuel Systems Limited in September 2001.

During his tenure as Managing Director for the last 14 years, the company has grown substantially both in terms of turnover and profitability. The turnover of the company has gone up considerably from ₹ 15,957 lakhs in 2000-2001 to ₹ 53,078 lakhs in financial year 2014-2015 thereby recording an increase of 233%. EBITDA during the same period has gone up by 132% from ₹ 3,377 lakhs in 2000-2001 to ₹ 7,839 lakhs in 2014-2015. At a time when most companies were wary of spending on in-house research he has been instrumental in creating a dedicated R&D centre in the company which has helped the company sustain itself in the face of stiff competition and has enabled the company to create an edge for itself in the market. He was the Chief Financial Officer of the company for some time and he has helped to

bring about commendable improvement in the financial management of the company that was evident in the manner in which the company was able to sustain itself during the financial meltdown. He has cultivated and sustained a policy of restrained borrowings inspite of huge investment in infrastructure in the past few years. Mr.Jayakar Krishnamurthy is also the Executive Chairman of Amtec Precision Products Inc., 100% subsidiary of UCAL Fuel Systems Limited, which was on the verge of a severe crisis that would have had an impact on the future of the company as the company had guaranteed its loans. Amtec has earned the confidence of its customers and has earned a net profit in the financial year 2014-2015. Mr.Jayakar Krishnamurthy does not take any remuneration from Amtec Precision Products Inc., USA.

Mr.Jayakar Krishnamurthy has been instrumental in leading the development efforts in the carburettor segment and in ensuring innovative features in the carburettor to meet emission targets and fuel economy targets. He has directed all R&D efforts towards achieving the company's long term vision of becoming an one stop shop for all engine management requirements of the two wheeler industry. He has been instrumental in the company continuing 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. His future plan include entering into defence sector by focusing 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 and trading in UAV segments. It is a part of his objective to harness adjacent technology capabilities.

Taking into account the substantial increase in his responsibilities and the remuneration paid to managerial personnel occupying similar positions in comparable companies and also the fact that the remuneration is fixed for a period of five years, the Board on the recommendation of the Nomination and Remuneration committee has deemed it fit to continue to pay the same remuneration to Mr. Jayakar Krishnamurthy as mentioned in the resolution for the period of his tenure from 1st September 2014 to 31st August 2016.

He holds 3,54,208 shares in the company. He is not related to any other director of the company. Details of his other directorships and membership/chairmanship of committees are given below:

Name of the Company	Position Held	Committee membership/ chairmanship
AMTEC Precision Products Inc., USA	Executive Chairman	-
Bangalore Union Services Private Limited	Director	-
Carburettors Limited	Director	-
Minica Property Holdings Private Limited	Director	-
UCAL- JAP Systems Limited	Director	-

By Order of the Board  
For UCAL FUEL SYSTEMS LIMITED

**REKHA RAGHUNATHAN**  
DIRECTOR AND COMPANY SECRETARY

Place : Chennai  
Date : August 28, 2015

**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]

29th Annual General Meeting — September 30, 2015

**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

Name of the shareholder(s) :

Registered address :

E-mail ID :

Folio No./Client ID :

DPID :

I/We, being the shareholder(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 .....

[PTO.]

as my/our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the 29th Annual General Meeting of the company to be held on 30th day of September 2015 at 11.30 a.m. at "Dynasty Hall", Hotel Ambassador Pallava, No. 30, Montieth Road, Egmore, Chennai – 600008 and at any adjournment thereof in respect of such resolutions as are indicated below :

Resolution No.	Description of Resolution	Special / Ordinary	Optional	
			For	Against
1	Adoption of audited financial statements of the Company along with the directors and auditors report.	Ordinary		
2	Declaration of dividend for the year ended 31 <sup>st</sup> March 2015	Ordinary		
3	Re-appointment of Mr. Ram Ramamurthy as Director who retires by rotation and being eligible offers himself for re-appointment	Ordinary		
4	Appointment of Statutory Auditors.	Ordinary		
	<b>Special Business:</b>			
5	Appointment of Ms. Rekha Raghunathan as director	Ordinary		
6	Ratification of the remuneration to be paid to Cost Auditor	Ordinary		
7	Approval for remuneration to be paid to Managing Director	Special		

Signed this ..... day of .....2015.

Signature of the shareholder

Affix ₹ 1  
Revenue  
Stamp

Signature of Proxyholder(s)

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 less 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 shareholder(s) in the above box before submission.

**Board of Directors**

Mr. Jayakar Krishnamurthy	Chairman and Managing Director
Mr. Ram Ramamurthy	Whole-time Director (Appointed as Director with effect from 30.08.2014 and as Whole-time Director with effect from 04.09.2014)
Mr. S. Natarajan	Independent Director
Dr. M.S. Ananth	Independent Director
Dr. V. Sumantran	Independent Director
Ms. Rekha Raghunathan	Director and Company Secretary (Appointed as Director with effect from 25.03.2015)

**Audit Committee**

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

**Chief Financial Officer**

Mr. N. Gnanasambandan

**Statutory Auditor**

M/s. G. Balu Associates, Chartered Accountants,  
FRN: 000376S  
No. 4A, Venkatesa Agraharam Road  
Mylapore  
Chennai - 600 004

**Internal Auditor**

M/s.P.Chandrasekar, Chartered Accountants,  
FRN: 000580S  
New No. 6, Old No. 36, Krishnaswamy Avenue,  
Luz, Mylapore, Chennai - 600 004

**Bankers**

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

**Registered Office**

"Raheja Towers", Delta Wing - Unit 705  
177 Anna Salai  
Chennai - 600 002  
Tel : 044 - 42208111; Fax : 044 - 28605020  
E-mail : investor@ucalfuel.co.in website : www.ucalfuel.com  
CIN: L31900TN1985PLC012343

**Manufacturing Plants**

Tamil Nadu, Puducherry and Haryana

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## BOARD'S REPORT

The Directors hereby present the 29th Annual Report together with the audited accounts of the company for the year ended 31st March 2015.

### FINANCIAL HIGHLIGHTS

The performance of the company for the year ended 31st March 2015 is as follows:

Particulars	(₹ in lakhs)	
	For the year ended	
	31.03.2015	31.03.2014
Gross Revenue	59,567	52,682
Net Revenue (excluding Excise Duty)	53,078	46,563
Total Expenditure	45,533	40,333
Operating Income	7,545	6,230
Other Income	294	100
Profit before Interest, Tax & Depreciation	7,839	6,330
Interest	2,617	2,983
Deferred Revenue Expenses	177	417
Depreciation	2,398	1,923
Profit before Tax & Exceptional item	2,647	1,007
Tax Expense	668	185
Profit after Tax/Net Profit	1,979	822
Balance of profit brought forward from last year	9,183	8,815
Amount Available for Appropriations	11,162	9,637
Appropriations:		
Transfer to General Reserve	-	200
Depreciation transferred to retained earnings	357	-
Dividend	442	221
Tax on Dividend	91	33
Balance Carried to Balance Sheet	10,272	9,183

### DIVIDEND

The Board has out of the profit available for appropriation, recommended a dividend of 20% i.e. ₹ 2/- per equity share for the financial year 2014-2015. This amount aggregates to ₹ 442/- lakhs (exclusive of tax and surcharge thereon).

### SHARE CAPITAL

The paid up equity share capital of the company as on 31st March, 2015 was ₹ 22,11,36,250. The company has not issued any shares nor granted stock options or sweat equity during the financial year 2014-2015.

### TRANSFER TO GENERAL RESERVE

There has been no transfer to general reserve of the company for the financial year 2014-2015.

### FINANCIAL PERFORMANCE

The turnover of the company increased by 14% from ₹ 46,563 lakhs in the financial year 2013-2014 to ₹ 53,078 lakhs in the financial year 2014-2015. This was possible mainly because of a partial recovery of the two wheeler sector and consequent improved off take by the customers. The earnings before Interest, Tax and Depreciation (EBITDA) also increased from

₹ 6,330 lakhs in the financial year 2013-2014 to ₹ 7,839 lakhs in the financial year 2014-2015. The increase can be mainly attributed to the increase in the volume of business and the control of expenditure.

Despite considerable efforts the exports reduced to ₹ 1,449 lakhs during the financial year 2014-2015 from ₹ 2,069 lakhs in the financial year 2013-2014. This can be attributed to the volatility of the global market and sluggish growth in the world market in the segments where the company operates. However the spares sales of the company during the financial year 2014-2015 was ₹ 4,089 lakhs as against that of ₹ 3,164 lakhs in the financial year 2013-2014.

The Profit After Tax (PAT) for 2014-2015 was higher than that of the financial year 2013-2014 by 141%. The Company's earning per share was ₹ 8.95 during the financial year 2014-2015.

The company's performance showed an increase though the expected business did not materialize in the financial year 2014-2015 due to delay in product launches by OEMs and the economic recovery not happening as fast as expected. The company's efforts at cost control continued throughout the financial year but employee costs and input costs continued to pose a challenge. The market conditions did not also facilitate the full recovery of the increased cost from the customer. Steps to increase productivity continued unabated. The company could not penetrate into the export market as expected. The company is however planning to aggressively tap the spares market in this current financial year. The company continued to update its facilities on a limited scale due to market volatility and spent ₹ 424 lakhs in capital investments in the financial year 2014-2015 as compared to ₹ 534 lakhs spent in the financial year 2013-2014. The company continued its R&D initiatives by spending ₹ 894 lakhs in the financial year 2014-2015 as against an amount of ₹ 907 lakhs spent in the previous financial year. The domestic market is expected to see a revival in the second half of 2015-2016 in view of the various policies adopted by the Government and the company is geared to take advantage of this.

## DIRECTORS

The Board expresses its deep anguish at the passing away of Mr.S.Muthukrishnan, the Founder and Former Chairman of the company. The Board remains ever grateful to Mr.S.Muthukrishnan for guiding the company through the years and for the strong foundation he laid on the strength of which the company has been able to grow steadily over the years.

The Board in its meeting held on 25<sup>th</sup> March 2015 appointed Ms Rekha Raghunathan as additional director with immediate effect. Ms Rekha Raghunathan is the company secretary and will continue to discharge her duties as such in addition to being Director. Her appointment will be confirmed at the ensuing Annual General Meeting. Appropriate resolution for the appointment has been set out in the notice convening the Annual General Meeting. The Board recommends her appointment as Director of the company.

Mr Ram Ramamurthy retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for reappointment. Necessary resolution for his reappointment has been set out in the Notice convening the Annual General Meeting. The Board recommends his reappointment as Director of the company.

The information on Board meetings, independent directors, Board diversity, remuneration policy and familiarisation program for independent directors are mentioned in the Corporate Governance Report.

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.

## DIRECTORS' RESPONSIBILITY STATEMENT

In terms of section 134(3) (c) read with section 134(5) of the Companies Act, 2013 the directors to the best of their knowledge and belief and according to information and explanation obtained by them, confirm that,

- In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to any material departures;
- 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 as at the end of the financial year 31st March 2015 and of the profit of the company for the year ended 31st March 2015
- Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 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.
- (e) Proper internal financial controls to be followed by the company have been laid down and such internal financial controls were adequate and were operating effectively.
- (f) proper systems to ensure compliance with the provisions of all applicable laws have been devised and such systems were adequate and were operating efficiently.

## AUDIT COMMITTEE

The audit committee confirms to the requirements of Section 177 of the Companies Act, 2013 and clause 49 of the listing agreement. Mr. S.Natarajan, Dr. M.S. Ananth, Dr.V.Sumantran and Mr. Jayakar Krishnamurthy are the members of the Audit Committee. Dr.V. Sumantran was appointed as member of the audit committee on 11.08.2014. Mr. S.Natarajan continues as Chairman of the Audit committee. The committee met four times during the year. Detailed disclosure on the terms of reference and meetings are mentioned in the corporate governance report.

## STATUTORY AUDITORS

M/s G Balu Associates were appointed statutory auditors of the company at the previous Annual General Meeting for the year 2014-2015. 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 for reappointment, offer themselves for reappointment. The company proposes to reappoint them as statutory auditors for the financial year 2015-2016. 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. The emphasis of matter specified in the statutory audit report has been explained in Note No 31 to the notes on accounts.

Regarding the observation in the Statutory Auditor's report on managerial remuneration, it is informed that the excess remuneration paid to Mr. Jayakar Krishnamurthy for the year 2013-2014 amounting ₹ 75.52 lakhs has been refunded to the company subsequent to adoption of accounts by the Board and as regards the remuneration for the current financial year, 2015-2016, an application for approval has been made to the Central Government and the resolution has been included in the Notice to the ensuing Annual General Meeting for shareholders approval.

## SECRETARIAL AUDITOR

Pursuant to the provisions of section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, the company has appointed M/s.P.Sriram & Associates, a firm of practicing company secretaries as secretarial auditor of the company to undertake secretarial audit of the company. The report of the secretarial auditor is given in Annexure I. It does not contain any qualification, reservation, adverse remark or disclaimer.

## INTERNAL AUDITORS

The company has appointed M/s.P.Chandrasekhar, Chartered Accountants, as internal auditors of the company. Their scope has been discussed and approved by the audit committee. It includes among other things review of the operational efficiency, effectiveness of systems and controls in existence and a review of the processes to safeguard the assets of the company. The auditors also have to assess the strength of the internal control in all areas. The internal auditor's findings are discussed with the concerned stakeholders and corrective remedial action are taken on a regular basis in consultation with the audit committee. The internal auditors were present at all audit committee meetings.

## COST AUDITOR

In the Board meeting held on 16.05.2013, the cost auditor was appointed for the financial years 2013-2014 and 2014-2015. Cost Audit was conducted for 2013-2014. However, under section 148 of the Companies Act, 2013, as per the new cost audit rules applicable to specified categories of industries, the company was not covered for 2014-2015. Hence there was no cost audit for 2014-2015. However vide MCA notification dated 31.12.2014, cost audit was made applicable to industries with specific CETA headings which include chapter no: 84 under "other machinery". Since most of the company's

products are cleared under CETA 8409, the company is now covered under cost audit for 2015-2016, as per CETA heading. Mr.V.Kalyanaraman was appointed as Cost Auditor for 2015-2016 at a remuneration of ₹ 5,00,000/- p.a subject to his remuneration being approved by the shareholders at the ensuing Annual General Meeting. Mr. V Kalyanaraman, has sent his consent letter for appointment as Cost Auditor for 2015-2016.

## **SUBSIDIARY COMPANIES**

The company has two wholly owned subsidiaries.

Ucal Polymer Industries Limited (UPIL) - UPIL continues to perform better by satisfactorily meeting all the inhouse requirements of plastic and rubber components of UCAL Fuel Systems Limited(UFSL). The turnover for the financial year 2014-2015 was ₹ 3,292 lakhs compared to that of ₹ 2,598 lakhs in the financial year 2013-2014. The net profit after tax was higher at ₹ 369 lakhs in the financial year 2014-2015 thereby recording an increase of 49% as against ₹ 248 lakhs in the financial year 2013-2014. This has been achieved mainly due to the transfer of business from other vendors to the subsidiary company and due to improved efficiency of operations of the subsidiary. A dividend of 20% has been declared by UPIL. Expanding its customer profile beyond UFSL continues to be a priority and the company is proceeding cautiously on this front. Attempts to diversify its product portfolio as regards UFSL also continues and the company is likely to increase its business with UFSL in the current financial year.

Amtec Precision Products Inc, USA (Amtec) - The turnover of Amtec was ₹ 20,539 lakhs during the financial year 2014-2015 up from ₹ 17,561 lakhs in the financial year 2013-2014 thereby recording an increase of 17% in rupee terms. In US dollar terms, the turnover was \$ 33.48 million during financial year 2014-2015 compared to \$ 30.68 million in the financial year 2013-2014 showing an increase of 9%. Amtec has earned a Net profit after tax of ₹ 107 lakhs during the financial year 2014-2015. With the US economy showing signs of recovery , the prospects of Amtec are picking up. This is evident in the results of the financial year 2014-2015. Amtec expects a better performance in the current financial year due to more remunerative new orders flowing in. A financial restructuring is being planned to ensure that Amtec is placed on a firmer footing.

## **CONSOLIDATED FINANCIAL STATEMENTS**

The consolidated financial statements for the year ended 31st March 2015 of the company and its subsidiaries together with the auditor's report thereon is enclosed. The statement pursuant to subsection (3) of Section 129 of the Companies Act, 2013 read with Rule 5 of Companies (Accounts) Rules, 2014 in the prescribed form AOC-1 relating to the subsidiary companies is given in Annexure II.

The consolidated results of the company and its subsidiaries show that a net profit after tax of ₹ 2,455 lakhs has been achieved during the financial year 2014-2015 as against that of ₹ 685 lakhs in the financial year 2013-2014. Collectively the company and its subsidiaries have fared better but less than expected due to various factors like economic situation, customer variations, market volatility and rising input costs.

In terms of section 136 of the Companies Act, 2013 the company has not attached the financial statements of the subsidiary companies. However the financial information of the subsidiary companies are disclosed in the 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 and has also been posted in the website of the company [www.ucalfuel.com](http://www.ucalfuel.com). The annual accounts, reports and other documents of the subsidiary companies will be despatched to the shareholders upon receipt of a request from them.

## **CORPORATE SOCIAL RESPONSIBILITY (CSR)**

The company has undertaken CSR activities in the field of education, sanitation, health, sports and preservation of culture and heritage through implementation agencies. These projects are in accordance with Schedule VII of the Companies Act, 2013.

The vision is "to be a responsible corporate citizen by contributing to the well being of the society at large keeping in mind the national vision of ensuring a healthy, educated and a poverty free India and to protect the culture and heritage of this great ancient land".

The constitution of the CSR committee, and the other details are mentioned in the corporate governance report. The annual report of the CSR activities carried out during the financial year 2014-2015 is given in Annexure III.

## **PUBLIC DEPOSITS**

The company has not accepted any deposits from the public during the financial year 2014-2015 within the meaning of Section 73 of the Companies Act, 2013 read with Companies (Acceptance of deposits) Rules 2014 and there is no outstanding amount on account of principal or interest as on date.

## **ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE**

Information required under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules 2014, on energy conservation, technology absorption, foreign exchange earnings and outgo, is given in Annexure IV.

## **EXTRACT OF ANNUAL RETURN**

An extract of Annual Return in form MGT – 9 is given in Annexure V and forms part of this report

## **PARTICULARS OF LOANS GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013**

The company has not given loans, guarantees nor made any investments during the financial year under consideration under Section 186 of the Companies Act, 2013.

## **MATERIAL CHANGES AND COMMITMENTS**

There were no material changes and commitments in the operations of the company affecting the financial position of the company which have occurred between the end of the financial year of the company to which the financial statements relate and the date of the Board's report.

## **PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES**

The company did not enter into any material transaction with any related party during the financial year 2014-2015 as per Section 188 of Companies Act, 2013. All transactions entered into with related parties were on arms length basis and in the ordinary course of business. Form AOC-2 as required under Section 134 (3) (h) of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules 2014 is given in Annexure VI.

## **CHANGE IN NATURE OF BUSINESS**

There was no change in the nature of business of the company during the year under review.

## **REGULATORY/COURT ORDERS**

During the year 2014-2015 no significant and material orders were passed by the courts, regulators or tribunals affecting the going concern status of the company and its future operations.

## **DELISTING OF SHARES FROM MADRAS STOCK EXCHANGE**

In furtherance to the company's application for voluntary delisting of equity shares from Madras stock exchange, the exchange on 13.02.2015 informed that the equity shares of the company have been delisted from their exchange with effect from that date.

## **PARTICULARS OF EMPLOYEES**

Mr.Jayakar Krishnamurthy-Chairman and Managing Director, Mr.Ram Ramamurthy Whole time Director, Ms.Rekha Raghunathan-Director and Company Secretary and Mr N.Gnanasambandan-Chief Financial officer hold the office of key managerial personnel. The Information required pursuant to Section 197 of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 in respect of directors, key managerial personnel and employees are given in Annexure VII.

### INDUSTRIAL RELATIONS

During the year cordial and healthy relations were maintained with all sections / levels of employees. There were no cases reported of any sexual harassment.

### WHISTLE BLOWER POLICY

The Company has a whistle blower policy to deal with instances of fraud and mismanagement. The details are explained in the Corporate Governance Report and are also posted in the company's website [www.ucalfuel.com](http://www.ucalfuel.com).

### RISK MANAGEMENT

Key business risks are identified and reviewed on a regular basis. The details of the strategy development committee formed to strategise on ways to mitigate the risk is given in Corporate Governance Report.

### PREVENTION OF INSIDER TRADING

The company has framed a code of conduct for prevention of insider trading based on SEBI (prohibition of insider trading) Regulations, 2015. This code is applicable to all the board members/employees/officers of the company. This ensures prevention of dealing with shares by people who have access to unpublished price sensitive information.

### 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 – VIII. 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 given in Annexure IX. The Management Discussion and Analysis Report is attached in Annexure X.

### ACKNOWLEDGEMENT

The Board acknowledges with appreciation and gratitude the co-operation, assistance and support of all its employees, customers, bankers, vendors, suppliers and governmental agencies. The Board is particularly grateful to the shareholders for continuing to support the company and for continuing to repose their confidence in the company.

For and on behalf of the Board

Place: Chennai  
Date: 28.08.2015

**JAYAKAR KRISHNAMURTHY**  
CHAIRMAN AND MANAGING DIRECTOR



## ANNEXURE I TO BOARD'S REPORT

FORM NO.MR-3

### SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2015

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014]

To  
The Shareholders,  
**UCAL FUEL SYSTEMS LIMITED**  
RAHEJA TOWERS, DELTA WING -UNIT 705  
177, ANNA SALAI,  
CHENNAI -600002  
CIN : L31900TN1985PLC012343

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **UCAL FUEL SYSTEMS LIMITED** (hereinafter called the "**Company/UFSL**"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2015 complied with the statutory provisions listed here under and also that the Company has proper Board-processes and compliance-mechanism in place in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company/UFSL for the financial year ended on 31<sup>st</sup> March, 2015 according to the provisions of:

- i) The Companies Act, 2013 (the Act) and the rules made there under;
- ii) The Securities Contracts (Regulation) Act, 1956 ("SCRA") and the rules made thereunder;
- iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act"):-
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - c) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - d) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009
  - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- v) The Factories Act 1948
- vi) The Industrial Disputes Act, 1947
- vii) The Workmen's Compensation Act, 1923
- viii) Payment of Wages Act, 1936 and other applicable labour laws.
- ix) The Sexual Harassment of Women at Work Place (Prevention, Prohibition, And Redressal) Act, 2013
- x) The Water (prevention & Control of Pollution) Act 1974

- xi) The Environment (Protection) Act, 1986
- xii) The Air (prevention and control of pollution) Act, 1981
- xiii) The Noise Pollution (Regulation and Control) Rules, 200 as amended to date.

Secretarial Standards issued by The Institute of Company Secretaries of India (not notified as on 31<sup>st</sup> March 2015) hence not applicable to the Company during the audit period.

We have also examined compliance with the applicable clauses of the Listing Agreement entered into by the Company with Stock Exchange.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc., mentioned above.

**We further report that**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions were carried out with unanimous approval of the Board and there was no instance of dissent voting by any member during the period under review.

**We further report that** there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**We further report that** during the audit period, there were no instances of:

- i. Public / Rights / Preferential issue of shares / debentures / sweat equity etc..
- ii. Redemption / buy-back of securities.
- iii. Merger / amalgamation / reconstruction etc.
- iv. Foreign technical collaborations.

**For P.SRIRAM & ASSOCIATES**

**P. SRIRAM**

FCS No. 4862

C P No: 3310

Place : Chennai  
Date : 28.08.2015

This Report is to be read with our letter of even date which is annexed as Annexure "A" which form an integral part of this report.

## ANNEXURE "A" TO SECRETARIAL AUDIT REPORT OF EVEN DATE

To

The Shareholders,  
**UCAL FUEL SYSTEMS LIMITED**  
Raheja Towers, Delta Wing -Unit 705  
177, Anna Salai,  
Chennai -600002  
CIN : L31900TN1985PLC012343

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company.
2. Our responsibility is to express an opinion on these secretarial records based on our audit.
3. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
4. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
5. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
6. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
7. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For P.SRIRAM & ASSOCIATES

P. SRIRAM

FCS No. 4862

C P No: 3310

Place : Chennai

Date : 28.08.2015

## ANNEXURE II TO BOARD'S REPORT

## STATEMENT CONTAINING THE SALIENT FEATURES OF THE FINANCIAL STATEMENT OF SUBSIDIARIES / ASSOCIATE COMPANIES / JOINT VENTURES - FORM AOC-1

Statement pursuant to first proviso to subsection (3) of section 129 of the Companies Act 2013, read with Rule 5 of Companies (Accounts) Rules, 2014 in the prescribed Form AOC-1 relating to subsidiary companies

Name of the Subsidiary company	UCAL POLYMER INDUSTRIES LIMITED	AMTEC PRECISION PRODUCTS, INC.
Reporting Period	March 31, 2015	March 31, 2015
Reporting Currency	INR	USD
Exchange Rate	1.00	62.59
Share Capital	125.00	15,455.53
Reserves & Surplus	1,864.62	(26,910.53)
Total Assets *	4,048.64	13,078.34
Total Liabilities #	2,059.02	24,533.34
Investments	-	-
Turnover	3,291.52	20,538.96
Profit before taxation	572.50	111.29
Provision for taxation	203.56	4.60
Profit after taxation	368.94	106.69
Proposed Dividend	25.00	-
% of Shareholding	100%	100%
Country	India	USA
* (Non Current Assets + Current Assets)	# (Non Current Liabilities + Current Liabilities)	

## Notes :-

1. There are no subsidiaries which are yet to commence operations.
2. No subsidiaries have been liquidated or sold during the year.
3. Indian Rupee equivalent of the figures given in foreign currencies in the accounts of the subsidiary companies, are based on the exchange rates as on March 31, 2015.

Place: Chennai  
Date: 28.08.2015

JAYAKAR KRISHNAMURTHY  
CHAIRMAN AND  
MANAGING DIRECTOR

REKHA RAGHUNATHAN  
DIRECTOR AND  
COMPANY SECRETARY

N GNANASAMBANDAN  
CHIEF FINANCIAL OFFICER

## ANNEXURE III TO BOARD'S REPORT

### REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

1. A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.

The CSR vision of the company is "to be a responsible corporate citizen by contributing to the well being of the society at large keeping in mind the national vision of ensuring a healthy, educated and a poverty free India and to protect the culture and heritage of this great ancient land". The company intends to pursue its existing corporate social responsibility policy of continuing to support the activities of the Academy of Higher Education, Tiruchirapalli and Culture and Heritage Trust of Karuveli. The Culture and Heritage Trust of Karuveli is actively engaged in the conservation of heritage buildings and in improving places of public interest in and around Karuveli and is also working with villagers in Karuveli to improve their quality of life through education and imparting of skills on introduction of newer crops and plantations. The trust also sponsors education of a number of underprivileged children. The Academy of Higher Education runs the National College and Sesha Iyengar Memorial Higher Secondary School in Tiruchirapalli. Both these institutions cater to the underprivileged section of the society and need a huge financial support for infrastructure development. Most of the students studying in these two institutions are first generation students and require a huge support in terms of education, health care and sanitation. As the requirements of these two institutions is considerable it was decided by the CSR committee that the company would be well placed not to undertake any other corporate social responsibility activity beyond these two institutions to do justice to the requirements of these institutions.

During the year 2014-2015, the Academy of Higher Education had requested funds to build toilets in both the school and college keeping with the Prime Minister's objective and for funds to build an outdoor stadium in the college premises in addition to its other infrastructure requirements. The Culture and Heritage Trust had requested funds to modify an old structure which is of public interest and has a heritage value. The company has contributed towards these requirements.

The company's corporate social responsibility activities will be restricted to the fields of education, sanitation, health care and preservation of Culture and Heritage through the Culture and Heritage Trust of Karuveli and Academy of Higher Education, Tiruchirapalli. The CSR policy is displayed in the website of the company [www.ucalfuel.com](http://www.ucalfuel.com), weblink: <http://www.ucalfuel.com/policy-csr.pdf>.

2. The Composition of the CSR Committee. Dr M.S.Ananth - Independent Director, Mr Jayakar Krishnamurthy – Chairman and Managing Director and Mr.Ram Ramamurthy – Whole time Director are the members of the CSR committee. Dr.M.S.Ananth is the Chairman of this committee
3. Average net profit of the company for last three financial years – ₹ 2314.23 lakhs
4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above) – ₹ 46.28 lakhs
5. Details of CSR spent during the financial year. – ₹ 46.29 lakhs

Total amount to be spent for the financial year; - ₹46.28 lakhs

Amount unspent, if any; NIL

6. Manner in which the amount spent during the financial year is detailed below.

1	2	3	4	5	6	7	8
S. No.	CSR project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Subheads: (1) Direct expenditure on projects or programs. (2) Overheads:	Cumulative expenditure up to the reporting period	Amount spent: Direct or through implementing agency*
				(₹ In lakhs)			
1	Promotion of education, employment enhancing vocational skills, sanitation	Education / Sanitation	Tamilnadu – Tiruchirapalli, Tiruchirapalli District	22.29	22.29	22.29	Implementing Agency – Academy of Higher Education, Tiruchirapalli
2	Promotion of rural sports and nationally recognized sports	Sports	Tamilnadu – Tiruchirapalli, Tiruchirapalli District				Implementing Agency – Academy of Higher Education, Tiruchirapalli
3	Protection of national heritage art & culture	National Heritage	Karuveli village, Tamilnadu Thanjavur District	24.00	24.00	24.00	Implementing Agency – Culture and Heritage Trust of Karuveli
	TOTAL			46.29	46.29	46.29	

\* Details of implementing agency: The Academy of Higher Education and the Culture and Heritage Trust of Karuveli are the implementing agencies. The Academy of Higher Education is registered as a Society and the Culture and Heritage Trust of Karuveli is registered as a public charitable Trust. Both have the benefit of 80(G) deductions and are managed by professionally competent people.

7. In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report. – Not applicable
8. A responsibility statement of the CSR committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company:

The CSR committee confirms that the implementation and monitoring of the CSR policy is in conformity with the CSR objectives and policy of the company.

Place: Chennai  
Date: 28.08.2015

**JAYAKAR KRISHNAMURTHY**  
CHAIRMAN AND MANAGING DIRECTOR

**M.S ANANTH**  
CHAIRMAN OF THE CSR COMMITTEE



## ANNEXURE IV TO BOARD'S REPORT

### CONSERVATION OF ENERGY / RESEARCH AND DEVELOPMENT / TECHNOLOGY ABSORPTION / FOREIGN EXCHANGE EARNINGS AND OUTGO

(Information pursuant to section 134(3) (m) of the Companies Act, 2013 read with Rules 8 of the Companies (Accounts) Rule 2014.)

#### A. CONSERVATION OF ENERGY

##### a. Steps taken or impact on conservation of energy

During the year 2014-2015, improvements have been made in consumption of Electric power in melting of Aluminium in Pressure Die Casting process. In order to save power consumption, "Thyristor" element was introduced in the heater circuit. The benefit is that when the temperature of the melt reaches the final melting point, the power supply is automatically controlled at heater coils to optimise power consumption in the process. On a regular basis, CFL bulbs and LED bulbs were introduced in the shop floor for general lighting. It is proposed to introduce optimum air automation solution, for operating air compressors by which, the output pressure can be monitored to the set value, which can be maintained constant in work area. Based on the connected load, the working compressors can be switched "off" and "on" thereby regulating the consumption of air in work area. With this automation, substantial energy savings are expected. The phasing out of old outdated machinery especially the die casting machines and replacing them with energy efficient ones is continuing.

##### b. Steps taken by company for utilising alternate source of energy

Solar panel installations are proposed to be undertaken and the company is in the process of working out the financial viability of these solar projects. The company's windmills continue to operate efficiently and generate power. The measures undertaken to conserve energy have resulted in a savings of ₹ 30 lakhs to the company during the financial year 2014-2015. The proposed measures are estimated to result in an annual savings of more than ₹ 98 lakhs.

##### c. The capital investment on energy conservation equipment:-

No major investments have been made this year, However maintenance costs continue to be incurred.

#### B. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

##### 1. Efforts made in brief towards technology absorption, adaptation and innovation

The company has absorbed the technologies in the areas of carburettors, air suction valves and is continuously improving for adapting this to new customers, new applications through innovative features in the product. The product range and new customer additions had been due to the company's initiative and focus. The company has also fully absorbed the technologies in the two-stroke air assisted direct injection, four-stroke port injection and pumps and adapted it to varying customers requirements through product improvement. The continued focus on R&D as part of the company's initiative had helped in expanding the product range thereby bringing new businesses. The company is 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 premium segment (150cc engine) for 2 major two-wheeler manufacturers.
- Air cut valve for the scooter segment (110cc engine) for a major two-wheeler manufacturer.
- Air suction valve for the export application of a major two-wheeler manufacturer.
- Variable Depression (VD) carburettor for scooter application (110cc engine) and for the export application of a major two-wheeler manufacturer.
- Variable Depression (VD) carburettor for the upgraded engines of a major three wheeler manufacturer.
- Delivery pipe for 1.2 L gasoline engine application for a major passenger car manufacturer.

**2. Benefits derived as a result of the above efforts**

- The company has been able to approach newer customers and markets with a good value performance for various applications.
- The company through its wider range of products portfolio, had been able to approach new markets and segments.
- The company has been able to provide innovative engineering solution to meet the customer expectations in terms of performance and emission targets.
- Offering technical solutions to the customers by demonstrating our capability and addressing the market challenges has given rise to new business opportunities.
- Providing a range of products to suit varying customer requirements.
- Development of products for the existing customers for their new applications and new customers.
- Product cost reduction through validation of parts from new sources, value engineering.
- Improvements in manufacturing process and quality through product design changes.

**3. In case of imported technology (imported during the last three years reckoned from the beginning of the financial year) the following information may be furnished - Nil****4. Expenditure on R&D**

Particulars	₹ In lakhs
a. Capital	27.59
b. Revenue (recurring) includes amount transferred to Deferred revenue expenses	866.58
c. Total	894.17
d. Total R&D expenditure as a percentage of total turnover	1.68%

**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 2014-2015, the total foreign exchange outgo was ₹ 3,827 lakhs while the foreign exchange earned was ₹ 1,449 lakhs resulting in a net foreign exchange outgo of ₹ 2,378 lakhs

For and on behalf of the Board

Place: Chennai  
Date: 28.08.2015

**JAYAKAR KRISHNAMURTHY**  
CHAIRMAN AND MANAGING DIRECTOR

## ANNEXURE - V TO BOARD'S REPORT.

### FORM NO MGT 9

#### EXTRACT OF ANNUAL RETURN

as on financial year ended on 31.03.2015

[Pursuant to section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014]

#### I. REGISTRATION & OTHER DETAILS:

(i)	CIN	L31900TN1985PLC012343
(ii)	Registration Date	04.11.1985
(iii)	Name of the Company	UCAL FUEL SYSTEMS LIMITED
(iv)	Category / Sub-Category of the Company	Public Limited Company
(v)	Address of the Registered office & contact details	"Raheja Towers", Delta Wing-Unit 705, 177 Anna Salai, Chennai 600002 Tel No: 044 - 4220 8111
(vi)	Whether listed company	Yes
(vii)	Name, Address & Contact details of Registrar & Transfer Agent, if any;	"Integrated Enterprises (India) Limited "Kences Towers" – 2 <sup>nd</sup> Floor No.1, Ramakrishna Street, T.Nagar Chennai 600017 Tel No: 044 - 2814 0801

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

(all the business activities contributing 10 % or more of the total turnover of the company shall be stated):-

S. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Carburettors	29301	54.96%
2	Pumps	29301	20.98%
3	Air Suction Valve	29301	10.95%

#### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No.	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% of shares held	Applicable Section
1	Ucal Polymer Industries Limited, B-116 PIPDIC Industrial Estate, Mettupalayam Puducherry - 605 009	U25199PY1999PLC001488	Subsidiary	100%	Section 2(87) of Companies Act, 2013
2	AMTEC Precision Products, Inc., USA	Foreign company	Subsidiary	100%	Section 2(87) of Companies Act, 2013

## IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

## (i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/ HUF	5,47,979		5,47,979	2.48	5,47,979		5,47,979	2.48	
b) Central Govt									
c) State Govt(s)									
d) Bodies Corp.	1,46,37,653		1,46,37,653	66.19	1,46,37,653		1,46,37,653	66.19	
e) Banks / FI									
f) Any Other									
<b>Sub – total (A)(1):-</b>	<b>1,51,85,632</b>		<b>1,51,85,632</b>	<b>68.67</b>	<b>1,51,85,632</b>		<b>1,51,85,632</b>	<b>68.67</b>	
<b>(2) Foreign</b>									
a) NRIs- Individuals	3,54,208		3,54,208	1.60	3,54,208		3,54,208	1.60	
b) Other - Individuals									
c) Bodies Corp.									
d) Banks/ FI									
e) Any Other...									
<b>Sub – total(A)(2):-</b>	<b>3,54,208</b>		<b>3,54,208</b>	<b>1.60</b>	<b>3,54,208</b>		<b>3,54,208</b>	<b>1.60</b>	
<b>Total shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	<b>1,55,39,840</b>		<b>1,55,39,840</b>	<b>70.27</b>	<b>1,55,39,840</b>		<b>1,55,39,840</b>	<b>70.27</b>	
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	1,120	5,900	7,020	0.03	37,780	5,900	43,680	0.20	0.17
b) Banks / FI	100		100		18,275		18,275	0.08	0.08
c) Central Govt									
d) State Govt(s)									
e) Venture Capital Funds									
f) Insurance Companies									
g) FIIs		400	400			400	400		
h) Foreign Venture Capital Funds									
i) Others (specify)									
<b>Sub-total (B)(1):-</b>	<b>1,220</b>	<b>6,300</b>	<b>7,520</b>	<b>0.03</b>	<b>56,055</b>	<b>6,300</b>	<b>62,355</b>	<b>0.28</b>	<b>0.25</b>
<b>2. Non-Institutions</b>									
a) Bodies Corp.									
i) Indian	7,04,370	7,421	7,11,791	3.22	9,33,842	7,421	9,41,263	4.26	1.04
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	47,04,619	2,63,908	49,68,527	22.48	42,42,103	2,43,418	44,85,521	20.28	2.19

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	8,12,048	0	8,12,048	3.67	10,13,024		10,13,024	4.58	0.91
c) Others (specify)- Non Resident Indians	73,219	680	73,899	0.33	71,142	480	71,622	0.33	-0.01
<b>Sub-total (B)(2):-</b>	<b>62,94,256</b>	<b>2,72,009</b>	<b>65,66,265</b>	<b>29.70</b>	<b>62,60,111</b>	<b>2,51,319</b>	<b>65,11,430</b>	<b>29.45</b>	<b>-0.25</b>
<b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>	<b>62,95,476</b>	<b>2,78,309</b>	<b>65,73,785</b>	<b>29.73</b>	<b>63,16,166</b>	<b>2,57,619</b>	<b>65,73,785</b>	<b>29.73</b>	
C. Shares held by Custodian for GDRs & ADRs									
<b>Grand Total (A+B+C)</b>	<b>2,18,35,316</b>	<b>2,78,309</b>	<b>2,21,13,625</b>	<b>100.00</b>	<b>2,18,56,006</b>	<b>2,57,619</b>	<b>2,21,13,625</b>	<b>100.00</b>	

**(ii) Shareholding of Promoter-**

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Carburettors Limited	1,08,20,089	48.93	1.47	1,08,20,089	48.93	1.47	
2	Minica Real Estates Private Limited	18,41,882	8.33		18,41,882	8.33		
3	Southern Ceramics Private Limited	15,58,515	7.05		15,58,515	7.05		
4	Bangalore Union Services Private Limited	2,75,484	1.24		2,75,484	1.24		
5	Sujo Land and Properties Private Limited	1,41,683	0.64		1,41,683	0.64		
6	Dr.V. Krishnamurthy	5,47,979	2.48		5,47,979	2.48		
7	Mr. Jayakar Krishnamurthy	3,54,208	1.60		3,54,208	1.60		
	<b>Total</b>	<b>1,55,39,840</b>	<b>70.27</b>	<b>1.47</b>	<b>1,55,39,840</b>	<b>70.27</b>	<b>1.47</b>	

## (iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	1,55,39,840	70.27		
	Date wise increase / decrease in promoters shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):-	NIL			
	At the end of the year			1,55,39,840	70.27

## (iv) Shareholding Pattern of top ten Shareholders:

(Other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	For Each of the Top 10 Shareholders		Shareholding at the beginning of the year		Cumulative Shareholding during the year		
			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company	
1	TVS Motor Company Limited						
	At the beginning of the year		91,760	0.415			
	Date wise increase / decrease in shareholding during the year		Nil				
	At the end of the year				91,760	0.415	
2.	S. Ganesh						
	At the beginning of the year		50,505	0.228			
	Date wise increase / decrease in shareholding during the year		Nil				
	At the end of the year				50,505	0.228	
3	Kotak Mahendra Investments Limited						
	At the beginning of the year		47,611	0.215			
	Date wise increase / decrease in shareholding during the year Reason for increase / decrease in shareholding during the year: Transfer	25.04.2014	-2,039	-0.009	45,572	0.206	
		16.05.2014	-500	-0.002	45,072	0.204	
		13.06.2014	1,000	0.005	46,072	0.208	
		11.07.2014	-9,877	-0.045	36,195	0.164	
		01.08.2014	34	0.000	36,229	0.164	
		08.08.2014	-34	0.000	36,195	0.164	
		15.08.2014	1,288	0.006	37,483	0.170	
		22.08.2014	288	0.001	37,771	0.171	
		29.08.2014	-754	-0.003	37,017	0.167	
		05.09.2014	-322	-0.001	36,695	0.166	
		14.11.2014	-21,174	-0.096	15,521	0.070	
		21.11.2014	-500	-0.002	15,021	0.068	
		23.01.2015	-10,000	-0.045	5,021	0.023	
		06.03.2015	-4,021	-0.018	1,000	0.005	
		13.03.2015	2,200	0.010	3,200	0.014	
		20.03.2015	-1,000	-0.005	2,200	0.010	
		31.03.2015	2,761	0.012	4,961	0.022	
			At the End of the year				4,961



Sl. No.	For Each of the Top 10 Shareholders		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
4	Naresh F Govindani					
	At the beginning of the year		39,495	0.179		
	Date wise increase / decrease in shareholding during the year	16.05.2014	505	0.002	40,000	0.181
	Reason for increase / decrease in shareholding during the year: Transfer					
	At the End of the year				40,000	0.181
5	Jaidev Mittal					
	At the beginning of the year		38,281	0.173		
	Date wise increase / decrease in shareholding during the year Reason for increase / decrease in shareholding during the year: Transfer	04.04.2014	148	0.001	38,429	0.174
		11.04.2014	-6,366	-0.029	32,063	0.145
		18.04.2014	400	0.002	32,463	0.147
		02.05.2014	100	0.000	32,563	0.147
		16.05.2014	1,000	0.005	33,563	0.152
		23.05.2014	-512	-0.002	33,051	0.149
		30.05.2014	-1,163	-0.005	31,888	0.144
		06.06.2014	-1,018	-0.005	30,870	0.140
		13.06.2014	-968	-0.004	29,902	0.135
		20.06.2014	-200	-0.001	29,702	0.134
		18.07.2014	895	0.004	30,597	0.138
		01.08.2014	-300	-0.001	30,297	0.137
		08.08.2014	-800	-0.004	29,497	0.133
		15.08.2014	200	0.001	29,697	0.134
		10.10.2014	1,630	0.007	31,327	0.142
		17.10.2014	1,500	0.007	32,827	0.148
		31.10.2014	-500	-0.002	32,327	0.146
		14.11.2014	-10,105	-0.046	22,222	0.100
		21.11.2014	-450	-0.002	21,772	0.098
		16.01.2015	-1,200	-0.005	20,572	0.093
		13.02.2015	200	0.001	20,772	0.094
		27.03.2015	-137	-0.001	20,635	0.093
	At the End of the year				20,635	0.093
6	Vinod Kumar Tulsian					
	At the beginning of the year		37,334	0.169		
	Date wise increase / decrease in shareholding during the year Reason for increase / decrease in shareholding during the year: Transfer	23.05.2014	2,000	0.009	39,334	0.178
		30.05.2014	3,000	0.014	42,334	0.191
		06.06.2014	2,000	0.009	44,334	0.200
		14.11.2014	-5,000	-0.023	39,334	0.178
		21.11.2014	-5,000	-0.023	34,334	0.155
		28.11.2014	-3,000	-0.014	31,334	0.142
		02.01.2015	-1,000	-0.005	30,334	0.137
		23.01.2015	-1,000	-0.005	29,334	0.133
		06.02.2015	-1,000	-0.005	28,334	0.128
	At the End of the year				28,334	0.128

Sl. No.	For Each of the Top 10 Shareholders		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
7	K.R. Srinivasan					
	At the beginning of the year		36,719	0.166		
	Date wise increase / decrease in shareholding during the year		Nil			
	At the End of the year				36,719	0.166
8	Modex International Securities Limited					
	At the beginning of the year		33,108	0.150		
	Date wise increase / decrease in shareholding during the year Reason for increase / decrease in shareholding during the year: Transfer	16.05.2014	-219	-0.001	32,889	0.149
		23.05.2014	-581	-0.003	32,308	0.146
		06.06.2014	-400	-0.002	31,908	0.144
		08.08.2014	-100	0.000	31,808	0.144
		22.08.2014	100	0.000	31,908	0.144
		29.08.2014	-100	0.000	31,808	0.144
		05.09.2014	5	0.000	31,813	0.144
		12.09.2014	-5	0.000	31,808	0.144
		10.10.2014	200	0.001	32,008	0.145
		31.10.2014	-200	-0.001	31,808	0.144
		12.12.2014	200	0.001	32,008	0.145
		19.12.2014	-200	-0.001	31,808	0.144
		02.01.2015	100	0.000	31,908	0.144
		09.01.2015	975	0.004	32,883	0.149
		23.01.2015	-275	-0.001	32,608	0.147
		30.01.2015	550	0.002	33,158	0.150
		20.03.2015	300	0.001	33,458	0.151
	At the End of the year				33,458	0.151
9	S. Muthukrishnan					
	At the beginning of the year		31,922	0.144		
	Date wise increase / decrease in shareholding during the year					
	Reason for increase / decrease in shareholding during the year: Transfer	07.11.2014	-3500	-0.016	28,422	0.129
	At the End of the year				28,422	0.129
10	Seema Goel					
	At the beginning of the year		29,000	0.131		
	Date wise increase / decrease in shareholding during the year	21.11.2014	-4,000	-0.018	25,000	0.113
	Reason for increase / decrease in shareholding during the year: Transfer	16.01.2015	-10,000	-0.045	15,000	0.068
	At the End of the year				15,000	0.068

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For each of the Directors / Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Mr.Jayakar Krishnamurthy				
	At the beginning of the year	3,54,208	1.60		
	At the end of the year			3,54,208	1.60
2.	Mr.Ram Ramamurthy				
	At the beginning of the year				
	At the end of the year				
3.	Ms.Rekha Raghunathan				
	At the beginning of the year				
	At the end of the year				
4.	Mr.N.Gnanasambandan				
	At the beginning of the year				
	At the end of the year				

V) INDEBTEDNESS -Indebtedness of the Company including interest outstanding / accrued but not due for payment.

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year	₹ in lakhs			
i) Principal Amount	21,340.26	2,946.83		24,287.09
ii) Interest due but not paid				
iii) Interest accrued but not due	36.74			36.74
<b>Total (i+ii+iii)</b>	<b>21,377.00</b>	<b>2,946.83</b>		<b>24,323.83</b>
Change in Indebtedness during the financial year				
* Addition	358.19	150.00		508.19
* Reduction	(4,471.77)	(4.00)		(4,475.77)
<b>Net Change</b>	<b>(4,113.58)</b>	<b>146.00</b>		<b>(3,967.58)</b>
Indebtedness at the end of the financial year				
i) Principal Amount	17,222.32	3,092.83		20,315.15
ii) Interest due but not paid				
iii) Interest accrued but not due	41.10			41.10
<b>Total (i+ii+iii)</b>	<b>17,263.42</b>	<b>3,092.83</b>		<b>20,356.25</b>

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

## A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

In Rupees

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount
		Mr. Jayakar Krishnamurthy Chairman and Managing Director	Mr. Ram Ramamurthy Whole Time Director	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1,62,95,000	6,90,000	1,69,85,000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	12,09,938		12,09,938
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961			
2	Stock Option			
3	Sweat Equity			
4	Commission - as % of profit - others, specify...	50,99,504		50,99,504
5	Others,			
	Contribution to Provident Fund	8,64,000	82,800	9,46,800
	Contribution to Superannuation to the extent exempt under the Income Tax Act	1,00,000		1,00,000
	Total (A)	2,35,68,442	7,72,800	2,43,41,242
	Ceiling as per the Act			3,07,83,669

## B. Remuneration to other directors

In Rupees

S No.	Particulars of Remuneration	Name of Directors				Total Amount
		Mr. S. Natarajan	Dr.M.S. Ananth	Dr.V. Sumantran	Export and Import Bank of India -Nominee Director	
1	Independent Directors					
	Fee for attending Board/ committee meetings	2,00,000	1,80,000	2,20,000		6,00,000
	Commission					
	Others, please specify					
	Total (1)	2,00,000	1,80,000	2,20,000		6,00,000
2	Other Non-Executive Directors					
	Fee for attending board committee meetings				20,000	20,000
	Commission					
	Others, please specify					
	Total (2)				20,000	20,000
	Total (B)=(1+2)	2,00,000	1,80,000	2,20,000	20,000	6,20,000
	Total Managerial Remuneration (A)+(B)					2,49,61,242
	Overall Ceiling as per the Act					3,38,62,036

**C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD**
**In Rupees**

S. No	Particulars of Remuneration	Key Managerial Personnel		
		Ms. Rekha Raghunathan* Director and Company Secretary	Mr. N.Gnanasambandan Chief Financial Officer	Total
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	21,30,316	28,02,264	49,32,580
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	40,000	40,000	80,000
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961			
2	Stock Option			
3	Sweat Equity			
4	Commission			
	- as % of profit			
5	Others :			
	Contribution to Provident Fund	76,723	1,27,670	2,04,393
	Total	22,47,039	29,69,934	52,16,973

\* Ms. Rekha Raghunathan does not draw any remuneration as Director of the company.

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	NIL				
Punishment					
Compounding					
B. DIRECTORS					
Penalty	NIL				
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty	NIL				
Punishment					
Compounding					

ANNEXURE VI TO BOARD'S REPORT

FORM NO.AOC -2

[Pursuant to clause (h) of Sub-section (3) of Section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014]

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in Sub-section (1) of Section 188 of the Companies Act, 2013, including certain arm's length transactions under third proviso thereto.

1 Details of contracts or arrangements or transactions not at arm's length basis-NIL

2 Details of material contracts or arrangement or transactions at arm's length basis.

(a) Name(s) of the related party and nature of relationship -NIL

(b) Nature of contracts/arrangements/transactions

Details of transactions with the related parties are provided in Note No. 50 to the Accounts for the Financial year 2014-2015

It may be seen therefrom that the total value of transactions with all related parties are less than 10% of the total income for the Financial Year 2014-2015 and hence, none of them are material in nature.

Hence, the details required in paras (a) to (e) to be furnished in respect of material related party transactions are not applicable and hence not furnished.

(c) Amount paid as advances, if any: NIL

For and on behalf of the Board

Place: Chennai  
Date: 28.08.2015

JAYAKAR KRISHNAMURTHY  
CHAIRMAN AND MANAGING DIRECTOR

## ANNEXURE VII TO BOARD'S REPORT

### PARTICULARS OF EMPLOYEES

#### A. The information required under Section 197 of the Act read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given below :

- (i) The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year:

Executive Directors	Ratio to median remuneration
Mr.Jayakar Krishnamurthy	76.06
Mr.Ram Ramamurthy (w.e.f 04.09.2014) *	4.34
* Calculated on an annualised basis.	
Ms. Rekha Raghunathan does not draw any remuneration as director of the company	
<b>Non-executive directors</b>	
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.	

- (ii) The percentage increase in remuneration of each director, Chief Financial Officer, Company Secretary or Manager, if any, in the financial year:

Directors, Chief Financial Officer and Company Secretary	% increase in remuneration in the financial year
Mr.Jayakar Krishnamurthy - Director	-
Mr.Ram Ramamurthy (w.e.f 04.09.2014) - Director	-
Mr.N.Gnanasambandan - Chief Financial Officer	10
Ms.Rekha Raghunathan - Director and Company Secretary	20

- (iii) The percentage increase in the median remuneration of employees in the financial year 3.48%

- (iv) The number of permanent employees on the rolls of company - 1088

- (v) The explanation on the relationship between average increase in remuneration and company performance :

During financial year 2014-2015, the Turnover of the Organisation improved to ₹ 53,078 lakhs from ₹ 46,563 lakhs in financial year 2013-2014, an increase of 14%. Against this, the increase in average remuneration has been contained at only 7.19%. This was possible due to strict monitoring of all employee costs as well as a focussed rationalisation of manpower.

- (vi) Comparison of the remuneration of the Key Managerial Personnel against the performance of the company :

Aggregate remuneration of key managerial personnel (KMP) in FY15	295.58
Revenue (₹ In lakhs)	53,077.92
Remuneration of KMPs (as % of revenue)	0.56
Profit before Tax (PBT) (₹ In lakhs)	2,647.73
Remuneration of KMP (as % of PBT)	11.16



- (vii) (a) Variations in the market capitalisation of the company, price earnings ratio as at the closing date of the current financial year and previous financial year

Particulars	March 31,2015	March 31,2014	% change
Market Capitalisation (₹ In lakhs)	24,280.76	10,647.71	128.04
Price earning Ratio	12.27	12.94	-5.18

- (vii) (b) Percentage increase or decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer

Particulars	March 31,2015	Date of IPO	% change
Market Price-BSE	110.30	1989	1,103
Market Price-NSE	109.80	1989	1,098

- (viii) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.

The average annual increase in the salaries of employees during the year was 7.45%. The managerial remuneration during financial year 2014-2015 has declined by 2.46% as against the managerial remuneration paid in financial year 2013-2014 .

- (ix) Comparison of remuneration of each Key Managerial Personnel against the performance of the company

	Mr.Jayakar Krishnamurthy- Chairman and Managing Director	Mr.Ram Ramamurthy- Whole-Time Director
Remuneration in FY-2015 (₹ In lakhs)	235.68	7.73
Revenue of the company (₹ In lakhs)	53,077.92	
Remuneration as a % of revenue	0.44	0.01
Profit before tax (₹ In lakhs)	2647.73	
Remuneration as a % of PBT	8.90	0.29
	Mr. N.Gnanasambandan- Chief Financial Officer	Ms.Rekha Raghunathan- Director and Company Secretary
Remuneration in FY-2015 (₹ In lakhs)	29.70	22.47
Revenue of the company (₹ In lakhs)	53,077.92	
Remuneration as a % of revenue	0.06	0.04
Profit before tax (₹ In lakhs)	2647.73	
Remuneration as a % of PBT	1.12	0.85

- (x) The key parameters for any variable component of remuneration availed by the directors;

Variable Component - Commission on Profits. The key parameter for variable component of remuneration availed by the directors are as per the remuneration policy of the company.

- (xi) The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year - NIL

- (xii) Affirmation that the remuneration is as per the remuneration policy of the company.

The Company affirms that the remuneration is as per the remuneration policy of the Company.

## B. Statement of Particulars of Employees as per rule 5(2) and (3)

(i)	Designation of the employee;	Chairman and Managing Director	Chief Executive Officer
(ii)	Remuneration received	₹ 2,35,68,442	₹ 1,11,69,077
(iii)	Nature of employment, whether contractual or otherwise	Permanent	Permanent
(iv)	Qualifications and experience of the employee	MBA-Finance-Duke University	B.Sc (Maths)
			B.Tech (Production Technology)
			Master of Science (Manufacturing Systems Engineering)
		29 years experience	30 years experience
(v)	Date of commencement of employment;	01.09.2001	23.08.2013
(vi)	the age of such employee;	54 years	53 years
(vii)	the last employment held by such employee before joining the company;	Director Mascon Information Technologies Limited formerly known as Martek Holdings Inc.	President (Special Projects) – Sundaram Clayton Limited
(viii)	the percentage of equity shares held by the employee in the company;	1.60%	NIL
(ix)	whether any such employee is a relative of any director or manager of the company and if so, name of such director or manager;	No	No
	The employee, if employed throughout the financial year, was in receipt of remuneration for that year which, in the aggregate, was not less than sixty lakh rupees;	Yes	Yes
	The employee, if employed for a part of the financial year, was in receipt of remuneration for any part of that year, at a rate which, in the aggregate, was not less than five lakh rupees per month;	Not Applicable	Not Applicable
	The employee, if employed throughout the financial year or part thereof, was in receipt of remuneration in that year which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the managing director or whole-time director or manager and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the company.	Not Applicable	No

## ANNEXURE-VIII TO THE BOARD'S REPORT

## REPORT ON CORPORATE GOVERNANCE

## CORPORATE GOVERNANCE PHILOSOPHY

The company continues to be 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 six directors as on 31st March 2015. 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 Chairman and Managing Director and the Whole time Director of the company during the financial year 2014-2015. All directors except the Chairman and Managing Director, Whole time Director and the Director and Company Secretary are non executive independent directors and constitute half of the board. The company has a woman director. The list of directors for the financial year 2014-2015 is as follows.

Designation	Category	Name
Chairman and Managing Director	Executive	Mr. Jayakar Krishnamurthy
Whole time Director	Executive	Mr. Ram Ramamurthy*
Director and Company Secretary	Executive	Ms. Rekha Raghunathan**
Independent directors	Non-Executive Nominee Director	Mr. S. Natarajan Dr. M.S. Ananth Dr. V. Sumantran Mr. K. Ajith Kumar***

\* was appointed director with effect from 30.08.2014 and whole-time director with effect from 04.09.2014.

\*\* was appointed director with effect from 25.03.2015.

\*\*\* Ceased to be nominee director with effect from 19.06.2014

All other non independent directors except the Chairman and Managing 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 2014-2015 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		2		
Mr. Ram Ramamurthy Whole time Director	Executive		1		
Ms. Rekha Raghunathan	Executive		2		2
Mr. S. Natarajan	Non-Executive & Independent		6		
Dr. M.S. Ananth	Non-Executive & Independent		2		
Dr. V. Sumantran	Non-Executive & Independent		-		
Mr. K. Ajith Kumar*	Nominee Director		2		

\* Ceased to be nominee director with effect from 19.06.2014

Notes:

- Other directorships exclude foreign companies, private limited companies and companies registered under section 8 of the Companies Act.
- 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 30th September 2015.

#### c) Board Meetings and Attendance at Board Meetings

The Board met five times during the financial year 2014-2015. The gap between two meetings was within the limits specified in the Companies Act, 2013.

The relevant details are as under:

S.No	Date	Board Strength	No. of Directors present
1	09.05.2014	5	4
2	11.08.2014	4	3
3	30.08.2014	5	3
4	08.11.2014	5	5
5	09.02.2015	5	5

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 board meeting and the various committee meetings are held on the same day to avoid travel difficulties to the directors and taking into account their time constraints. The company has video conferencing facilities to enable directors participation at board meetings. Detailed agenda notes are sent to the directors. The information as mentioned in clause 49 of the listing agreement are all placed before the directors such as quarterly results, minutes of meetings of all committees of the board, foreign exchange exposures, etc. 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. Presentations are made as and when deemed necessary. The Chairman and Managing Director appraises the Board on the overall performance of the company at every board meeting. Legal issues, writeoffs, 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. The company's practices are in line with the secretarial standards relating to board meetings issued by the Institute of Company Secretaries of India .

#### Independent directors

Mr.S.Natrajan, Dr.V.Sumantran and Dr.M.S Ananth were appointed independent directors by the shareholders for a period of five years at the Annual General Meeting held on 29th September 2014. The independent directors have given the declaration that they have met the criteria of independence as laid down under Section 149 (6) of Companies Act, 2013 and clause 49 of listing agreement. Independent directors have been issued letters of appointment and the terms thereof have been posted on the company website [www.ucalfuel.com](http://www.ucalfuel.com). Weblink: <http://www.ucalfuel.com/terms-appt.pdf>. The Board has done the performance evaluation of all independent directors and based on the evaluation has determined to continue the term of appointment of all independent directors who had been appointed by the company at the Annual General Meeting held on 29th September, 2014 for a fixed tenure of five years.

#### Seperate meeting of independent directors.

As stipulated in the code for independent directors under the Companies Act, 2013 and in the listing agreement, a separate meeting of independent directors was held to review the performance of the non independent directors and chief executive taking into account the view of executive and non executive directors. The independent directors also assessed and reviewed the quality, quantity and timeliness of the flow of information between the management and the board which is essential for effective discharge of their duties. All the independent directors attended the meeting.

#### Familiarisation programme for independent directors

The senior management of the company brief the board on a periodical basis on the operations, strategies and new initiatives. Any new director who joins is given a brief about the history of the company, its policies, and also briefed on the operations. Factory visits are arranged for the directors who wish to familiarize themselves with the manufacturing

processes and operations of the company. The familiarisation programme to the independent directors is disclosed in the website of the company [www.ucalfuel.com](http://www.ucalfuel.com), weblink: <http://www.ucalfuel.com/policy-fpp.pdf>.

### Criteria for appointment of directors

The Nomination and Remuneration committee recommends the appointment of directors based on the qualification, expertise, integrity of the person, the need for that particular functional experience in the organisation thereby ensuring that all diverse fields are suitably represented. In the case of independent directors the committee will satisfy itself on the independence of directors and in case of reappointment, the committee will evaluate the performance before recommending reappointment.

### Remuneration policy

The policy for appointment, remuneration and evaluation of the directors and senior management of the company is based on the recommendations of the Nomination and Remuneration committee which lays down the criteria for the same. The remuneration policy is designed keeping in mind various factors like financial position of the company, Trend in the industry, Qualification and experience of the appointee, Past performance and Past remuneration of the appointee. The remuneration to senior management has a fixed and variable component which is based on achieving certain fixed targets thereby aligning the vision and goals of the organization to the compensation. The philosophy behind the remuneration policy is to attract and retain talented individuals and develop and motivate them to achieve the goals of the organisation. The remuneration policy is disclosed in the website of the company [www.ucalfuel.com](http://www.ucalfuel.com), weblink: <http://www.ucalfuel.com/policy-rp.pdf>.

### Policy on Board diversity

The Nomination and Remuneration committee has framed a policy on board diversity taking into account the requirements of the company. The policy specifies the optimum combination of executive, independent and non executive directors needed to run the company and the functional expertise required by them to add value to the organisation. The policy is followed everytime an appointment is made to the board.

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

S.No	Name	No.of Board Meetings held	No.of Board Meetings attended	Attendance at the last AGM
1.	Mr.Jayakar Krishnamurthy	5	4	Present
2.	Mr.Ram Ramamurthy*	5	3	Absent
3.	Mr.S.Natarajan	5	4	Present
4.	Dr.M.S.Ananth	5	3	Present
5.	Dr.V.Sumantran	5	5	Absent
6.	Mr.K.Ajit Kumar**	5	1	Absent

\* Appointed as director with effect from 30.08.2014

\*\* Ceased to be nominee director with effect from 19.06.2014

## 2. AUDIT COMMITTEE

The audit committee confirms to Section 177 of the Companies Act, 2013, the SEBI guidelines and Clause 49 of the listing agreement in its constitution, duties, roles and responsibilities. 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 the internal audit reports and action taken reports, assessing the efficacy of the internal control systems / financial reporting systems, reviewing the adequacy of the financial policies and practices followed by the company and also approving related party transactions. The appointment of statutory, internal and cost auditors are all done by the board on the recommendation of the audit committee. The audit committee reviews the compliance with legal and statutory requirements, the quarterly and annual financial statements and reports its findings to the Board. The committee also reviews the performance of the internal auditor, statutory auditor and cost auditor and recommends their 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. All the recommendations to the Board by the audit committee during the year were accepted by the Board. The statutory auditor and the internal auditors were present at all the audit committee meetings. As on 31st March 2015 the committee comprised of three independent directors and one executive director, all of whom are financially literate and have relevant finance / audit exposure.

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

The Whole Time director, Director and Company Secretary, the Chief Financial Officer and the Chief Executive officer were permanent invitees to the meetings of the committee. The company secretary acts as the secretary to the committee. Chairman of the audit committee was present at the previous Annual General Meeting of the company held on 29th September 2014. The audit committee met four times during the year. The details are as follows:

S.No	Date	Committee Strength	Number of Directors present
1	29.04.2014	3	3
2	11.08.2014	4	3
3	08.11.2014	4	4
4	09.02.2015	4	4

#### 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	3
Dr.V.Sumantran *	3
Mr.Jayakar Krishnamurthy	4

\* Member of the committee from 11.08.2014

### 3. NOMINATION AND REMUNERATION COMMITTEE

In order to comply with Section 178 of the Companies Act, 2013 the Nomination and Remuneration committee's roles and scope has been enhanced to include all those areas contemplated by the Act and clause 49 of the listing agreement. This includes 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 2014-2015 the committee met two times during the year. The committee meets as and when required. The details are as follows:

S.No	Date	Committee Strength	Number of Directors present
1	11.08.2014	3	2
2	30.08.2014	3	2

#### Attendance of each Director at Nomination and Remuneration Committee Meetings

Name of the Director	Number of Nomination and Remuneration Committee meetings attended
Mr.S. Natarajan	2
Dr.M.S. Ananth	-
Dr.V.Sumantran	2

The nomination and remuneration committee reviews the remuneration to be paid to the chairman and managing director, wholtime director subject to the approval of the shareholders and central government where necessary. The committee also reviews the policy on board diversity which is appropriate to the business requirements of the company covering the optimum combination of executive, non executive directors and independent directors. The functional requirements of each director are also recommended. It ensures that the policy on board diversity is met when new appointments are made to the Board and reviews the policy at regular intervals to ensure that the board is adequately



staffed with the required knowledge. The committee also lays down the criteria for performance evaluation of executive, non executive and independent directors. The criteria is laid down keeping in mind their area of expertise and their area of functioning.

#### 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 process to approve transactions in all types of securities, comply with all listing requirements and to effectively address the grievances of all types of security holders in the company. Dr. M.S. Ananth, Mr.Jayakar Krishnamurthy and Mr.Ram Ramamurthy were the members of the committee as on 31st March 2015. Mr.Jayakar Krishnamurthy was appointed Chairman of the committee. For administrative convenience the stakeholders relationship committee set up a share transfer committee with Ms.Rekha Raghunathan, Director and Company Secretary, Mr N. Gnanasambandan, Chief Financial Officer and Mr.M.R.Shivakumar, Deputy General Manager - finance as members to approve the transfers, transmissions, issue of duplicate share certificates, rematerialisation of shares, etc., and to redress investor grievance to ensure timely compliance. This committee reports to the stakeholders relationship committee. The minutes of this committee are ratified by the stakeholders relationship committee .

During the financial year 2014-2015 the share transfer committee met 14 times and the stakeholder relationship committee met three times during the year. The details are as follows:

##### Attendance of each Director at Stakeholders relationship committee Meetings

Name of the Director	Number of Stakeholders relationship committee meetings attended
Dr.M.S. Ananth	3
Mr.Jayakar Krishnamurthy	3
Mr.Ram Ramamurthy	2

##### Complaints received and redressed during the year 2014-2015

S.No.	Nature of Complaints	Number of Complaints
1	Regarding annual report	25
2	Revalidation of dividend warrant	64
3	Issue of duplicate share certificate	8
4	Procedure for transmission	7
5	General queries	9
6	Non receipt of dividend	24
7	Change of address	2
8	Unclaimed dividend	107
	Total	246

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, Director and company secretary is the compliance officer of the company. For any clarification / complaint the shareholders may contact Ms. Rekha Raghunathan, Director and Company Secretary at the registered office of the company.

#### 5. REMUNERATION PAID TO DIRECTORS

During the financial year 2014-2015 remuneration was paid to the 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. Ms. Rekha Raghunathan does not draw any remuneration as director of the company. 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 2014-2015

	Mr.Jayakar Krishnamurthy	Mr.Ram Ramamurthy
Basic Salary	72,00,000	6,90,000
House Rent Allowance	27,00,000	-
Others Allowances	54,00,000	-
Commission	50,99,504	-
Other Perquisites	12,24,938	-
Contribution to Provident Fund	8,64,000	82,800
Contribution to Superannuation Fund	10,80,000	-
<b>Total</b>	<b>2,35,68,442</b>	<b>7,72,800</b>

b) Details of Sitting Fees paid to Non-Executive Directors during the financial year 2014-2015

Name of the Director	Board Meeting ₹	Audit Committee Meeting ₹	Remuneration Committee Meeting ₹	Stakeholders relationship committee Meeting ₹	Corporate Social Responsibility Committee Meeting ₹	Strategy Development Committee Meeting ₹	Total ₹
Mr.S.Natarajan	80,000	80,000	40,000	-	-	-	2,00,000
Dr.M.S.Ananth	60,000	60,000	-	45,000	15,000	-	1,80,000
Dr.V.Sumantran	1,00,000	60,000	40,000	-	-	20,000	2,20,000
Export and Import Bank of India	20,000	-	-	-	-	-	20,000
<b>Total</b>	<b>2,60,000</b>	<b>2,00,000</b>	<b>80,000</b>	<b>45,000</b>	<b>15,000</b>	<b>20,000</b>	<b>6,20,000</b>

c) Details of shareholding of Directors as on 31st March 2015

Of the executive directors only Mr. Jayakar Krishnamurthy holds 3,54,208 equity shares in the company as on 31st March, 2015. The other independent directors do not hold any shares in the company.

6. CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

The Board in its meeting held on 30th August 2014 constituted the corporate social responsibility committee as required under section 135 of the Companies Act, 2013. Dr.M.S.Ananth is the chairman of the committee. Mr Jayakar Krishnamurthy and Mr.Ram Ramamurthy are the other members of the committee. The company secretary acts as secretary to the committee. The committee met once during this year. All members attended the meeting. It recommends to the board the CSR policy to be followed by the company, monitors the implementation of these initiatives, reviews new proposals and recommends the expenditure to be made on CSR activities to the Board. The company has decided to focus on education, sanitation, health care, sports and preservation of culture and heritage. The report on CSR activities undertaken during 2014-2015 as approved by the committee and approved by the Board is given in Annexure III to the Board's report.

7. 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
Annual General Meeting		
Dynasty Hall, Hotel Ambassador Pallava Egmore, Chennai	2011-2012 2012-2013	September 28, 2012 – 10.00 a.m September 30, 2013 – 10.00 a.m
Mini Hall, The Music Academy, Royapettah, Chennai	2013-2014	September 29, 2014 – 12.15 p.m

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

AGM/EGM	Subject
AGM held on 28 <sup>th</sup> September 2012	No special resolutions passed
AGM held on 30 <sup>th</sup> September 2013	No special resolutions passed
AGM held on 29 <sup>th</sup> September 2014	<ul style="list-style-type: none"> <li>i) Special resolution passed for approving the borrowing limits of the company.</li> <li>ii) Special resolution passed for creation of mortgages/charges./ hypothecation of the movable and immovable properties of the company</li> <li>iii) Special resolution passed for amendment of the Articles of Association</li> <li>iv) Special resolution passed for appointment of Dr.V.Krishnamurthy, who is holding an office of profit, as Advisor</li> <li>v) Special resolution passed for appointment of Mr.Ram Ramamurthy as whole time director and the remuneration payable to him.</li> </ul>

No special resolutions were required to be passed by the shareholders of the company through postal ballot during the year 2014-2015. The e-voting option was extended to all shareholders for the Annual General Meeting held on 29th September 2014 pursuant to Section 110 of the Companies Act, 2013 and resolutions were passed on that basis.

## 8. 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. The company has a material subsidiary policy and the same is disclosed in the website of the company [www.ucalfuel.com](http://www.ucalfuel.com), weblink: <http://www.ucalfuel.com/policy-msp.pdf>

## 9. RISK MANAGEMENT

The company has devised a suitable framework to identify and evaluate risks. 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. The Board has constituted a strategy development committee which will also assist the management in assessing the market risks, competitors risks, product obsolescence risk and devise strategies to overcome the same. Dr. V Sumantran, Mr. Jayakar Krishnamurthy and Mr. Ram Ramamurthy are the members of this committee. Mr. Jayakar Krishnamurthy is the Chairman of the committee.

## 10. DISCLOSURES – RELATED PARTY TRANSACTIONS

All related party transactions for the financial year 2014-2015 were at arms length basis and were in the normal course of business. None of the transactions have a potential conflict with the interests of the company at large. All related party transactions with the company's promoters, directors, management, subsidiaries or relatives have been brought to the notice of the board and audit committee which have approved the same. The company has a policy on related party transactions and the same has been uploaded in the website of the company [www.ucalfuel.com](http://www.ucalfuel.com), weblink: <http://www.ucalfuel.com/policy-rpp.pdf>. The necessary information regarding the transactions are given in Note no. 50 in Notes on 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 during the preceding 3 years. The company has complied with all mandatory requirements in clause 49 of the listing agreement.

## 11. 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 whistle blower policy has been communicated to all employees across all locations of the company. The policy lays down the procedure to be followed for dealing with complaints and in exceptional cases provides direct appeal to the chairman of the audit committee. The audit committee oversees the vigil mechanism. The company affirms that no personnel has been denied access to the audit committee. The policy has been disclosed in the website of the company [www.ucalfuel.com](http://www.ucalfuel.com), weblink: <http://www.ucalfuel.com/policy-wbp.pdf>.

## 12. SEXUAL HARASSMENT POLICY

The company has in place an sexual harassment policy. An internal committee has been set up to redress sexual harassment complaints. All employees are covered under this policy.

## 13. 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:

### Shareholder rights

The quarterly/annual results after they are taken on record by the board are sent to the stock exchanges with whom the company is listed. The results are also published in the newspapers.

### Audit Qualifications

The statutory financial statements of the company continue to remain unqualified.

### Separate posts of Chairman and Managing Director

The posts of Chairman and Managing Director is held by the same person as permitted by the Articles of Association of the company.

### Reporting of internal auditors

The internal auditors report to the audit committee.

## 14. MEANS OF COMMUNICATION

- The unaudited quarterly results of the company are published in leading newspapers such as Financial Express and Malai Murasu. These are not sent individually to the shareholders.
- The company's website address is: [www.ucalfuel.com](http://www.ucalfuel.com). The website contains basic information about the company and such other details as required under the listing agreement and Companies Act, 2013. The company ensures periodical updation of its website. The company has designated the email-id [investor@ucalfuel.co.in](mailto:investor@ucalfuel.co.in) to enable the shareholders to register their grievances.
- Pursuant to the listing agreement, all data related to quarterly financial results, shareholding pattern, etc., are filed in NEAPS within the time frame prescribed in this regard.
- No presentations have been made to institutional investors or to analysts.
- The company website contains all relevant information and complies with clause 54 of the listing agreement.

## 15. 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](http://www.ucalfuel.com), weblink: <http://www.ucalfuel.com/policy-cocp.pdf>. 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 2014-2015. A declaration to this effect signed by the Chairman and Managing Director is annexed to this report.

## 16. CERTIFICATION BY CHAIRMAN AND MANAGING DIRECTOR AND CHIEF FINANCIAL OFFICER

The Chairman and Managing Director and the Chief Financial Officer give an annual certification on financial reporting and internal controls to the board in terms of clause 49 of the listing agreement. The annual certificate given by the Chairman and Managing Director and Chief Financial Officer forms part of this report.

## 17. GENERAL SHAREHOLDER INFORMATION

## a) Annual General Meeting

Date and time	: 30th September 2015 at 11.30 a.m
Venue	: Dynasty Hall, Hotel Ambassador Pallava 30, Montieth Road, Egmore, Chennai 600 008
Book Closure Date	: 24.09.2015 to 30.09.2015 (both days inclusive)
Financial Year	: 1st April 2014 to 31st March 2015

## b) Financial Calendar 2015-2016 (tentative)

The Board meeting for the approval of	2015-16 (Tentative Calendar)
Unaudited results for Quarter ended June 30, 2015	Held on 27 <sup>th</sup> July 2015
Unaudited results for Quarter ending September 30, 2015	Between 1 <sup>st</sup> October and 14 <sup>th</sup> November 2015
Unaudited results for Quarter ending December 31, 2015	Between 1 <sup>st</sup> January 2016 and 14 <sup>th</sup> February 2016
Audited Results for the year ending March 31, 2016	Before 31 <sup>st</sup> May 2016

## c) Particulars of Dividend for the year ended 31.03.2014

Date of declaration	29.09.2014
Rate of dividend	10%
Book Closure Date	26.09.2014 - 29.09.2014
Date of payment of dividend	18.10.2014
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
BSE Limited (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 2015-2016 were duly paid to the above stock exchanges. The company has delisted the securities of the company from The Madras Stock Exchange Limited during the year 2014-2015.

## e) Stock Market Data

Month	BSE 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 2014	59.40	47.50	1,89,884	59.20	47.55	5,95,305
MAY 2014	67.00	50.25	2,71,621	66.50	51.15	5,55,565
JUN 2014	83.00	58.00	6,36,263	82.85	59.15	15,21,538
JUL 2014	81.00	67.00	2,00,000	81.45	67.10	3,66,297
AUG 2014	83.60	68.00	4,95,104	83.70	67.65	13,37,508
SEP 2014	99.55	79.00	7,77,291	99.40	78.60	18,16,387
OCT 2014	87.55	76.20	1,33,604	86.25	76.20	3,39,875
NOV 2014	152.00	82.70	25,29,808	152.05	82.65	68,69,779
DEC 2014	145.95	107.40	8,92,053	145.85	106.95	22,31,875
JAN 2015	166.00	129.00	13,86,469	166.00	129.10	36,04,766
FEB 2015	153.90	116.20	5,32,456	154.50	115.75	11,40,454
MAR 2015	124.00	95.30	5,35,891	123.95	95.00	13,57,662

**f) Shareholding Pattern as on 31st March 2015**

Particulars	Number of Shareholders	Shares held in Physical form	Shares held in dematerialised form	Total Number of shares held	% of capital
<b>Promoter and Promoter Group</b>					
a. Bodies Corporate	5	-	1,46,37,653	1,46,37,653	66.19
b. Directors & their relatives	2	-	9,02,187	9,02,187	4.08
<b>Public Shareholding</b>					
<b>I. Institutions</b>					
a. Mutual Funds/UTI	12	5,900	37,780	43,680	0.20
b. Financial Institutions/Banks	3	-	18,275	18,275	0.08
c. Insurance Companies	-	-	-	-	-
d. Foreign Institutional Investors	1	400	-	400	0.00
<b>II. Non Institutions</b>					
a. Bodies Corporate	510	7,421	9,33,842	9,41,263	4.26
b. Individuals	16,096	2,43,418	52,55,127	54,98,545	24.86
c. Non Resident Indians	132	480	71,142	71,622	0.33
<b>Total</b>	<b>16,761</b>	<b>2,57,619</b>	<b>2,18,56,006</b>	<b>2,21,13,625</b>	<b>100.00</b>

**g) Distribution of Shareholding as on 31st March 2015**

Number of Equity Shares held	Number of Shareholders	% of Shareholders	Number of Shares	% of Capital
Upto 500	14,905	88.93	21,13,358	9.56
501-1000	986	5.88	7,99,642	3.62
1001-2000	469	2.80	7,07,123	3.20
2001-3000	136	0.81	3,47,674	1.57
3001-4000	62	0.37	2,24,264	1.01
4001-5000	60	0.36	2,79,525	1.26
5001-10000	135	0.80	19,15,843	8.66
10001 AND ABOVE	8	0.05	1,57,26,196	71.12
<b>Total</b>	<b>16,761</b>	<b>100.00</b>	<b>2,21,13,625</b>	<b>100.00</b>

**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, 2013 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, 2015 is as follows:

Financial Year	Unpaid/ Unclaimed dividend as on 31.03.2015 (₹)	Date of declaration	Date of transfer to IEPF
2007-08	5,58,121	26.09.2008	01.11.2015
2009-10	7,28,227	30.09.2010	05.11.2017
2010-11	23,54,484	30.09.2011	05.11.2018
2011-12	8,75,724	28.09.2012	03.11.2019
2012-13	2,54,820	30.09.2013	05.11.2020
2013-14	2,46,111	29.09.2014	04.11.2021

1. 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, 2013, unclaimed dividend once transferred to IEPF will not be refunded.
2. 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.

1. 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.
2. Shareholders holding shares in physical form, should communicate the change of address, if any, directly to the Registrars and Transfer Agent of the company.
3. It has become mandatory for transferees to furnish a copy of Permanent Account Number for registration of transfer of shares held in physical mode.
4. 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.
5. 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 shareholders in physical form and in the depositories and the said certificate was submitted to the stock exchanges within the prescribed time limit. As on 31st March 2015 there was no difference between the issued and listed capital and the aggregate of shares held by shareholders in both physical form and in electronic form with the depositories. 2,18,56,006 equity shares representing 98.84% of the paid up equity capital have been dematerialized as on 31st March 2015.

**l) Information to Shareholders**

A brief resume of the directors appointed / 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 2014-2015, 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. For those whose e-mail addresses are not available, the Annual Report, Notice of AGM etc., 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

The company has manufacturing plants in the following locations.

Plant 1	E9-E12, Industrial Complex, Maraimalai Nagar, Kancheepuram, Tamil Nadu – 603 209, India Tel. No.: 044-47408000; Fax: 044-27452549 Email: <a href="mailto:ufsl.mmn@ucalfuel.co.in">ufsl.mmn@ucalfuel.co.in</a>
Plant 2	A98/100, A 106 & A107, PIPDIC Industrial Estate Mettupalayam, Puducherry – 605 009, India Tel. No.: 0413-4211500; Fax: 0413-2272176 Email: <a href="mailto:ufsl.pondy@ucalfuel.co.in">ufsl.pondy@ucalfuel.co.in</a>
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: <a href="mailto:ufsl.pl6@ucalfuel.co.in">ufsl.pl6@ucalfuel.co.in</a>
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: <a href="mailto:ufsl.pl7@ucalfuel.co.in">ufsl.pl7@ucalfuel.co.in</a>
Plant 8	E16, Industrial Complex, Maraimalai Nagar, Kancheepuram, Tamil Nadu – 603 209, India Tel. No.: 044-47400573/75 E-mail: <a href="mailto:ufsl.pl8@ucalfuel.co.in">ufsl.pl8@ucalfuel.co.in</a>
Plant 9	B 132 & 133, PIPDIC Industrial Estate Mettupalayam, Puducherry – 605 009, India Tel. No.: 0413-4204161 E-mail: <a href="mailto:ufsl.pl9@ucalfuel.co.in">ufsl.pl9@ucalfuel.co.in</a>
Plant 10	Plot No.9, Sector 5 Growth Centre, Bawal, Rewari, E-mail: <a href="mailto:ufsl.bwl@ucalfuel.co.in">ufsl.bwl@ucalfuel.co.in</a>
Plant 11	AA4, Auto Ancillary SEZ Unit, 6 <sup>th</sup> Avenue, Mahindra World City, Anjur Village, Natham Sub Post Office, Chengalpattu – 603 002. Tamil Nadu. E-mail: <a href="mailto:ufsl.ho@ucalfuel.co.in">ufsl.ho@ucalfuel.co.in</a>

and the R&D centre is located at:

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](mailto:ufsl.abr1@ucalfuel.co.in)



**o) Address for Correspondence**

To contact Registrars and Transfer Agents for matters relating to shares	M/s.Integrated Enterprises (India) Limited 2 <sup>nd</sup> 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: <a href="mailto:corpserv@iepindia.com">corpserv@iepindia.com</a>
For any other general matters or in case of any difficulties / grievance	Ms.Rekha Raghunathan Director and Company Secretary & 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 : <a href="mailto:investor@ucalfuel.co.in">investor@ucalfuel.co.in</a>

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

To

The Shareholders

**UCAL Fuel Systems Limited**

I, hereby declare that to the best of my knowledge and information, all the Board Members, Key Managerial Personnel and Senior Management Personnel have affirmed compliance with the code of conduct for the year ended March 31, 2015.

Place : Chennai  
Date : 28.08.2015

**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 : 28.08.2015

**JAYAKAR KRISHNAMURTHY**  
CHAIRMAN AND MANAGING DIRECTOR

**N.GNANASAMBANDAN**  
CHIEF FINANCIAL OFFICER

ANNEXURE IX TO BOARD'S REPORT

AUDITORS REPORT ON CORPORATE GOVERNANCE

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, 2015 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 a review of the procedures and implementation thereof, adopted by the company for ensuring compliance with 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 and the representation made by the directors and the management, we certify that the company has complied in general with the conditions of corporate governance as stipulated in clause 49 of the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the company nor of the efficiency or effectiveness with which the management has conducted the affairs of the company.

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

RAJAGOPALAN B  
Partner  
Membership No: 217187

Place : Chennai  
Date : 28.08.2015

## ANNEXURE X TO BOARD'S REPORT

### MANAGEMENT DISCUSSION AND ANALYSIS REPORT

#### 1. GENERAL OVERVIEW

The financial year 2014-2015 continued to be a challenging one for the auto and the auto component industry in India. There was a slight improvement in the economic outlook towards the second half of the year. A stable government, assurances on industrial growth and the ambitious "Make in India" plan revived market sentiments in the second half of the year. Control of inflation, fall in fuel prices helped in increasing the positive market sentiments. The two-wheeler segment recorded a double digit growth while passenger car segment recorded 5% growth. Under this backdrop the performance of the auto component industry also improved marginally. However in the segment in which the company operates the growth was lower both domestically and globally. It is expected that the auto component industry will increase its revenue at a faster pace due to localization, make in India policy, efforts to expand geographically and replacement demand. The company is geared to take advantages of the new opportunities that are likely to present itself owing to an aggressive manufacturing policy being pursued by the Government. The rising input costs which has been very difficult to control as it is based on several external factors continue to worry the management. The management's commitment to offer innovative solutions to the customer at competitive prices continues to take precedence. The diversification into adjacent markets like defence and aerospace are still in the nascent stage and the company is treading cautiously. 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 2015-2016.

#### 2. FUTURE BUSINESS STRATEGY

The company will continue its R&D efforts in the carburettor segment as it is confident that the carburettor will continue to dominate in certain segments of the two wheeler business due to its cost competitiveness. Incorporating innovative features in the carburettor to meet emission targets and fuel economy targets will continue to take priority. The company has developed an electronic carburetor to meet the newer emission norms which will be introduced in the market this financial year. Customer penetration will continue to take precedence this financial year also. All R&D efforts continue to 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 the diesel market. The company plans to aggressively tap the spares market by strengthening its existing dealer network and by increasing the products offered, as it is a very strong revenue source.

The company's plans to enter into the powertrain testing and engineering services segment in collaboration with Orbital Australia PTY Limited has not progressed further as it was not financially viable but the company continues to offer testing services on its own. The company is cautiously treading into the defence sector this year. The company will continue its value engineering activities and address the market needs by faster turnaround of products and its variants. Supporting the customer in their new launches and undertaking new market initiatives will continue to be in focus this financial year.

#### 3. ANALYSIS OF SALES 2014-2015

There was a growth in the sale of carburettors due to increase in demand in premium segment motorcycle and scooters compared to that of the previous financial year. There was a marginal growth in ASV sales compared to 2013-2014. The Oil Pump and Vacuum Pump segment witnessed an increased offtake from customers in 2014-2015 as compared to the previous year. Spares segment also witnessed growth compared to last year due to focussed efforts by the company. Export business restarted for Eaton corporation, USA.

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

The market share of the two-wheeler carburettor and air suction valve has increased in 2014-2015 as compared to that of the financial year 2013-2014 due to increase in the demand of scooters and >125cc motorcycle segment. The market share in the pump segment has also increased compared to that of the previous financial year. Focussed efforts are being made to enter into new customers for carburettor business. Additional focus is also given to spares and export business. Scope of spares sales has been further increased by introducing new products like Fuel Filter and Pumps.

## 5. SWOT ANALYSIS

### Strengths

- growing markets for its products
- goodwill with customers and suppliers
- state of the art R&D facilities
- State of the art manufacturing facilities
- leaders in carburettor technology and proficiency in pressure die casting, rubber and plastic moulding
- Highly conducive working environment
- Capability in frugal engineering

### Weaknesses

- inability to exploit export market
- inability to exploit spares market
- Slow rate of diversification
- Capacity utilization
- High cost of capital

### Opportunities

- Large presence of new markets abroad for existing products
- Availability of adjacent technologies for future growth
- Large scope to increase spares sales

### Threats

- Slowdown in Auto industry
- Increase in cost of inputs without a corresponding increase in selling Prices
- Incessant pressure by OEM for price discounts.
- High attrition rates and spiraling employee costs
- Counterfeit parts in spares market.
- Steep volatility in commodity prices
- Pricing by competitors
- Market volatility

## 6. RESEARCH AND DEVELOPMENT (R&D)

The company has always believed that continuous innovation is the key to success in a highly competitive auto component industry and auto industry where models keep changing overnight. Hence the focus of R&D is to develop technology and products to meet the existing and futuristic market and customer requirements in line with the vision of the company to be a Global Engineering Solution provider in power train system. The Accreditation for the Lab for Validation testing at R&D from NABL has been recommended. Certification process is underway. This will enhance the confidence of the customers when the company's products are tested in this lab. As a part of enhancing technical skill development, engineering design service is being offered to other engineering companies like Orbital-Australia. Owing to the forthcoming stringent emission norms, R&D plans to upgrade their emission related test facilities like dynamometer, fuel flow samplers etc. Upgradation of design tools to web-based secured system and integrating them for business development is in progress. With more electronics getting added in two wheelers these days and with the emission norms getting more stringent, R&D is upgrading its test facilities to validate the same at the company's lab. The R&D team is also working on products related to diesel automotive segment and is planning to establish facilities for diesel exhaust gas measurement. The R&D set up 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 National and International conferences.

## 7. MANUFACTURING CAPABILITIES, FACILITIES AND OPERATIONS

During the year 2014-2015, new manufacturing set up consisting of CNC, Drill / Tap centres have been introduced for manufacturing new models of carburettors. With the introduction of CNC machines in the new set up, it has become more flexible to accommodate any model and the manufacturing process has been taken to a higher level of modernisation wherein change in setting can be done with ease and thereby quality maintained. Productivity improvements continue to be implemented. Low cost automation is also being implemented on a small scale. Weaning away of outdated old machinery is also being done to ensure better productivity and cost control. Total productivity maintenance has been practiced by the company for the past many years and this has helped the company improve its productivity. Total quality management has helped in controlling rejections and will be more vigorously pursued. The benefits arising out of consolidation of the plants continue to accrue this financial year also.

## 8. HUMAN RESOURCES AND INDUSTRIAL RELATIONS

The company firmly believes that motivated employees are the key for organizational growth. The company is committed to establishing and maintaining a working environment which is free from discrimination and where all employees are treated with dignity and are selected, trained and promoted solely on the basis of their merits, skills, experience and behaviors demonstrated.

The company continues to pursue a fair personnel policy. Though the high rate of employee attrition is causing concern, the management is taking every effort to retain trained employees to attain high levels of productivity. Various technical and non-technical training programmes have been conducted across all plants in order to strengthen and upgrade the technical skills of the individual to meet the organizational objective. For the forthcoming year, a training calendar has been planned to attain a target training of minimum 2 man-days/employee across all levels. The company has ensured that the right mix of skilled manpower is available at the various plants, to increase productivity and quality as skilled manpower has become to difficult to retain. Special efforts are on to increase white collar productivity.

Employee welfare measures continue to take precedence. Free Dental camp was conducted through SRM Hospital. Around 1500 employees have got their check up done and benefited from this camp. They also got discount cards for treatment of their family members. Similarly, free Eye check camp was conducted through Dr. Agarwal Eye Hospital. This camp covered around 1600 employees. They were also given discount card for treatment of their family members.

During the year, a focused programme on "Know you Product-Process & Customer" was conducted for all new entrants to enhance the knowledge of staff on the products, processes and customers.

During the year, cordial industrial relations were maintained by the company with the workers and various trade unions. The company has an effective mechanism of redressal of employee grievances. While, the long term wage settlement in respect of Plant 10 (Bawal, Harayana) was concluded in October 2014 the negotiations for long term wage settlement are being carried out in respect of Plant 1, Plant 7 and Plant 9 and the company is confident of completing these settlements amicably.

Workplace harmony committee was formed in each location to maintain hassle free environment for the women employees.

The number of permanent employees on the rolls of the company as on 31st March 2015 was 1,088.

## 9. 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. These controls ensure that transactions are completed on time and in an accurate manner and by following proper procedures and systems. The internal auditors cover a wide area of operations and this is being continuously reviewed 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 has been appointed cost auditor of the company for the financial year 2015-2016. The oracle upgradation has improved the transparency of operations and has ensured better control on the operations through generation of various timely reports.

## 10 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**

**Report on the Standalone Financial Statements**

We have audited the accompanying standalone financial statements of M/S. **UCAL FUEL SYSTEMS LIMITED** ("the Company") which comprise the Balance Sheet as at 31<sup>st</sup> March 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to preparation and presentation of these standalone 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 principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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 standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 the 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 financial control relevant to the Company's preparation of the financial statements that give 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 the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 on the standalone financial statements.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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, of the state of affairs of the Company as at 31<sup>st</sup> March, 2015, and its profit and its cash flows for the year ended on that date.

**Emphasis of Matter**

Without qualifying our opinion, we draw attention to Note No. 31 of the Notes forming part of Financial Statements for the year, in respect of impairment of investment in the foreign wholly owned subsidiary company M/s Amtec. Being a technical matter, we have relied on the estimates and assumptions made by the Company for not considering any provision for impairment/ diminution as at 31<sup>st</sup> March, 2015.



## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
  - (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) the balance sheet, the statement of profit and loss and the cash flow statement dealt with by this Report are in agreement with the books of account;
  - (d) in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - (e) on the basis of the written representations received from the directors as on 31<sup>st</sup> March 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act; and
  - (f) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. the Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 30 to the financial statements;
    - ii the Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 7 and 11 to the financial statements; and
    - iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
  - (g) Attention is invited to Note No.41, of Notes to Accounts, regarding managerial remuneration to directors, which is in excess of the limits prescribed by the Companies Act, 2013.

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

**RAJAGOPALAN B**  
Partner

Membership No. 217187

Place: Chennai

Date : 28.05.2015

## 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 2015. We report that:

## (1) In respect of its Fixed Assets

- 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 Company has a programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of 3 years. No material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets

## (2) In respect of its Inventories

- 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 not granted during the year, loans to bodies corporate covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act').

(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, 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 Section 73 to 76 or any other relevant provisions of the Act and the rules framed there under are not applicable.

(6) 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 148 of the Companies Act, 2013, 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.

- (7) 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) According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and Cess were outstanding at the year end, for a period of more than six months from the date they became payable.
- c) As per the information and explanations given to us, following are the statutory dues which have not been deposited on account of dispute.

Name of the Statute	Nature of the Dues	Amount (₹ in Lakhs)	Forum where dispute is pending
Income Tax Act	Income Tax AY 2000-01	3.59	High Court of Madras
Income Tax Act	Income Tax AY 2003-04	146.58	CIT Appeals, Chennai
Income Tax Act	Income Tax AY 2005-06	73.66	ITAT, Chennai
Income Tax Act	Income Tax AY 2010-11	258.35	ITAT, Chennai

Name of the Statute	Nature of the Dues	Amount (₹ in Lakhs)	Forum where dispute is pending
Income Tax Act	Income Tax AY 2012-13	389.22	CIT Appeals, Chennai
Central Excise Act	Service Tax FY 2011-12	1.23	Additional Commissioner of Service Tax
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 Excise Act	Service Tax-FY-2011-12	1.95	Commissioner Appeals (Gurgoan)
Central Sales Tax	CST Plant-1	1.04	Appellate Deputy Commissioner
Central Sales Tax	CST Plant 8	4.77	Appellate Deputy Commissioner, Chennai
VAT Act	VAT plant (7 and 8)	83.07	Appellate Deputy Commissioner, Chennai
Indian Stamp Act	Stamp Duty	31.37	Inspector General of Registration (Appeals) Chennai, Tamil Nadu

- d) According to the information and explanations given to us the amounts which were required to be transferred to the investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules there under has been transferred to such fund within time
- (8) 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.
- (9) The company has not defaulted in repayment of dues to any financial institutions or bank or debenture holders
- (10) 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.
- (11) 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.
- (12) 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

RAJAGOPALAN B  
Partner

Membership No. 217187

Place : Chennai  
Date : 28.05.2015

BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2015

(All Amounts in ₹ Lakhs, unless otherwise stated)

	Note	As at 31st March 2015	As at 31st March 2014
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share capital	2	2,211.36	2,211.36
Reserves and Surplus	3	29,451.84	28,362.99
<b>Non-Current Liabilities</b>			
Long-Term Borrowings	4	7,455.55	10,913.31
Deferred Tax Liabilities (Net)	5	835.79	1,241.16
Other Long Term Liabilities	6	1,145.72	1,290.02
Long-Term Provisions	7	91.88	87.91
<b>Current liabilities</b>			
Short-Term Borrowings	8	9,132.59	9,858.61
Trade Payables	9	8,908.95	9,119.98
Other Current Liabilities	10	5,941.33	5,486.34
Short-Term Provisions	11	1,105.90	402.72
<b>TOTAL</b>		<b>66,280.91</b>	<b>68,974.40</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Fixed Assets	12		
Tangible Assets		17,958.28	19,805.70
Intangible Assets		63.38	100.81
Capital Work-In-Progress		381.44	975.13
Non-Current Investments	13	15,626.40	15,626.40
Long-Term Loans and Advances	14	567.94	485.60
Other Non-Current Assets	15	-	-
<b>Current Assets</b>			
Inventories	16	4,337.55	4,233.37
Trade Receivables	17	10,981.85	11,676.89
Cash and Cash Equivalents	18	228.53	267.34
Short-Term Loans and Advances	19	16,135.54	15,646.93
Other Current assets	20	-	156.23
<b>TOTAL</b>		<b>66,280.91</b>	<b>68,974.40</b>
Summary of significant accounting policies	1		

The accompanying notes are an integral part of these financial statements

As per our Report Attached of even date

For and on behalf of the Board of Directors

For M/s G.Balu Associates

JAYAKAR KRISHNAMURTHY

Chartered Accountants

CHAIRMAN AND MANAGING DIRECTOR

FRN : 000376S

REKHA RAGHUNATHAN  
DIRECTOR AND COMPANY SECRETARYN. GNANASAMBANDAN  
CHIEF FINANCIAL OFFICERRAJAGOPALAN B  
Partner  
Membership No. 217187Place: Chennai  
Date: 28.05.2015

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2015

(All Amounts in ₹ Lakhs, unless otherwise stated)

	Note	Year ended 31st March 2015	Year ended 31st March 2014
Revenue From Operations(net)	21	53,077.92	46,563.18
Other Income	22	294.37	100.37
<b>Total Revenue</b>		<b>53,372.29</b>	<b>46,663.55</b>
<b>Expenses:</b>			
Cost of Material Consumed	23	28,765.42	25,123.11
Changes in Inventories of Finished Goods and Work-in-progress	24	(674.82)	322.38
Employees Cost and Benefits	25	6,285.45	5,576.24
Finance Costs	26	2,617.37	2,983.26
Depreciation and Amortization Expense	27	2,397.95	1,922.88
Other Expenses	28	11,333.19	9,728.90
<b>Total Expenses</b>		<b>50,724.56</b>	<b>45,656.77</b>
<b>Profit Before Exceptional Items</b>		<b>2,647.73</b>	<b>1,006.78</b>
Exceptional Items		-	-
<b>Profit Before Tax</b>		<b>2,647.73</b>	<b>1,006.78</b>
<b>Add/ (Less) Tax Expense:</b>			
Current tax		(902.00)	(181.00)
Deferred tax		233.69	(3.66)
<b>Profit (Loss) for the year</b>		<b>1,979.42</b>	<b>822.12</b>
<b>Earnings per equity share:</b>			
Basic and Diluted	29	8.95	3.72
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 AND MANAGING DIRECTOR

As per our Report Attached of even date

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

Chartered Accountants

FRN : 000376S

**REKHA RAGHUNATHAN**  
DIRECTOR AND COMPANY SECRETARY

**N. GNANASAMBANDAN**  
CHIEF FINANCIAL OFFICER

**RAJAGOPALAN B**  
Partner  
Membership No. 217187

Place: Chennai  
Date: 28.05.2015

CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2015

(All Amounts in ₹ Lakhs, unless otherwise stated)

	For the year ended 31.03.2015	For the year ended 31.03.2014
<b>A. Cash flow from operating activities</b>		
Net Profit / (Loss) before extraordinary items and tax	2,647.73	1,006.78
<i>Adjustments for:</i>		
Depreciation and amortisation	2,397.95	1,922.88
(Profit) / loss on sale / write off of assets	(9.03)	(3.75)
Finance costs	2,617.37	2,983.26
Interest income	(11.69)	(12.64)
Dividend income	(25.83)	(13.86)
Deferred Revenue expense written off	156.23	417.00
Net unrealised exchange (gain) / loss	(100.47)	(425.66)
	<u>5,024.53</u>	<u>4,867.23</u>
Operating profit / (loss) before working capital changes	7,672.26	5,874.01
<i>Changes in working capital:</i>		
<i>Adjustments for (increase) / decrease in operating assets:</i>		
Inventories	(104.18)	71.88
Trade receivables	664.77	(295.91)
Short-term loans and advances	(543.31)	265.52
Long-term loans and advances	(82.34)	(36.52)
Other current assets	156.23	260.77
Other non-current assets	-	155.50
<i>Adjustments for increase / (decrease) in operating liabilities:</i>		
Trade payables	(219.02)	(351.89)
Other current liabilities	19.86	206.84
Other long-term liabilities	(144.30)	576.36
Short-term provisions	282.18	(29.63)
Long-term provisions	3.97	(36.28)
	<u>33.86</u>	<u>786.64</u>
	<u>7,706.12</u>	<u>6,660.65</u>
Cash flow from extraordinary items	-	-
Cash generated from operations	7,706.12	6,660.65
Net income tax (paid) / refunds	(463.34)	(151.00)
<b>Net cash flow from / (used in) operating activities (A)</b>	<u>7,242.78</u>	<u>6,509.65</u>
<b>B. Cash flow from investing activities</b>		
Capital expenditure on fixed assets, including capital advances	(423.58)	(534.08)
Proceeds from sale of fixed assets	19.48	23.30
Interest received		
- Others	11.69	12.64
Dividend received		
- Subsidiaries	25.00	12.50
- Others	0.83	1.36
	<u>(366.58)</u>	<u>(484.28)</u>
Cash flow from extraordinary items	-	-
	<u>(366.58)</u>	<u>(484.28)</u>
Net income tax (paid) / refunds	-	-
<b>Net cash flow from / (used in) investing activities (B)</b>	<u>(366.58)</u>	<u>(484.28)</u>

(All Amounts in ₹ Lakhs, unless otherwise stated)

	For the year ended 31.03.2015	For the year ended 31.03.2014
<b>C. Cash flow from financing activities</b>		
Proceeds from long-term borrowings	200.00	-
Repayment of long-term borrowings	(3,508.23)	(3,157.96)
Proceeds from other short-term borrowings	150.00	18.62
Repayment of other short-term borrowings	(876.02)	-
Finance cost	(2,617.37)	(2,983.26)
Dividends paid	(224.17)	(222.73)
Tax on dividend	(39.22)	(37.58)
	(6,915.01)	(6,382.91)
Cash flow from extraordinary items	-	-
<b>Net cash flow from / (used in) financing activities (C)</b>	<b>(6,915.01)</b>	<b>(6,382.91)</b>
Net increase / (decrease) in Cash and cash equivalents (A+B+C)	(38.81)	(357.54)
Cash and cash equivalents at the beginning of the year	267.34	624.88
Cash and cash equivalents at the end of the year	<b>228.53</b>	<b>267.34</b>
Cash and cash equivalents Comprises of:		
Cash on hand	6.07	7.34
Balances with banks		
In current accounts	97.39	137.53
In deposit accounts with original maturity of less than 3 months	74.90	69.27
In unpaid Dividend Account	50.17	53.20
	<b>228.53</b>	<b>267.34</b>

**Notes:**

1. 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.
2. Cash and Cash Equivalent represents Cash and Bank Balances only.
3. Proceeds from Borrowings are shown net of repayments and without Exchange fluctuation.
4. 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.

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 AND MANAGING DIRECTOR

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

Chartered Accountants

FRN : 000376S

**REKHA RAGHUNATHAN**

DIRECTOR AND COMPANY SECRETARY

**N. GNANASAMBANDAN**

CHIEF FINANCIAL OFFICER

**RAJAGOPALAN B**

Partner

Membership No. 217187

Place: Chennai

Date: 28.05.2015



NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2015

## NOTE 1. SIGNIFICANT 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 the provisions of section 133 of the Companies Act, 2013 read with Rule-7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of Companies Act, 2013 (the 2013 Act) / Companies Act, 1956 (the 1956 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 and Depreciation**

Fixed Assets are stated at cost less accumulated depreciation. Depreciation has been provided on the straight line method, based on the useful life of the assets as prescribed in Schedule II to the Companies Act, 2013 except in the case of following assets where a higher rate is charged having regard to their useful economic life.

Asset Description	Useful Life	
	Estimated Useful Life	As per Schedule II
Air Conditioners	5 years	15 Years
Vehicles	5 years	10 Years

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. Revenue Recognition:**

The Company recognises revenue from the sale of goods, net of trade discount, when the goods are dispatched, based on purchase orders/delivery schedules received from customers and as per the arrangements entered into with the customers.

**g. 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 Statement of Profit and Loss.

**h. Investments**

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

**i. 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.

**j. Sundry Debtors and Loans and Advances**

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

**k. 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.

**l. 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.

**m. Research and 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.

**n. 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 and Superannuation the company has taken policies from LIC of India under the Group Gratuity and Superannuation scheme. Premium paid to LIC is charged to the Profit and Loss Account. The company also provides for unutilised leave benefits on retirement available to its employees based on actuarial valuation.

**o. Miscellaneous Expenditure**

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

**p. Software expenditure :**

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

**q. 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.

**r. 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 31<sup>ST</sup> MARCH 2015 (CONTD.)

(All Amounts in ₹ Lakhs, unless otherwise stated)

	As at 31st March 2015	As at 31st March 2014
<b>Note 2</b>		
<b>Share Capital</b>		
<b>Authorised Capital</b>	7,500.00	7,500.00
7,50,00,000(7,50,00,000) Equity Shares of ₹ 10 each	<u>7,500.00</u>	<u>7,500.00</u>
<b>Issued, Subscribed and Paid Up Capital</b>		
2,21,13,625 (2,21,13,625) Equity Shares of ₹ 10 each fully paid	2,211.36	2,211.36
<b>Total</b>	<u>2,211.36</u>	<u>2,211.36</u>

**(a) Reconciliation of Number of Shares:****Equity Shares:**

Particulars	As at March 31, 2015		As at March 31, 2014	
	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 ₹ 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, 2015		As at March 31, 2014	
	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 31.03.2015) - Nil

## NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2015 (CONTD.)

(All Amounts in ₹ Lakhs, unless otherwise stated)

	As at 31st March 2014	Additions	Deductions	As at 31st March 2015
<b>Note 3</b>				
<b>Reserves and Surplus</b>				
(a) Capital Reserve (Refer Note)	160.00	-	-	160.00
(b) Special State Capital Subsidy	282.85	-	-	282.85
(c) General Reserves	16,571.82	-	-	16,571.82
(d) Securities Premium Account	2,165.34	-	-	2,165.34
	<b>19,180.01</b>	<b>-</b>	<b>-</b>	<b>19,180.01</b>

	As at 31st March 2015	As at 31st March 2014
<b>(e) Surplus in Statement of Profit and Loss</b>		
Balance as at Beginning of the Year	9,182.98	8,815.34
(+) Net Profit/(Net Loss) For the current year	1,979.42	822.11
(+) Transfer from Reserves	-	-
(+) Income Tax Provision Written Back	-	-
(-) Depreciation on transition to Schedule II of the Companies Act, 2013 on tangible fixed assets with nil remaining useful life (Net of deferred tax of ₹ 171.68 lakhs - Refer Note 33)	357.46	-
(-) Proposed Dividends	442.27	221.14
(-) Tax on Proposed Dividends	90.84	33.33
(-) Interim Dividends	-	-
(-) Transfer to Reserves	-	200.00
Balance as at End of the Year	<b>10,271.83</b>	<b>9,182.98</b>
<b>Total Reserves and Surplus</b>	<b>29,451.84</b>	<b>28,362.99</b>

### (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 2015	As at 31st March 2014
On Equity Shares of ₹ 10/- each		
Amount of Dividend proposed	442.27	221.14
Dividend per equity share	₹ 2 per share	₹ 1 per share
<b>Note 4</b>		
<b>Long Term Borrowings</b>		
<b>(i) Secured</b>		
Term Loans From Banks	7,455.55	10,913.31
<b>Total</b>	<b>7,455.55</b>	<b>10,913.31</b>

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2015 (CONTD.)

(All Amounts in ₹ Lakhs, unless otherwise stated)

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

NATURE OF SECURITY	TERMS OF REPAYMENT
Loan amount of ₹ 6.95 crores is secured by hypothecation of Plant and Machinery newly acquired during 2010-11 and held at Plants 7, 8 and 9 situated at MMNagar and Puducherry valued at ₹ 18.78 crores on exclusive basis.	Repayable in monthly instalments of ₹ 41.67 lakhs each. The period of maturity with reference to Balance Sheet date is 16 months. Rate of interest-15.25%
Loan amount of ₹ 5.56 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 ₹ 50 lakhs and ₹ 90 lakhs (1 year) each. The period of maturity with reference to Balance Sheet date is 2 years. Rate of interest-14.75%
Loan amount of ₹ 3.75 crores is secured by first charge on fixed Assets (present and future) on pari passu basis with other term lenders except those assets specifically charged to other banks.	Repayable in quarterly instalments of ₹ 100 lakhs each. The period of maturity with reference to Balance Sheet date is 1 years. Rate of interest-14.75%
Loan amount of ₹ 2.72 crores is secured by first charge on assets created out of Term Loan.	Repayable in quarterly instalments of ₹ 30 lakhs (1 year) and ₹ 36.50 lakhs (1 year) each. The period of maturity with reference to Balance Sheet date is 2 years. Rate of interest-14.75%
Loan amount of ₹ 11.04 crores is secured by first charge on fixed Assets (present and future) on pari passu basis with other term lenders except those assets specifically charged to other banks.	Repayable in quarterly instalments of ₹ 100 lakhs each. The period of maturity with reference to Balance Sheet date is 3 years. Rate of Interest-14.75%
Term loan of ₹ 13.52 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 and future, except those assets specifically charged to other banks.	Repayable in step up quarterly instalments of ₹ 1.20 crores/1.40 crores and 1.50 crores each. The period of maturity with reference to Balance Sheet date is 2.50 years. Rate of interest-12.5%
Term loan of ₹ 6 crores is secured by paripassu first charge on the entire moveable and immovable fixed assets of UCAL, present and future, except those assets specifically charged to other banks.	Repayable in quarterly instalments ₹ 75 lakhs (8 instalments). The period of maturity with reference to Balance Sheet date is 2 years. Rate of Interest-12.5%
Term loan of ₹ 2.8 crores is secured by paripassu first charge on the entire moveable and immovable fixed assets of UCAL, present and 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 2 years. Rate of Interest-12.5%
OIF Term loan of USD -6.35 million is secured by Paripassu first charge on the entire moveable and immovable fixed assets of UCAL, present and 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 5 years.
Term loan of ₹ 19.73 crores is secured by paripassu first charge on the land at Bawal and exclusive charge on the Building, Plant and Machinery at Bawal.	Repayable in monthly instalments of ₹ 50 lakhs each. The period of maturity with reference to Balance Sheet date is 3 years. Rate of interest-14%

## NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2015 (CONTD.)

(All Amounts in ₹ Lakhs, unless otherwise stated)

	As at 31st March 2015	As at 31st March 2014
<b>Note 5</b>		
<b>Deferred Tax Liabilities (Net)</b>		
Depreciation	835.79	1,241.16
<b>Total</b>	<b>835.79</b>	<b>1,241.16</b>
(a) Deferred tax assets and deferred tax liabilities have been offset as they relate to the same governing taxation law.		
<b>Note 6</b>		
<b>Other Long Term Liabilities</b>		
(a) Trade Payables	839.27	660.82
(b) Others		
Advance From Customers	13.41	13.41
Other Liabilities	293.04	615.79
<b>Total</b>	<b>1,145.72</b>	<b>1,290.02</b>
<b>Note 7</b>		
<b>Long-Term Provisions</b>		
(a) Provision For Employee Benefits		
Provision For Leave Encashment	91.88	87.91
<b>Total</b>	<b>91.88</b>	<b>87.91</b>
<b>Note 8</b>		
<b>Short Term Borrowings</b>		
(i) Secured		
Cash Credit from banks	6,039.76	6,911.78
(ii) UnSecured		
Inter Corporate Deposits		
- From related parties	433.00	433.00
Short Term Loan From Others	2,659.83	2,513.83
<b>Total</b>	<b>9,132.59</b>	<b>9,858.61</b>

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2015 (CONTD.)

(All Amounts in ₹ Lakhs, unless otherwise stated)

**(a) NATURE OF SECURITY 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-12.25%

	As at 31st March 2015	As at 31st March 2014
<b>Note 9</b>		
<b>Trade Payables</b>		
(a) Related Parties	773.54	883.45
(b) Others	8,135.41	8,236.53
<b>Total</b>	<b>8,908.95</b>	<b>9,119.98</b>
<b>Note 10</b>		
<b>Other Current Liabilities</b>		
Current maturities of Long Term Debts	3,727.01	3,515.17
Interest Accrued but not Due	41.10	36.74
Unclaimed Dividend	50.17	53.20
Other Liabilities	2,123.05	1,881.23
<b>Total</b>	<b>5,941.33</b>	<b>5,486.34</b>
<b>Note 11</b>		
<b>Short-Term Provisions</b>		
<b>(a) Provision For Employee Benefits</b>		
Gratuity Fund Payable	34.36	54.82
Provision For Leave Encashment	42.32	12.43
<b>(b) Others</b>		
Provision for Tax (Net of Advance Tax)	502.00	81.00
Provision for Proposed Dividend	442.27	221.14
Provision for Tax on Dividend	84.95	33.33
<b>Total</b>	<b>1,105.90</b>	<b>402.72</b>



NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2015 (CONTD.)

## Note 12 - Fixed assets

(All Amounts in ₹ Lakhs, unless otherwise stated)

	GROSS BLOCK				DEPRECIATION/AMORTISATION						NET BLOCK	
	As at 1 April, 2014	Addi- tions	Deduc- tions	As at 31 March, 2015	As at 1 April, 2014	For the year	Deduc- tions	Transferred To Retained Earnings	Up to 31 March, 2015	As at 31 March, 2015	As at 31 March, 2014	
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	6,344.73	-	-	6,344.73	1,238.47	212.12	-	-	1,450.59	4,894.14	5,106.26	
(c) Plant and Equipment	30,274.05	1,048.61	275.69	31,046.97	19,645.22	2,095.27	253.27	529.14	22,016.36	9,030.61	10,628.83	
(d) Furniture and Fixtures	568.22	4.77	-	572.99	434.29	25.53	-	-	459.82	113.17	133.93	
(e) Vehicles	240.49	0.91	14.14	227.26	187.79	17.13	13.43	-	191.49	35.77	52.70	
(f) Office equipment	282.93	11.35	6.10	288.18	239.14	10.47	5.83	-	243.78	44.40	43.79	
Total Tangible Assets - A	41,550.61	1,065.64	295.93	42,320.32	21,744.91	2,360.52	272.53	529.14	24,362.04	17,958.28	19,805.70	
Previous year	41,284.85	484.39	218.63	41,550.61	20,073.14	1,868.32	196.55	-	21,744.91			
Intangible Assets:												
Technical Know How	2,326.62	-	-	2,326.62	2,225.81	37.43	-	-	2,263.24	63.38	100.81	
Total Intangible Assets - B	2,326.62	-	-	2,326.62	2,225.81	37.43	-	-	2,263.24	63.38	100.81	
Previous year	2,326.62	-	-	2,326.62	2,171.25	54.56	-	-	2,225.81			
Total Fixed Assets - C = (A + B)	43,877.23	1,065.64	295.93	44,646.94	23,970.72	2,397.95	272.53	529.14	26,625.28	18,021.66	19,906.51	
Previous year	43,611.47	484.39	218.63	43,877.23	22,244.39	1,922.88	196.55	-	23,970.72			
Capital Work - In - Progress										381.44	975.13	
Total										18,403.10	20,881.64	

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2015 (CONTD.)

(All Amounts in ₹ Lakhs, unless otherwise stated)

	As at 31st March 2015	As at 31st March 2014
<b>Note 13</b>		
<b>Non Current Investments</b>		
<b>OTHER INVESTMENTS</b>		
<b>TRADE-QUOTED</b>		
1,900 (Previous Year 1,900) Fully paid up Equity Shares of ₹ 10/- each of HDFC Bank Ltd	0.19	0.19
3,367 (Previous Year 3,367) equity shares of ₹ 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 ₹ 10/- each of Industrial development Bank of India Ltd.	2.70	2.70
200 (Previous Year 200) Fully paid up Equity Shares of ₹ 10/- each of Corporation Bank	0.16	0.16
	<u>4.52</u>	<u>4.52</u>
<b>TRADE-UNQUOTED</b>		
12,50,000 (Previous Year 12,50,000) Equity Shares of Ucal Polymer Industries Limited of ₹ 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 in to Equity Shares (**)	5,405.58	5,405.58
600 (Previous Year 600) Equity Shares of ₹ 10 each of Suryadev Alloys and Power Private Limited	0.81	0.81
	<u>15,621.88</u>	<u>15,621.88</u>
(**) - Investments in Subsidiary Companies		
<b>Total Investments</b>	<u>15,626.40</u>	<u>15,626.40</u>
 Aggregate amount of quoted investments	 4.52	 4.52
Market Value of quoted investments	35.02	29.02
Aggregate amount of unquoted investments	15,621.88	15,621.88
Aggregate provision for diminution in value of investments	NIL	NIL
 <b>Note 14</b>		
<b>Long-Term Loans and Advances</b>		
Considered Good		
Security Deposits	567.94	485.60
<b>Total</b>	<u>567.94</u>	<u>485.60</u>
 <b>Note 15</b>		
<b>Other Non-Current Assets</b>		
Unamortized Expenses	-	-
<b>Total</b>	<u>-</u>	<u>-</u>

## NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2015 (CONTD.)

(All Amounts in ₹ Lakhs, unless otherwise stated)

	As at 31st March 2015	As at 31st March 2014
<b>Note 16</b>		
<b>Inventories (Refer note 1(k))</b>		
(As certified by the management)		
Spares	87.27	112.82
Tools and Consumables	1,480.70	1,012.56
Raw Materials and Components	1,577.86	2,591.09
Work-in-progress	788.74	207.52
Finished goods	402.98	309.38
<b>Total</b>	<b>4,337.55</b>	<b>4,233.37</b>
<b>Note 17</b>		
<b>Trade Receivables</b>		
<b>Unsecured, considered good</b>		
Trade receivables outstanding for a period less than six months from the date they are due for payment	10,808.50	11,408.88
Trade receivables outstanding for a period exceeding six months from the date they are due for payment	173.35	268.01
<b>Total</b>	<b>10,981.85</b>	<b>11,676.89</b>
<b>Note 18</b>		
<b>Cash and Cash Equivalents</b>		
(a) Cash on hand	6.07	7.34
(b) Bank Balances		
In Current Account	97.39	137.53
Fixed Deposit (**)	74.90	69.27
(c) Other Bank Balances		
Unpaid Dividend Account	50.17	53.20
<b>Total</b>	<b>228.53</b>	<b>267.34</b>
(**) Held under lien by bank as margin Money		
<b>Note 19</b>		
<b>Short-Term Loans and Advances</b>		
<b>Considered Good</b>		
(a) Loans and advances	623.12	530.54
(b) Loans and Advances to related parties	14,787.24	14,591.81
(c) Advance Income Tax and TDS Receivable (Net of Provisions)	305.25	255.06
(d) Balance with government authorities	419.93	269.52
<b>Total</b>	<b>16,135.54</b>	<b>15,646.93</b>
<b>Note 20</b>		
<b>Other Current Assets</b>		
<b>Unsecured, Considered Good</b>		
Unamortized Expenses	-	156.23
<b>Total</b>	<b>-</b>	<b>156.23</b>

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2015 (CONTD.)

(All Amounts in ₹ Lakhs, unless otherwise stated)

	Year Ended 31st March 2015	Year Ended 31st March 2014
<b>Note 21</b>		
<b>Revenue From Operations</b>		
<b>(a) Sale of Products</b>		
Gross Sales	59,566.83	52,682.54
Less : Excise Duty	6,488.91	6,119.36
<b>Total</b>	<b>53,077.92</b>	<b>46,563.18</b>
<b>Note 22</b>		
<b>Other Income</b>		
Interest Received	11.69	12.64
Miscellaneous Income	256.61	45.54
Profit on sale of Assets	6.54	15.18
Dividends: From Subsidiaries	25.00	12.50
From Others	0.83	1.36
Gain on Exchange Fluctuation	(6.30)	13.15
<b>Total</b>	<b>294.37</b>	<b>100.37</b>
<b>Note 23</b>		
<b>Cost of Material Consumed</b>		
Opening Stock		
Raw Materials	159.35	261.31
Components	2,431.74	1,749.90
	<b>2,591.09</b>	<b>2,011.21</b>
(+) Purchases		
Raw Materials	5,922.66	6,845.35
Components	18,903.58	16,017.41
Outworks	2,925.95	2,840.23
	<b>27,752.19</b>	<b>25,702.99</b>
(-) Closing Stock		
Raw Materials	230.40	159.35
Components	1,347.46	2,431.74
	<b>1,577.86</b>	<b>2,591.09</b>
<b>Total</b>	<b>28,765.42</b>	<b>25,123.11</b>

## NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2015 (CONTD.)

(All Amounts in ₹ Lakhs, unless otherwise stated)

	Year Ended 31st March 2015	Year Ended 31st March 2014
<b>Note 24</b>		
<b>Changes in inventories of Finished Goods and Work in Progress</b>		
Opening Stock		
Finished Goods	309.38	353.68
Work-in-progress	207.52	485.60
	<b>516.90</b>	<b>839.28</b>
(-) Closing Stock		
Finished Goods	402.98	309.38
Work-in-progress	788.74	207.52
	<b>1,191.72</b>	<b>516.90</b>
<b>(Increase) / Decrease in Finished Goods and Work in Progress</b>	<b>(674.82)</b>	<b>322.38</b>
<b>Note 25</b>		
<b>Employees Cost and Benefits</b>		
Salaries, Wages and Bonus	5,429.80	4,797.36
Contribution to Provident Fund and Other Funds	330.54	295.44
Staff Welfare Expenses	525.11	483.44
<b>Total</b>	<b>6,285.45</b>	<b>5,576.24</b>
<b>Note 26</b>		
<b>Finance Costs</b>		
Interest Expenses on		
Term Loans	1,396.71	1,828.10
Other Borrowing costs	1,220.66	1,155.16
<b>Total</b>	<b>2,617.37</b>	<b>2,983.26</b>
<b>Note 27</b>		
<b>Depreciation and Amortisation Expense</b>		
Depreciation for tangible assets (Note No. 12)	2,360.52	1,868.32
Amortisation for intangible assets (Note No. 12)	37.43	54.56
<b>Total</b>	<b>2,397.95</b>	<b>1,922.88</b>

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2015 (CONTD.)

(All Amounts in ₹ Lakhs, unless otherwise stated)

	Year Ended 31st March 2015	Year Ended 31st March 2014
<b>Note 28</b>		
<b>Other Expenses</b>		
Tools and stores consumed	2,830.65	2,060.38
Power and Fuel	2,195.56	2,192.73
Repairs and Maintenance		
-Building	3.75	8.25
-Plant and Machinery	336.76	367.68
- Others	274.72	226.06
Postage, Telephone, Fax, etc.	68.83	64.64
Insurance	58.12	51.62
Rates and Taxes	53.01	67.39
Rent	213.41	231.29
Directors Sitting Fees	6.20	6.30
Auditors Remuneration		
- For Audit Fees	15.00	15.00
- For Taxation matters	2.03	2.15
- For Certificates	4.14	5.39
- For other services	0.34	-
- For out of pocket expenses	0.21	2.16
Travelling Expenses - Others	314.92	312.94
Discount Allowed	111.30	90.50
Packing Charges	543.92	445.32
Carriage Inwards	216.08	150.91
Sub-Contract Charges	340.45	261.20
Carriage Outwards	844.41	830.02
Market Research Services	414.05	414.22
Professional Charges	302.11	254.87
CSR spends	46.29	-
Research and Development Expenses	845.64	863.25
Other Expenses	1,205.56	809.54
Deferred Revenue Expenditure	177.17	417.00
Exchange Loss	(100.47)	(425.66)
Loss on Sale of Fixed Assets	7.58	3.75
Fixed Assets Discarded	1.45	-
<b>Total</b>	<b>11,333.19</b>	<b>9,728.90</b>

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

	Unit	2014-15	2013-14
a) Amount used as the numerator			
Profit after taxation	₹ In lakhs	1,979.42	822.12
b) Weighted average number of equity shares used as denominator	Number	22,113,625	22,113,625
c) Nominal value of shares	₹ In lakhs	2,211.36	2,211.36
d) Earnings per share	₹	8.95	3.72

## NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2015 (CONTD.)

(All Amounts in ₹ Lakhs, unless otherwise stated)

	As at 31st March 2015	As at 31st March 2014
<b>Note 30</b>		
<b>Contingent Liabilities, Guarantees and Commitment</b>		
<b>Contingent Liabilities</b>		
<b>Claims against the company not acknowledged as debts :-</b>		
i) Sales Tax	88.88	88.88
ii) Excise Duty	223.64	221.69
iii) Service Tax	1.23	8.66
iv) Income Tax	871.40	299.71
v) Stamp Duty	31.37	31.37
<b>Other moneys for which the company is contingently liable</b>		
i) In respect of Letter of Credits Outstanding	543.20	458.80
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	9,954.23	10,269.04
iii) Guarantees given by Banks on behalf of the company	169.10	123.27
<b>Commitment</b>		
Estimated amount of contracts remaining to be executed on capital account, net of advances, not provided for :	202.12	49.51

### Note 31

The company has a) equity investment aggregating to ₹ 15,492.48 lakhs in Amtec Precision Products Inc., USA, a Wholly Owned Subsidiary coupled with b) interest free advance of ₹ 12,244.24 lakhs, (Previous Year ₹ 12,048.81 lakhs) and c) bank guarantees given to banks on its behalf aggregating to ₹ 9,954.23 (Previous year ₹ 10,269.04 lakhs). The operations of this subsidiary have shown marked improvements compared to previous years. Accordingly no provision is considered necessary in respect of investment in it as well as advances due from it as at the year end, though the net worth of the subsidiary has been fully eroded.

### Note 32

Sundry debtors includes a sum of ₹ 3,087.56 lakhs (previous year ₹ 2,905.61 lakhs) due from M/s. Amtec Precision Products, Inc., USA a wholly owned subsidiary. The Company is working out a deferred payment plan for the dues from Amtec Precision Products, Inc, USA to be approved by their lenders, according to which the amount is expected to be realised over a period of time. Accordingly these have been classified as short term.

### Note 33

Effective from April 1, 2014, the company has charged depreciation based on the revised remaining useful life of the assets as per the requirement of Schedule II of the Companies Act, 2013. Due to above, depreciation charge for the year ended March 31, 2015 is higher by ₹ 571.40 lakhs. Further, based on transitional provisions provided in Note 7(b) of Schedule II, an amount of ₹ 357.46 lakhs (net of deferred Tax) has been adjusted with retained earnings.

### Note 34

Micro, Small and Medium Enterprises under the Micro, Small and 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 2015	As at 31st March 2014
a. Principal amount	18.86	10.51
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 31<sup>ST</sup> MARCH 2015 (CONTD.)

(All Amounts in ₹ Lakhs, unless otherwise stated)

**Note 35**

The balances outstanding as on 31st March 2015 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 36**

Subject to the observation in Note 35 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 37**

Research and Development expenditure includes salaries, wages and bonus amounting to ₹ 382.52 lakhs (Previous year ₹ 424.34 lakhs), travel expenses ₹ 25.60 lakhs (Previous year ₹ 30.52 lakhs) and Rent ₹ 198.00 lakhs (Previous year ₹ 198.00 lakhs).

**Note 38****Research and Development expenditure incurred**

Particulars	Financial Year	
	2014-15	2013-14
Capital Expenses	27.59	43.28
Revenue Expenses	845.64	863.25
Deferred Revenue Expenses	20.94	0.71

**Note 39**

Electricity charges debited to Profit and Loss account is net of ₹ 97.05 lakhs (previous year ₹ 126.62 lakhs) being the electricity generated through company owned Wind Turbine Generators.

**Note 40**

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

A. Defined contribution plan:	2014-15	2013-14
Contribution to defined contribution plans are charged in the Profit and Loss Account for the year:		
Employers Contribution to Provident Fund	155.07	146.91
Employers Contribution to Pension Scheme	59.70	60.38
Employers Contribution to Superannuation Scheme	39.99	44.24

**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 and 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 31<sup>ST</sup> MARCH 2015 (CONTD.)

(All Amounts in ₹ Lakhs, unless otherwise stated)

Disclosures for defined benefit plans based on actuarial reports as on 31st March 2015				
Description	Funded Gratuity		Non-Funded Leave Encashment	
	2014-15	2013-14	2014-15	2013-14
(i) <u>Change in defined benefit obligation</u>				
Opening defined benefit obligation	537.99	529.12	100.34	139.12
Current Service cost	40.98	40.72	19.98	22.43
Interest Cost	43.04	42.33	9.26	11.02
Actuarial loss / (gain)	(28.47)	(35.81)	5.10	(66.11)
Benefits paid	(19.50)	(38.37)	(47.62)	(6.12)
Closing defined benefit obligation	574.04	537.99	134.20	100.34
(ii) <u>Change in fair value of assets</u>				
Opening fair value of plan assets	483.17	455.42	-	-
Expected return on plan assets	44.28	39.47	-	-
Actuarial gain / (loss)	-	-	-	-
Contributions by employer	45.36	26.65	-	-
Benefits paid	(19.50)	(38.37)	-	-
Closing fair value of plan assets	553.30	483.17	-	-
(iii) <u>Amount recognized in the Balance Sheet</u>				
Present value of obligations as at year end	574.04	537.99	134.20	100.34
Fair value of plan assets as at year end	553.30	483.17		
Amount not recognized as assets	-	-		
Net asset / (liability) recognized as on 31.03.15	(20.73)	(54.82)	(134.20)	(100.34)
(iv) <u>Expenses recognized in the profit and loss account</u>				
Current service cost	40.98	40.72	19.98	22.43
Interest on defined benefit obligation	43.04	42.33	9.26	11.02
Expected return on plan assets	(44.28)	(39.47)	-	-
Net actuarial loss / (gain) recognized in the current year	(28.47)	(35.81)	5.10	(66.11)
Total Expense recognized in P & L Account	11.27	7.77	34.34	32.66
(v) <u>Principal actuarial assumptions used</u>				
Discount rate (p.a)	8%	8%	7.80%	9.25%
Expected rate of return on plan assets (p.a)	9%	8.75%		
Salary Escalation (p.a)	5%	5%	6%	6%
Attrition rate (p.a)	1-3%	1-3%		

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2015 (CONTD.)

(All Amounts in ₹ Lakhs, unless otherwise stated)

**Note 41**

The Remuneration to the Managing Director was provided, based on the approval of the Shareholders in the AGM held on 30th September, 2011 at ₹ 185.28 Lakhs and ₹ 184.68 Lakhs respectively for the years ended 31st March, 2013 and 2014 which however was in excess of the limits specified under Section-198/309 of the Companies Act, 1956 by a sum of ₹ 51.78 Lakhs and ₹ 75.52 Lakhs respectively for those two years. The excess paid for year ended 31st March, 2013 of ₹ 51.78 lakhs not being approved by the Central Government, had been received during the current year and credited to miscellaneous income. The excess provision of ₹ 75.52 Lakhs for the year ended 31st March, 2014 and the full provision for the current year amounting to ₹ 235.68 Lakhs are subject to the approval of the Central Government.

**Note 42****Closing Stock Values of Finished Goods and Work-in-progress and Sales Value**

Class of Goods	Sales Value	Closing Stock Value	WIP Value
Auto Parts	52,938.59 (46,406.91)	400.20 (307.25)	788.74 (207.52)
Others	139.33 (156.27)	2.78 (2.13)	- -

**Note 43**

Raw Materials and Components Consumed	Year Ended 31st March 2015	Year Ended 31st March 2014
A) Raw material		
Aluminium Alloy	5,367.17	5,435.03
Zinc	1,172.34	1,031.32
B) Other components and raw materials (which do not individually account for more than 10% of the total consumption)	22,225.91	18,656.76
Total	28,765.42	25,123.11

**Note 44****Raw Materials and Components Consumed**

Item	YEAR ENDED 31-03-2015				YEAR ENDED 31-03-2014			
	RAW MATERIALS	%	COMPONENTS	%	RAW MATERIALS	%	COMPONENTS	%
IMPORTED	580.54	8.55	2,229.69	10.15	301.44	4.31	2,774.60	15.30
INDIGENOUS	6,210.20	91.45	19,744.99	89.85	6,688.43	95.69	15,358.64	84.70
Total	6,790.74	100.00	21,974.68	100.00	6,989.87	100.00	18,133.24	100.00

	Year Ended 31st March 2015	Year Ended 31st March 2014
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**Note 45****Value of CIF Imports**

Raw materials	461.92	244.97
Components and Spares	2,317.53	2,577.75
Capital goods	203.70	0.26
Total	2,983.15	2,822.98

**Note 46****Earnings in Foreign Exchange (FOB Basis)**

Exports	1,448.88	2,069.36
Total	1,448.88	2,069.36

## NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2015 (CONTD.)

(All Amounts in ₹ Lakhs, unless otherwise stated)

	Year Ended 31st March 2015	Year Ended 31st March 2014
<b>Note 47</b>		
<b>Expenditure in foreign currency</b>		
Foreign Travel	183.67	160.91
Interest	218.16	238.81
Market Research services	414.05	414.22
Export Consultancy	7.73	9.50
Product Development Expenses	19.90	-
<b>Total</b>	<b>843.51</b>	<b>823.44</b>
<b>Note 48</b>		
<b>Dividends remitted in foreign currency</b>		
a. Number of non-resident shareholders	132	140
b. Number of shares held (Equity shares of ₹ 10 each)	71,622	73,899
c. Amount remitted (₹ In thousands)	Nil	Nil
d. Year to which dividend relates	Nil	Nil

### Note 49

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 (as amended) are not applicable.

### Note 50

#### Related Party Disclosures

##### 1 Name of the related parties and Relationship

###### (i) SUBSIDIARIES OF THE COMPANY

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

###### (ii) KEY MANAGEMENT PERSONNEL

- Mr. Jayakar Krishnamurthy Chairman and Managing Director
- Mr. Ram Ramamurthy -Whole Time Director (Appointed with effect from 04.09.2014)
- Ms. Rekha Raghunathan -Director and Company Secretary
- Mr. N. Gnanasambandan - Chief Financial Officer

###### (iii) OTHER RELATED ENTERPRISES

- Bharat Technologies Auto Components Limited
- Minica Real Estates Private Limited
- Minica Services Private Limited
- Southern Ceramics Private Limited
- Sujo Land and Properties Private Limited
- Carburettors Limited
- Magnetic Meter Systems (India) Limited
- Bangalore Union Services Private Limited
- Culture and Heritage Trust of Karuveli
- Academy of Higher Education, National College, Trichy

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2015 (CONTD.)

(All Amounts in ₹ 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) to (iv) above

	SUBSIDIARIES	OTHER RELATED ENTERPRISES	KEY MANAGEMENT PERSONNEL	RELATIVES OF KEY MANAGEMENT PERSONNEL
Transactions during the year 2014-15				
Purchase of materials	2,935.23 (2,755.36)	396.21 (486.80)		
Job work charges paid		22.52 (NIL)		
Consultancy charges paid				48.67 (36.00)
Rent Received	1.20 (1.20)			
Rent paid		392.83 (400.53)		
Managerial Remuneration (Directors)			243.41 # (260.11)	
Remuneration to Key Managerial personnel other than directors			52.16	
Interest Paid		51.96 (75.09)		
Sale of goods	199.91 (50.91)	1.14 (41.22)		
Sale of Fixed Assets		8.37 (8.18)		
Rent Deposit paid		35.00 (NIL)		
Loans repaid		NIL (335.60)		
Dividend paid		146.38 (146.38)	3.54 (3.54)	5.48 (5.48)
CSR Spends		46.29 (NIL)		
Balances as on 31.03.2015				
Outstanding payables,	838.26 (753.77)	461.19 (492.49)	50.99 (9.32)	
Outstanding receivables	15,774.80 (15,397.41)	2,253.36 (2,233.05)		
Guarantees given	9,954.23 (10,269.04)			

Figures in brackets represent corresponding amount of previous year

- 1) There are no transactions exceeding 10% with respect to one related party.
- 2) # Refer Note 41 for Managerial Remuneration (Directors)

## NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2015 (CONTD.)

(All Amounts in ₹ Lakhs, unless otherwise stated)

### Note 51

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

The accompanying notes are an integral part of these financial statements

As per our Report Attached of even date

For and on behalf of the Board of Directors

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

**JAYAKAR KRISHNAMURTHY**

Chartered Accountants

CHAIRMAN AND MANAGING DIRECTOR

FRN : 000376S

**REKHA RAGHUNATHAN**

DIRECTOR AND COMPANY SECRETARY

**N. GNANASAMBANDAN**

CHIEF FINANCIAL OFFICER

**RAJAGOPALAN B**

Partner

Membership No. 217187

Place: Chennai

Date: 28.05.2015

## INDEPENDENT AUDITOR'S REPORT

### To the Members of UCAL FUEL SYSTEMS Limited

We have audited the accompanying Consolidated financial statements of UCAL FUEL SYSTEMS Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") which comprise the consolidated Balance Sheet as at 31st March 2015, the consolidated Statement of Profit and Loss, consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

#### Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its Associates and Jointly controlled entities in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group and of its associates and jointly controlled entities are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 the 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 financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Holding Company has an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls.

An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.



## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated 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, of the consolidated state of affairs of the Group, its associates and jointly controlled entities as at 31st March, 2015, and their consolidated profit/loss and their consolidated cash flows for the year ended on that date.

## Other Matter

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

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

Another subsidiary of the company, Amtec Precision Products Inc., USA (including its 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 ₹ 17,126.98 lakhs, total revenue of ₹ 24,461.56 lakhs and total cash flows of ₹ 38.09 lakhs 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.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, based on the comments in the auditor's report of the holding company and subsidiary companies incorporated in India. We give in the Annexure a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable
2. As required by Section 143 (3) of the Act, we report that, based on our audit and on the consideration of report of the other auditors on separate financial statements of a subsidiary company as noted in the 'Other Matter' paragraph, we report to the extent applicable
  - (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of aforesaid consolidated financial statements.
  - (b) In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept by the Company so far as it appears from our examination of those books;
  - (c) The consolidated Balance sheet, the statement of profit and loss and the cash flow statement dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements.
  - (d) in our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - (e) on the basis of the relevant assertion contained in the audit reports on standalone financial statements of each subsidiary report which are incorporated in India, written representations received from the directors as on 31 March 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2015 from being appointed as a director in terms of Section 164 (2) of the Act; and
  - (f) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of subsidiary, as noted in the Other Matter paragraph:

- i. the Consolidated financial statements disclose the impact of pending litigations on the holding company, its subsidiary company incorporated in India.-Refer Note 31 to the consolidated financial statements;
  - ii. the holding company, its subsidiary company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts; and
  - iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the holding company, its subsidiary company.
- (g) Attention is invited to Note No.34, of Consolidated Notes to Accounts, regarding managerial remuneration to directors, which is in excess of the limits prescribed by the Companies Act, 2013.

For G BALU ASSOCIATES,  
Chartered Accountants  
FRN: 000376S

RAJAGOPALAN B  
Partner

Membership No. 217187

Place: Chennai  
Date : 28.05.2015

## ANNEXURE TO THE AUDITORS' REPORT

**The Annexure referred to in our report to the members of UCAL FUEL SYSTEMS LIMITED ('the Company') for the year ended 31<sup>st</sup> March 2015. We report that:**

- (1) **In respect of Fixed Assets of the Holding Company and subsidiary company incorporated in India.**
  - 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 Company has a programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of 3 years. No material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets
- (2) **In respect of Inventories of the Holding Company and subsidiary company incorporated in India**
  - 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 holding Company and subsidiary company incorporated in India have not granted during the year, loans to bodies corporate covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act').
- (4) In our opinion and the opinion of other auditors and according to the information and explanations given to us and the other auditors, there are adequate internal control procedures in the holding company and subsidiary company incorporated in India commensurate with the size of the respective entity and the nature of their businesses, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our and other auditors audit, no major weaknesses in the internal control system of the Company has been observed.
- (5) In our opinion and according to the information and explanations given to us, the holding company and its subsidiary company incorporated in India have not accepted any deposits from the public and hence compliance with directives issued by the Reserve Bank of India and the provisions of Section 73 to 76 or any other relevant provisions of the Act and the rules framed there under are not applicable.
- (6) As per the books and records produced to us and other auditors, and explanations offered thereon, we are of the opinion that, prima facie, the cost records and accounts prescribed by the Central Government under Sec 148 of the Companies Act, 2013, 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.
- (7)
  - a) According to the records produced, the holding company and its subsidiary company incorporated in India are 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) According to the information and explanations given to us and the other auditors, no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and Cess were outstanding at the year end, for a period of more than six months from the date they became payable.

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

Name of the Statute	Nature of the Dues	Amount (₹ in Lakhs)	Forum where dispute is pending
Income Tax Act	Income Tax AY 2000-01	3.59	High Court of Madras
Income Tax Act	Income Tax AY 2003-04	146.58	CIT Appeals, Chennai
Income Tax Act	Income Tax AY 2005-06	73.66	ITAT, Chennai
Income Tax Act	Income Tax AY 2010-11	258.35	ITAT, Chennai
Income Tax Act	Income Tax AY 2012-13	389.22	CIT Appeals, Chennai
Central Excise Act	Service Tax FY 2011-12	1.23	Additional Commissioner of Service Tax
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 Excise Act	Service Tax-FY-2011-12	1.95	Commissioner Appeals (Gurgoan)
Central Sales Tax	CST Plant-1	1.04	Appellate Deputy Commissioner
Central Sales Tax	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
Income Tax Act (Indian Subsidiary)	Income tax	1.60	CIT Appeals
Income Tax Act (Indian Subsidiary)	Income tax	86.93	CIT Appeals
The Employees provident funds and Misc provisions Act, 1952 (Indian Subsidiary)	PF	5.79	EPE, Appellate Tribunal, New delhi.

- d) According to the information and explanations given to us and the other auditors, the amounts which were required to be transferred to the investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules there under has been transferred to such fund within time.

- (8) The holding company and its subsidiary incorporated in India, do not have accumulated losses as at the end of the Financial Year and have not incurred cash losses in the current financial year and in the immediately preceding financial year.
- (9) The holding company and its subsidiary company incorporated in India have not defaulted in repayment of dues to any financial institutions or bank or debenture holders.
- (10) In our opinion and according to the information and explanations given to us and the other auditors, the terms and conditions on which the holding company and its subsidiaries incorporated in India, have given guarantees for loans taken by others from bank and financial institutions are not prima facie prejudicial to the interests of the company.
- (11) 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.
- (12) Based upon the audit procedures performed by us and the other auditors and on the basis of the information and explanations given to us and the other auditors, no fraud on or by the holding company or its subsidiary incorporated in India, have been noticed or reported during the year.

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

**RAJAGOPALAN B**  
Partner  
Membership No. 217187

Place: Chennai  
Date : 28.05.2015

CONSOLIDATED BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2015

(All Amounts in ₹ Lakhs, unless otherwise stated)

	Notes	As at 31st March 2015	As at 31st March 2014
<b>I. EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	2	2,211.36	2,211.36
Reserves and Surplus	3	4,396.57	3,352.57
<b>Non-Current Liabilities</b>			
Long-Term Borrowings	4	11,014.51	16,951.05
Deferred Tax Liabilities (Net)	5	(1,891.38)	(1,375.59)
Other Long-Term Liabilities	6	1,145.72	1,290.02
Long-Term Provisions	7	91.88	87.91
<b>Current Liabilities</b>			
Short-Term Borrowings	8	12,643.48	12,997.12
Trade Payables	9	10,314.52	9,931.64
Other Current Liabilities	10	11,046.85	8,632.76
Short-Term Provisions	11	1,151.08	435.62
<b>TOTAL</b>		<b>52,124.59</b>	<b>54,514.46</b>
<b>II. ASSETS</b>			
<b>Non-Current Assets</b>			
Fixed Assets	12		
Tangible Assets		26,985.76	29,075.11
Intangible Assets		94.58	132.01
Capital Work-In-Progress		381.44	975.13
Non-Current Investments	13	5.33	5.33
Long-Term Loans and Advances	14	1,039.31	934.34
Other Non-Current Assets	15	74.07	6.51
<b>Current Assets</b>			
Inventories	16	7,640.59	7,043.73
Trade Receivables	17	11,147.95	11,689.53
Cash and Bank Balances	18	286.04	286.76
Short-Term Loans and Advances	19	4,469.52	4,209.78
Other Current Assets	20	-	156.23
<b>TOTAL</b>		<b>52,124.59</b>	<b>54,514.46</b>
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 AND MANAGING DIRECTOR

As per our Report Attached of even date

For M/s G.Balu Associates

Chartered Accountants

FRN : 000376S

REKHA RAGHUNATHAN  
DIRECTOR AND COMPANY SECRETARYN. GNANASAMBANDAN  
CHIEF FINANCIAL OFFICERRAJAGOPALAN B  
Partner  
Membership No. 217187Place: Chennai  
Date: 28.05.2015

## Consolidated Statement of Profit And Loss For The Year Ended 31<sup>ST</sup> March 2015

(All Amounts in ₹ Lakhs, unless otherwise stated)

	Notes	As on 31st March 2015	As on 31st March 2014
<b>Revenue From Operations</b>	21	73,773.26	64,383.54
<b>Other Income</b>	22	924.25	678.77
<b>Total Revenue</b>		<u>74,697.51</u>	<u>65,062.31</u>
<b>Expenses:</b>			
Cost of Material Consumed	23	34,980.47	29,928.08
Changes in Inventories of Finished Goods and Work in progress	24	(876.80)	28.30
Employees Cost and Benefits	25	14,104.78	12,125.47
Finance Costs	26	3,144.92	3,563.43
Depreciation and Amortization Expense	27	3,351.26	2,803.19
Other Expenses	28	16,661.36	15,617.72
<b>Total Expenses</b>		<u>71,365.99</u>	<u>64,066.19</u>
<b>Profit Before Exceptional Items</b>		<b>3,331.52</b>	<b>996.12</b>
Exceptional Items		–	–
<b>Profit Before Tax</b>		<u><b>3,331.52</b></u>	<u><b>996.12</b></u>
<b>Add / (Less) Tax Expense:</b>			
Current tax		(1,111.30)	(316.10)
Excess / Short provision for tax relating to earlier years		2.39	3.51
Deferred tax		232.44	1.07
<b>Profit (Loss) for the period</b>		<u><b>2,455.05</b></u>	<u><b>684.60</b></u>
<b>Earnings per equity share:</b>			
Basic and Diluted	29	<b>11.10</b>	<b>3.10</b>
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 AND MANAGING DIRECTOR

As per our Report Attached of even date

**For M/s G.Balu Associates**  
Chartered Accountants  
FRN : 000376S

**REKHA RAGHUNATHAN**  
DIRECTOR AND COMPANY SECRETARY

**N. GNANASAMBANDAN**  
CHIEF FINANCIAL OFFICER

**RAJAGOPALAN B**  
Partner  
Membership No. 217187

Place: Chennai  
Date: 28.05.2015



Consolidated Cash Flow Statement for the year ended 31<sup>st</sup> March, 2015

(All Amounts in ₹ Lakhs, unless otherwise stated)

	For the year ended 31st March, 2015	For the year ended 31st March, 2014
<b>A. Cash Flow from Operating Activities:</b>		
Net Profit/(Loss) before extraordinary items and tax	3,331.52	996.12
<i>Adjustments for :</i>		
Depreciation and amortisation	3,351.26	2,803.19
Finance costs	3,144.92	3,563.43
Interest income	(12.24)	(13.21)
Dividend income	(25.83)	(13.86)
Deferred Revenue Expenditure Written off	156.23	417.00
Net unrealised exchange (gain) / loss	(203.58)	300.25
	<u>6,410.76</u>	<u>7,056.80</u>
Operating profit / (loss) before working capital changes	9,742.28	8,052.92
<i>Changes in working capital:</i>		
<i>Adjustments for (increase) / decrease in operating assets:</i>		
Inventories	(537.87)	213.81
Trade receivables	541.58	(137.82)
Short-term loans and advances	(259.74)	(269.55)
Long-term loans and advances	(104.96)	(36.64)
Other non-current assets	(67.56)	155.50
<i>Adjustments for increase / (decrease) in operating liabilities:</i>		
Trade payables	382.88	(902.75)
Other current liabilities	108.28	299.59
Other long-term liabilities	(144.30)	576.36
Short-term provisions	188.25	(30.77)
Long-term provisions	3.97	(36.28)
	<u>110.53</u>	<u>(168.55)</u>
	9,852.81	7,884.37
Cash flow from extraordinary items	-	-
Cash generated from operations	9,852.81	7,884.37
Net income tax (paid) / refunds	(659.98)	(311.13)
<b>Net cash flow from / (used in) operating activities (A)</b>	<u>9,192.83</u>	<u>7,573.24</u>
<b>B. Cash flow from Investing Activities</b>		
Capital expenditure on fixed assets, including capital advances	(1,261.92)	(544.36)
Proceeds from sale of fixed assets	19.48	23.30
Purchase of long-term investments		
- Others	-	-
Interest received		
- Others	12.24	13.21
Dividend received		
- Others	25.83	13.86
	<u>(1,204.37)</u>	<u>(493.99)</u>
<b>Net cash flow from / (used in) investing activities (B)</b>	<u>(1,204.37)</u>	<u>(493.99)</u>

## Consolidated Cash Flow Statement for the year ended 31<sup>st</sup> March, 2015

(All Amounts in ₹ Lakhs, unless otherwise stated)

	For the year ended 31st March, 2015	For the year ended 31st March, 2014
<b>C. Cash flow from Financing Activities</b>		
Proceeds from long-term borrowings	(3,943.35)	(3,627.04)
Repayment of other short-term borrowings	(653.09)	4.28
Finance cost	(3,144.92)	(3,563.43)
Dividends paid	(210.23)	(210.23)
Tax on dividend	(37.58)	(37.58)
	<u>(7,989.17)</u>	<u>(7,434.00)</u>
Cash flow from extraordinary items	-	-
Net cash flow from / (used in) financing activities (C)	<u>(7,989.17)</u>	<u>(7,434.00)</u>
Net increase / (decrease) in Cash and cash equivalents (A+B+C)	(0.72)	(354.75)
Cash and cash equivalents at the beginning of the year	286.76	641.51
Cash and cash equivalents at the end of the year	<u>286.04</u>	<u>286.76</u>
Cash and cash equivalents at the end of the year comprise of:		
Cash on hand	8.11	9.37
Balances with banks		
In current accounts	146.10	148.30
In deposit accounts with original maturity of less than 3 months	81.66	75.89
In unpaid Dividend Account	50.17	53.20
	<u>286.04</u>	<u>286.76</u>

### 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.

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 AND MANAGING DIRECTOR

**For M/s G.Balu Associates**  
Chartered Accountants  
FRN : 000376S

**REKHA RAGHUNATHAN**  
DIRECTOR AND COMPANY SECRETARY

**N. GNANASAMBANDAN**  
CHIEF FINANCIAL OFFICER

**RAJAGOPALAN B**  
Partner  
Membership No. 217187

Place: Chennai  
Date: 28.05.2015

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2015

## 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 1<sup>st</sup> April to 31<sup>st</sup> March. The accounts of all overseas subsidiaries have been drawn up for the period 1<sup>st</sup> April 2014 to 31<sup>st</sup> March 2015. 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. 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 in respect of assets of Indian Companies has been provided on the straight line method, based on the useful life of the assets as prescribed in Schedule II to the Companies Act, 2013 except in case of the certain assets where a higher rate is charged having regard to their useful economic life as mentioned in the notes to accounts of UFSL. Depreciation in respect of assets of foreign subsidiaries are provided as per the practice prevailing in that country.

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

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

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2015 (CONTD.)

(All Amounts in ₹ Lakhs, unless otherwise stated)

	As at 31st March 2015	As at 31st March 2014
<b>Note 2</b>		
<b>Share Capital</b>		
<b>Authorised Capital</b>		
7,50,00,000 (7,50,00,000) Equity shares of ₹10/- each	7,500.00	7,500.00
	<u>7,500.00</u>	<u>7,500.00</u>
<b>Issued, Subscribed and Paid - Up</b>		
2,21,13,625 (2,21,13,625) Equity shares of ₹ 10/- each fully paid	2,211.36	2,211.36
<b>Total</b>	<u>2,211.36</u>	<u>2,211.36</u>

### Note 3

Reserves and Surplus	As at 31st March 2014	Additions	Deductions	As at 31st March 2015
(a) Capital Reserve	160.00	-	-	160.00
(b) Special State Capital Subsidy	282.85	-	-	282.85
(c) General Reserves	16,671.82	21.00	-	16,692.82
(d) Securities Premium Account	2,165.34	-	-	2,165.34
(e) Foreign Currency Monetary Items Translation Difference Account	515.51	-	103.11	412.40
(f) Foreign Currency Translation Reserve	(1,711.67)	-	383.89	(2,095.56)
	<u>18,083.85</u>	<u>21.00</u>	<u>487.00</u>	<u>17,617.85</u>

	As at 31st March 2015	As at 31st March 2014
<b>(g) Surplus in Statement of Profit and Loss</b>		
Balance as at Beginning of the Year	(14,731.28)	(14,919.66)
(+) Net Profit/(Net Loss) For the current year	2,455.05	672.10
(+) Transfer from Reserves	-	-
(+) FBT and Income Tax Provision Return Back	-	-
(-) Depreciation on transition to Schedule II of the Companies Act, 2013 on tangible fixed assets with nil remaining useful life	360.84	-
(-) Proposed Dividends	467.27	246.14
(-) Tax on Proposed Dividends	95.94	37.58
(-) Interim Dividends	-	-
(-) Transfer to Reserves	21.00	200.00
Balance as at End of the Year	<u>(13,221.28)</u>	<u>(14,731.28)</u>
<b>Total Reserves and Surplus</b>	<u>4,396.57</u>	<u>3,352.57</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

##### Secured

Term Loans From Banks	11,014.51	16,951.05
<b>Total</b>	<u>11,014.51</u>	<u>16,951.05</u>

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2015 (CONTD.)

(All Amounts in ₹ 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 Limited.**

Term Loan amounting to ₹ 3.82 crores is secured by Equitable mortgage of land of a related party and is repayable in 20 quarterly instalments of ₹ 63.00 lakhs. This loan is additionally secured by an equitable mortgage of the land and building of the factory situated at Pondicherry. They carry currently an interest of 14.50%. The balance instalment payable is 6.

**Amtec Precision Products Inc.**

Term Loan of 10.73 million USD and Working Capital Term Loan of 1.13 million USD are secured by paripasu charge on current assets and first charge on fixed assets of Amtec Precision Products Inc,. Rate of interest is LIBOR+350 bps. Term Loan amounting to 10.73 million USD is repayable in monthly/quarterly installments of 7 lakh USD, 8 lakh USD, 9 lakh USD, 14 lakh USD and 15 lakh USD ending on 1st September, 2017. Working Capital term loan amounting to 1.31 million USD is repayable in equal monthly installments of \$62,500. Term loan amounting to 1.76 million USD is secured by paripasu 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 10 quarterly installments of \$176,477 starting from December 2013. All term loans are additionally secured by corporate guarantee given by UCAL Fuel Systems Ltd.

	As at 31.03.2015	As at 31.03.2014
<b>Note 5</b>		
<b>Deferred Tax Liabilities (Net)</b>		
Deferred Tax Liabilities		
Depreciation	(1,885.65)	(1,371.16)
Deferred Tax Asset		
Provision For Leave Encashment	(5.73)	(4.43)
<b>Total</b>	<b>(1,891.38)</b>	<b>(1,375.59)</b>
(a) Deferred tax assets and deferred tax liabilities have been offset as they relate to the same governing taxation law.		
<b>Note 6</b>		
<b>Other Long Term Liabilities</b>		
(a) Trade Payables	839.27	660.82
(b) Others		
Advance From Customers	13.41	13.41
Other Liabilities	293.04	615.79
<b>Total</b>	<b>1,145.72</b>	<b>1,290.02</b>
<b>Note 7</b>		
<b>Long-Term Provisions</b>		
(a) Provision For Employee Benefits		
Provision For Leave Encashment	91.88	87.91
<b>Total</b>	<b>91.88</b>	<b>87.91</b>

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2015 (CONTD.)

(All Amounts in ₹ Lakhs, unless otherwise stated)

	As at 31.03.2015	As at 31.03.2014
<b>Note 8</b>		
<b>Short-Term Borrowings</b>		
(i) Secured		
Cash Credit from banks	6,511.22	7,276.02
(ii) UnSecured		
Inter Corporate Deposits		
– From related parties	433.00	433.00
Short-Term Loan From Others	5,699.26	5,288.10
<b>Total</b>	<b>12,643.48</b>	<b>12,997.12</b>
<b>Note 9</b>		
<b>Trade Payables</b>	10,314.52	9,931.64
<b>Total</b>	<b>10,314.52</b>	<b>9,931.64</b>
<b>Note 10</b>		
<b>Other Current Liabilities</b>		
Current maturities of Long-Term Debts	8,037.33	5,731.52
Interest Accrued but not Due	45.75	45.15
Unclaimed Dividend	50.17	53.20
Other Liabilities	2,913.60	2,802.90
<b>Total</b>	<b>11,046.85</b>	<b>8,632.76</b>
<b>Note 11</b>		
<b>Short-Term Provisions</b>		
(a) Provision For Employee Benefits		
Gratuity Fund Payable	38.68	57.97
Provision For Leave Encashment	42.32	12.43
	<b>81.00</b>	<b>70.40</b>
(b) Others		
Provision for Tax (Net of Advance Tax)	512.77	81.50
Provision for Proposed Dividend	467.27	246.14
Provision for Tax on Proposed Dividend	90.04	37.58
	<b>1,070.08</b>	<b>365.22</b>
<b>Total</b>	<b>1,151.08</b>	<b>435.62</b>

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2015 (CONTD.)

## Note 12 Fixed Assets

(All Amounts in ₹ Lakhs, unless otherwise stated)

	GROSS BLOCK			DEPRECIATION/AMORTISATION					NET BLOCK		
	As at 1 April, 2014	Addi- tions	Deduc- tions	As at 31 March, 2015	As at 1 April, 2014	For the year	Deduc- tions	Trans- ferred to Retained Earnings	Up to 31 March, 2015	As at 31 March, 2015	As at 31 March, 2014
Tangible assets											
(a) Land											
Freehold	551.34	-	-	551.34	-	-	-	-	-	551.34	551.34
Leasehold	3,304.83	-	-	3,304.83	-	-	-	-	-	3,304.83	3,304.83
(b) Buildings	8,918.75	-	-	8,918.75	1,902.81	290.76	-	-	2,193.57	6,725.18	7,015.94
(c) Plant and Equipment	47,637.87	1,934.13	483.85	49,088.15	29,701.19	2,959.11	253.29	532.33	32,939.34	16,148.81	17,936.68
(d) Furniture and Fixtures	646.12	4.77	-	650.89	508.16	26.12	-	0.01	534.29	116.60	137.96
(e) Vehicles	300.62	32.09	14.14	318.57	233.24	26.31	13.43	-	246.12	72.45	67.38
(f) Office equipment	686.16	17.56	6.10	697.62	625.18	11.53	5.83	0.19	631.07	66.55	60.98
Total Tangible Assets - A	62,045.69	1,988.55	504.09	63,530.15	32,970.58	3,313.83	272.55	532.53	36,544.39	26,985.76	29,075.11
Previous year	61,701.25	652.20	307.76	62,045.69	30,418.50	2,748.63	196.56	-	32,970.58		
Intangible Assets:											
Technical Know How	2,339.24	-	-	2,339.24	2,238.42	37.43	-	-	2,275.85	63.39	100.82
Good Will	31.19	-	-	31.19	-	-	-	-	-	31.19	31.19
Total Intangible Assets - B	2,370.43	-	-	2,370.43	2,238.42	37.43	-	-	2,275.85	94.58	132.01
Previous year	2,370.43	-	-	2,370.43	2,183.86	54.56	-	-	2,238.42		
Total Fixed Assets - C = (A+B)	64,416.12	1,988.55	504.09	65,900.58	35,208.99	3,351.26	272.55	532.53	38,820.24	27,080.34	29,207.12
Previous year	64,071.68	652.20	307.76	64,416.12	32,602.36	2,803.19	196.56	-	35,208.99		
Capital Work - In - Progress										381.44	975.13
Total										27,461.78	30,182.26



# NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2015 (CONTD.)

(All Amounts in ₹ Lakhs, unless otherwise stated)

	As at 31st March 2015	As at 31st March 2014
<b>Note 13</b>		
<b>Non Current Investments</b>		
<b>OTHER INVESTMENTS</b>		
<b>TRADE-QUOTED</b>		
1,900 (Previous Year 1,900) Fully paid up Equity Shares of ₹ 10/- each of HDFC Bank Ltd	0.19	0.19
3,367 (Previous Year 3,367) Equity Shares of ₹ 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 ₹10/- each of Industrial Development Bank of India Ltd.	2.70	2.70
200 (Previous Year 200) Fully paid up Equity Shares of ₹ 10/- each of Corporation Bank	0.16	0.16
<b>Total</b>	<b>4.52</b>	<b>4.52</b>
<b>TRADE-UNQUOTED</b>		
600 (Previous Year 600) equity shares of ₹ 10/- each of Suryadev Alloys and Power Private Limited	0.81	0.81
<b>Total</b>	<b>5.33</b>	<b>5.33</b>
<b>Aggregate amount of quoted investments</b>	<b>4.52</b>	<b>4.52</b>
<b>Market Value of quoted investments</b>	<b>35.02</b>	<b>29.02</b>
<b>Note 14</b>		
<b>Long-Term Loans and Advances</b>		
Considered Good		
(a) Security Deposits	581.11	491.34
(b) Other Loans and Advances		
(i) From related parties	443.00	443.00
(ii) From others	15.20	-
<b>Total</b>	<b>1,039.31</b>	<b>934.34</b>
<b>Note 15</b>		
<b>Other Non-Current Assets</b>		
Unamortized Expenses	6.85	6.51
Others	67.22	-
<b>Total</b>	<b>74.07</b>	<b>6.51</b>

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

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2015 (CONTD.)

(All Amounts in ₹ Lakhs, unless otherwise stated)

	Year Ended 31st March 2015	Year Ended 31st March 2014
<b>Note 16</b>		
<b>Inventories</b>		
(As certified by the management)		
Spares	1,348.20	1,330.95
Tools and Consumables	1,833.24	1,308.80
Raw Materials and Components	2,162.78	2,975.84
Goods in transit	1.16	-
Work-in-progress	1,722.24	944.81
Goods in transit	-	9.73
Finished goods	572.97	473.60
<b>Total</b>	<b>7,640.59</b>	<b>7,043.73</b>
<b>Note 17</b>		
<b>Trade Receivables</b>		
<b>Unsecured, Considered Good</b>		
Trade receivables outstanding for a period less than six months from the date they are due for payment	10,974.60	11,421.52
Trade receivables outstanding for a period exceeding six months from the date they are due for payment	173.35	268.01
<b>Total</b>	<b>11,147.95</b>	<b>11,689.53</b>
<b>Note 18</b>		
<b>Cash and Cash Equivalents</b>		
(a) Cash on hand	8.11	9.37
(b) Bank Balances		
In Current Account	146.10	148.30
Fixed Deposit(**)	81.66	75.89
(c) Other Bank Balances		
Unpaid Dividend Account	50.17	53.20
<b>Total</b>	<b>286.04</b>	<b>286.76</b>
(**) Held under lien by bank as Margin Money.		
<b>Note 19</b>		
<b>Short-Term Loans and Advances</b>		
<b>Considered Good</b>		
(a) Loans and Advances	3,728.11	3,655.48
(b) Advance Income Tax and TDS Receivable (Net of Provisions)	305.25	255.06
(c) Balance with Government Authorities	436.16	299.24
<b>Total</b>	<b>4,469.52</b>	<b>4,209.78</b>
<b>Note 20</b>		
<b>Other Current Assets</b>		
<b>Unsecured, Considered Good</b>		
Unamortized Expenses	-	156.23
<b>Total</b>	<b>-</b>	<b>156.23</b>

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2015 (CONTD.)

(All Amounts in ₹ Lakhs, unless otherwise stated)

	Year Ended 31st March 2015	Year Ended 31st March 2014
<b>Note 21</b>		
<b>Revenue From Operations</b>		
<b>Sale of Products</b>		
Sales	80,760.74	70,959.73
Less : Excise Duty	6,987.48	6,576.19
<b>Total</b>	<b>73,773.26</b>	<b>64,383.54</b>
<b>Note 22</b>		
<b>Other Income</b>		
Interest Received	12.24	13.21
Miscellaneous Income	782.83	520.26
Profit on sale of Assets	6.54	15.18
Dividends : From Subsidiaries	25.00	12.50
: From Others	0.83	1.36
Amortisation of Currency Translation difference account	103.11	103.11
Gain on Exchange Fluctuation	(6.30)	13.15
<b>Total</b>	<b>924.25</b>	<b>678.77</b>
<b>Note 23</b>		
<b>Cost of Material Consumed</b>		
Opening Stock :		
Raw Materials	544.10	747.43
Components	2,431.74	1,749.90
	<b>2,975.84</b>	<b>2,497.33</b>
(+) Purchases :		
Raw Materials	11,976.50	11,405.42
Components	18,903.57	16,017.41
Outworks	3,288.50	2,983.76
	<b>34,168.57</b>	<b>30,406.59</b>
(-) Closing Stock :		
Raw Materials	815.33	544.10
Goods in transit	1.16	-
Components	1,347.45	2,431.74
	<b>2,163.94</b>	<b>2,975.84</b>
<b>Total</b>	<b>34,980.47</b>	<b>29,928.08</b>

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2015 (CONTD.)

(All Amounts in ₹ Lakhs, unless otherwise stated)

	Year Ended 31st March 2015	Year Ended 31st March 2014
<b>Note 24</b>		
<b>Changes in inventories of Finished Goods and Work in progress</b>		
Opening Stock		
Finished Goods	464.95	488.23
Work in Progress	953.47	958.49
	<b>1,418.42</b>	<b>1,446.72</b>
(-) Closing Stock		
Finished Goods	572.98	464.95
Work in Progress	1,722.24	953.47
	<b>2,295.22</b>	<b>1,418.42</b>
<b>(Increase) / Decrease in Finished Goods and Work in progress</b>	<b>(876.80)</b>	<b>28.30</b>
<b>Note 25</b>		
<b>Employees Cost and Benefits</b>		
Salaries, Wages and Bonus	9,882.13	8,736.95
Contribution to Provident Fund and Other Funds	1,285.33	812.63
Staff Welfare Expenses	2,937.32	2,575.89
<b>Total</b>	<b>14,104.78</b>	<b>12,125.47</b>
<b>Note 26</b>		
<b>Finance Costs</b>		
Interest Expenses on:		
Term Loans	1,920.58	2,403.88
Other Borrowing costs	1,224.34	1,159.55
<b>Total</b>	<b>3,144.92</b>	<b>3,563.43</b>
<b>Note 27</b>		
<b>Depreciation and Amortisation Expense</b>		
Depreciation for Tangible Assets	3,313.83	2,748.63
Amortisation for Intangible Assets	37.43	54.56
<b>Total</b>	<b>3,351.26</b>	<b>2,803.19</b>

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2015 (CONTD.)

(All Amounts in ₹ Lakhs, unless otherwise stated)

	Year Ended 31st March 2015	Year Ended 31st March 2014
<b>Note 28</b>		
<b>Other Expenses</b>		
Tools and Stores Consumed	5,104.22	4,210.21
Power and Fuel	2,597.47	2,537.75
Repairs and Maintenance		
– Building	66.36	64.64
– Plant and Machinery	926.94	882.99
– Others	351.86	278.50
Postage, Telephone, Fax, etc.	145.02	127.69
Insurance	179.32	160.75
Rates and Taxes	162.06	188.13
Rent	946.07	854.27
Directors Sitting Fees	6.20	6.30
Auditors Remuneration		
– For Audit Fees	16.00	16.00
– For Tax Audit	2.23	2.35
– For Certificates	4.14	5.39
– For other services	0.34	-
– For out of pocket expenses	0.21	2.16
Travelling Expenses	354.60	341.30
Discount Allowed	111.30	90.50
Packing Charges	752.60	546.24
CSR Spend	46.29	-
Research and Development Expenses	845.64	863.25
Other Expenses	3,956.76	4,444.21
Deferred Revenue Expenditure	177.17	417.00
Exchange Loss	(100.47)	(425.66)
Loss on Sale of Fixed Assets	7.58	3.75
Fixed assets discarded	1.45	-
<b>Total</b>	<b>16,661.36</b>	<b>15,617.72</b>

### Note 29

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

	Unit	2014-15	2013-14
a) Amount used as the numerator			
Profit after taxation	₹ In lakhs	2,455.05	684.60
b) Weighted average number of equity shares used as denominator	Number	22,113,625	22,113,625
c) Nominal value of shares	₹ In lakhs	2,211.36	2,211.36
d) Earnings per share	₹	11.10	3.10

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2015 (CONTD.)

(All Amounts in ₹ Lakhs, unless otherwise stated)

	Year Ended 31st March 2015	Year Ended 31st March 2014
<b>Note 30</b>		
Estimated amount of contracts remaining to be executed on capital account, net of advances, not provided for	202.12	49.51
<b>Note 31</b>		
Claims against the company not acknowledged as debts :-		
i) Sales Tax	88.88	88.88
ii) Excise Duty	223.64	221.69
iii) Service Tax	1.23	8.66
iv) Income Tax	959.93	301.31
v) ESI/PF	14.47	14.47
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, ₹ 721.74 lakhs had been accumulated in Foreign Currency Monetary items Translation Difference Account in FY-2011-12, out of which a sum of ₹ 103.11 lakhs has been credited to the Profit and 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	543.20	458.80
ii) Guarantees given by Banks on behalf of the company	169.10	125.27

**Note 34****Ucal Fuel Systems Ltd**

The Remuneration to the Managing Director was provided, based on the approval of the Shareholders in the AGM held on 30th September, 2011 at ₹ 185.28 Lakhs and ₹ 184.68 Lakhs respectively for the years ended 31st March, 2013 and 2014 which however was in excess of the limits specified under Section-198/309 of the Companies Act, 1956 by a sum of ₹ 51.78 Lakhs and ₹ 75.52 Lakhs respectively for those two years. The excess paid for year ended 31st March, 2013 of ₹ 51.78 not being approved by the Central Government, had been received during the current year and credited to miscellaneous income. The excess provision of ₹ 75.52 Lakhs for the year ended 31st March, 2014 and the full provision for the current year amounting to ₹ 235.68 Lakhs are subject to the approval of 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)
- Ram Ramamurthy - Whole Time Director (Appointed with effect from 04.09.2014)

**(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
- Carburettors Limited

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2015 (CONTD.)

(All Amounts in ₹ Lakhs, unless otherwise stated)

- g. Magnetic Meter Systems (India) Limited
- h. Bangalore Union Services Private Limited
- i. Culture and Heritage Trust of Karuveli
- j. Academy of Higher Education, National College, Trichy

### (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) and (iii) above

	OTHER RELATED ENTERPRISES	KEY MANAGEMENT PERSONNEL	RELATIVES OF KEY MANAGEMENT PERSONNEL
Transactions during the year 2014-15			
Purchase of materials	396.21 (486.80)		
Job work charges paid	189.17 (86.12)		
Consultancy charges paid			48.67 (36.00)
Rent paid	593.83 (544.53)		
Managerial Remuneration (Directors)		243.41 (260.11)	
Remuneration to Key Managerial Personnel other than Directors		52.16	
Interest Paid	51.96 (75.09)		
Sale of goods	1.14 (41.22)		
Sale of Fixed Assets	8.37 (8.18)		
Rent Deposit	35.00 (NIL)		
Loans repaid	NIL (335.60)		
Dividend paid	146.38 (146.38)	3.54 (3.54)	5.48 (5.48)
CSR Spends	46.29		
Balances as on 31.03.2015			
Outstanding payables	663.01 (612.05)	50.99 (9.32)	
Outstanding receivables	2,253.36 (2,237.60)		

Figures in brackets represent corresponding amount of previous year.

1) There are no transactions exceeding 10% with respect to one related party.



NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2015 (CONTD.)

(All Amounts in ₹ Lakhs, unless otherwise stated)

**Note 36**

**Dues from Subsidiary**

The dues of the subsidiary company M/s Amtec Precision Products Inc, USA to the Holding company amounting to ₹ 15,331.80 lakhs is shown as short term in view of the deferred payment plan being worked out by the Holding Company in consultation with the Subsidiary company.

**Note 37**

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

The accompanying notes are an integral part of these financial statements

As per our Report Attached of even date

For and on behalf of the Board of Directors

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

**JAYAKAR KRISHNAMURTHY**

Chartered Accountants

CHAIRMAN AND MANAGING DIRECTOR

FRN : 000376S

**REKHA RAGHUNATHAN**  
DIRECTOR AND COMPANY SECRETARY

**N. GNANASAMBANDAN**  
CHIEF FINANCIAL OFFICER

**RAJAGOPALAN B**  
Partner  
Membership No. 217187

Place: Chennai  
Date: 28.05.2015

## FINANCIAL HIGHLIGHTS

₹ in lakhs

Particulars	2014-15	2013-14	2012-13	2011-12	2010-11
1. SALES	53,077.92	46,563.18	50,434.62	52,502.52	48,154.48
2. Other Income (Including Services)	294.37	100.37	123.57	209.84	84.61
3. TOTAL INCOME	53,372.29	46,663.55	50,558.19	52,712.36	48,239.09
4. Total Expenditure	45,709.24	40,750.63	44,172.83	44,556.43	40,486.19
5. Profit before Interest and Depreciation	7,663.05	5,912.92	6,385.36	8,155.93	7,752.90
6. Interest	2,617.37	2,983.26	3,197.17	3,017.56	2,725.11
7. Depreciation	2,397.95	1,922.88	1,925.05	2,143.86	2,356.80
8. Profit before Tax	2,647.73	1,006.78	1,263.14	2,994.51	2,670.99
9. Profit after Tax	1,979.42	822.12	957.95	2,268.34	2,220.99
10. Share Capital	2,211.36	2,211.36	2,211.36	2,211.36	2,211.36
11. Reserves and Surplus	29,451.84	28,362.99	27,795.35	27,096.12	25,855.83
12. Net Worth	31,663.20	30,574.35	30,006.71	29,307.48	28,067.19
13. Long Term loans from banks/Financial Institutions	11,182.56	14,428.48	17,246.62	17,552.11	16,985.26
14. Fixed Assets	18,403.10	20,881.64	22,314.38	23,954.21	21,788.66
15. Dividend Rate (%)	20	10	10	40	40
16. Earnings per Share (₹)	8.95	3.72	4.33	10.26	10.04
17. Debt Equity Ratio	0.35 :1	0.47 :1	0.57 :1	0.60 :1	0.61 : 1

NOTES:



## UCAL FUEL SYSTEMS LIMITED

Reg. Office: "Raheja Towers", Delta Wing - Unit 705

177, Anna Salai, Chennai - 600 002, India

Tel.: +91 44 4220 8111, Fax.: +91 44 2860 5020

E-mail: [ufsl.ho@ucalfuel.co.in](mailto:ufsl.ho@ucalfuel.co.in) • Website: [www.ucalfuel.com](http://www.ucalfuel.com)

**CIN: L31900TN1985PLC012343**

# 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 <sup>st</sup> March 2015
3	Type of Audit observation	Matter of Emphasis
4	Frequency of observation	Repetitive / since 2012-13
5	To be signed by	
	CEO/Managing Director	 JAYAKAR KRISHNAMURTHY
	CFO	 N. GNANASAMBANDAN
	Auditor of the company	 B. RAJAGOPALAN
	Audit Committee Chairman	 S. NATARAJAN



**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****29<sup>th</sup> ANNUAL GENERAL MEETING**

I / We hereby record my / our presence at the 29<sup>th</sup> Annual General Meeting of the Company at "Dynasty Hall", Hotel Ambassador Pallava, No.30, Montieth Road, Egmore, Chennai - 600 008, on Wednesday, September 30, 2015, at 11.30A.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**

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

**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. Only Member(s) or their proxies with this attendance slip will be allowed entry to the Meeting. Duplicate slips will not be issued at the entrance.
3. Route map to AGM venue is provided on the reverse side of this Attendance Slip.





UCAL FUEL SYSTEMS LIMITED  
CIN: U31900TN1988PLCO12343



Route map to AGM venue is provided on the reverse side of this Attendance Slip