

NOTICE

Notice is hereby given that the 33rd Annual General Meeting ("AGM") of the shareholders of UCAL FUEL SYSTEMS LIMITED ("company"), Corporate Identification Number-L31900TN1985PLC012343 will be held on Monday, September 30, 2019 at 10.15 a.m at Tag Centre, 69, T.T.K.Road, Alwarpet, Chennai 600018 to transact the following business:

ORDINARY BUSINESS:

1. **Item No 1: To adopt the Audited Financial Statements of the company for the financial year ended 31st March 2019 together with the Board's Report and Report of the Auditors thereon**

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

"Resolved that the Audited Financial Statements of the company for the financial year ended 31st March 2019 together with the Board's Report and the Report of the Auditors thereon including the Audited Consolidated Financial Statements of the company for the year ended on that date together with the Report of the Auditors thereon, as circulated to the shareholders and presented to the meeting, be and are hereby approved and adopted"

2. **Item No 2: Declaration of dividend**

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

"Resolved that a dividend of ₹9.00 (Rupees nine only) per equity share as recommended by the Board of directors of the company be and is hereby declared out of the profits of the company for the year ended 31st March 2019 on the 2,21,13,625 equity shares of face value of ₹10 each thereby absorbing a sum of ₹23,99,32,311 (including dividend distribution tax, surcharge and cess thereon) and that the dividend be paid to those shareholders whose names appear in the register of members as on 20th September 2019 and be paid out of the profits of the company for the financial year 2018-19.

3. **Item No 3: To appoint a director in place of Mr. Ram Ramamurthy who retires by rotation and being eligible offers himself for reappointment**

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

"Resolved that Mr. Ram Ramamurthy (DIN:06955444) who retires by rotation and being eligible for reappointment be and is hereby reappointed as Director of the company."

SPECIAL BUSINESS:

4. **Item No 4: To reappoint Mr. S. Natarajan (DIN: 00155988) as an Independent Director of the company**

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

"RESOLVED THAT pursuant to Sections 149, 150, 152 and other applicable provisions, if any, of the Companies Act, 2013 (hereinafter to be referred as 'the Act') read with Schedule IV to the Act and the Companies (Appointment and Qualification of Directors) Rules, 2014 and any other Rules framed thereunder and pursuant to Regulation 25 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations") and pursuant to the recommendation of the Nomination and Remuneration Committee and the Board of Directors, Mr. S. Natarajan(DIN 00155988) who holds office of Independent Director up to the conclusion of this 33rd Annual General Meeting and who has submitted a declaration that he meets the criteria for independence as provided under Section 149(6) of the Act and Regulation 16(1)(b) of the Listing Regulations be and is hereby reappointed as an Independent Director of the Company for a second term of 5 (five) consecutive years commencing from conclusion of this 33rd Annual General Meeting till the conclusion of the 38th Annual General Meeting, and he shall not be liable to retire by rotation.

“RESOLVED FURTHER THAT Ms. Rekha Raghunathan, Director and Company Secretary, be and is hereby authorised to do all such acts and deeds as may be necessary to give effect to the above resolution.”

5. Item No 5: To reappoint Dr. V. Sumantran(DIN:02153989) as an Independent Director of the company

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

“RESOLVED THAT pursuant to Sections 149, 150, 152 and other applicable provisions, if any, of the Companies Act, 2013 (hereinafter to be referred as ‘the Act’) read with Schedule IV to the Act and the Companies (Appointment and Qualification of Directors) Rules, 2014 and any other Rules framed thereunder and pursuant to Regulation 25 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“the Listing Regulations”) and pursuant to the recommendation of the Nomination and Remuneration Committee and the Board of Directors, Dr. V. Sumantran (DIN 02153989) who holds office of Independent Director up to the conclusion of this 33rd Annual General Meeting and who has submitted a declaration that he meets the criteria for independence as provided under Section 149(6) of the Act and Regulation 16(1)(b) of the Listing Regulations be and is hereby reappointed as an Independent Director of the Company for a second term of 5 (five) consecutive years commencing from conclusion of this 33rd Annual General Meeting till the conclusion of the 38th Annual General Meeting and he shall not be liable to retire by rotation.

“RESOLVED FURTHER THAT Ms. Rekha Raghunathan, Director and Company Secretary, be and is hereby authorised to do all such acts and deeds as may be necessary to give effect to the above resolution.”

6. Item No 6: To approve the remuneration payable to Mr. Jayakar Krishnamurthy as Managing Director.

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

“RESOLVED THAT pursuant to the provisions of Section 2(94), 196,197,198 and 203 read with the related rules and Schedule V and other applicable provisions of the Companies Act, 2013 and subject to such other approvals, permissions, sanctions as may be required, the consent of the shareholders of the company be and is hereby accorded for the payment of managerial remuneration to Mr. Jayakar Krishnamurthy (who is also the Chairman of the company), for the remaining period of his office as Managing Director of the company with effect from 1st September, 2019 to 31st August, 2021 (both days inclusive) on the following terms of remuneration as recommended by the Nomination and Remuneration Committee, Audit committee and approved by the Board of Directors in their meeting held on 31st August 2019.

- a. Salary ₹86 Lakhs per annum
- b. Special allowance ₹65 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 allowance ₹33 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 travelling incurred by him in the ordinary course of the company's business.

"RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any financial year, the company will pay minimum remuneration in accordance and as permitted in Schedule V to the Companies Act, 2013.

"RESOLVED FURTHER THAT Ms. Rekha Raghunathan, Director and Company Secretary be and is hereby authorized to do all such acts and deeds as may be necessary to give effect to the above resolutions."

7. Item No 7: 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 resolution 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 reenactment thereof, for the time being in force, the remuneration, approved by the Board of Directors on the recommendation of the Audit Committee, payable to Mr. L. Thriyambak, Cost Accountant, Membership and COP Number 40720, Firm Number 000902, for conducting the audit of the cost records of the company for the financial year 2019-2020, at ₹ 1,80,000 per annum (Rupees one lakh eighty thousand only per annum) excluding applicable taxes and out of pocket expenses, if any, actually incurred for purpose of such audit."

"RESOLVED FURTHER THAT Ms. Rekha Raghunathan, Director and Company Secretary, be and is hereby authorised to do all such acts and deeds as may be necessary to give effect to the above resolution."

By Order of the Board
For UCAL FUEL SYSTEMS LIMITED

Place: Chennai
Date : 31st August, 2019

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 Items No.4, 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. Pursuant to Provisions of Section 91 of the Companies Act, 2013, the register of members and share transfer books of the company will remain closed from Saturday, 21st September 2019 to Monday, 30th September 2019 (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 2019. The company also offers the facility of voting through polling at the Annual General Meeting. The shareholders can vote under any one of the options mentioned herein.
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 form 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 (RTA) M/s. Integrated Registry Management Services Private Limited. (Integrated).
11. Shareholders holding shares in electronic form are requested to intimate immediately any change in their address to their Depository Participant 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 are provided in the Explanatory Statement to this notice.
15. Pursuant to the provisions of Section 205A of the Companies Act, 1956 and Section 125 of Companies Act, 2013, the company has transferred the unpaid or unclaimed dividends for the financial years upto 2010-11 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 2018 (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 2011-12, 2012-13, 2013-14, 2014-15, 2015-16, 2016-17 and 2017-18 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.
17. Pursuant to Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 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/RTA and by permitted mode to the Shareholders who have not registered their email id with the company/ Depository Participants/RTA. The Shareholders are requested to note that they shall be entitled to receive free of cost the physical copy(ies) of the annual report for 2018-19 sent to them by email upon receipt of a request from them anytime as a shareholder of the company.
18. 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 Registry Management Services Private Limited, at 2nd Floor, Kences Towers, No. 1 Ramakrishna Street, off. North Usman Road, T. Nagar, Chennai 600 017 quoting their folio number(s).
19. 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.
20. Shareholders may note that the Notice to the 33rd Annual General Meeting of the company and the Annual Report for 2018-19 will also be made available in the company's website www.ucalfuel.com.
21. **The company has a separate email id: investor@ucalfuel.co.in to enable shareholders to register their complaints/queries if any. The company's e-mail ids will have a domain change from "ucalfuel.co.in" to "ucal.com". Hence with effect from 1st November 2019, shareholders are requested to correspond with company at the email address as specified below:**
 1. e-mails regarding complaints, queries and grievances – investor@ucal.com
 2. e-mail regarding any general matters – ufsl.ho@ucal.com
22. **VOTING PROCESS AND INSTRUCTIONS**

REMOTE E-VOTING (VOTING THROUGH ELECTRONIC MEANS):

In compliance with the provisions of Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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 the 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 27th September 2019 at 9.00 a.m. and shall close on 29th September 2019 at 5 p.m. During this period of remote e-voting, the shareholders of the company, holding shares either in physical form or in dematerialised 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 2019 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)]:
 - (i) Open email and open PDF file viz., "UCALFUEL e-voting.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.
 - (ii) Launch internet browser by typing the following: URL:
<https://www.evoting.nsdl.com/>
 - (iii) Click on Shareholder - Login
 - (iv) Put user ID and password as initial password/PIN noted in step (i) above.
Click Login.
 - (v) Password change menu appears. Change the password/PIN with new password of your choice with Minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
 - (vi) Home page of remote e-voting opens. Click on remote e-Voting: Active Voting Cycles.
 - (vii) Select "EVEN" of UCAL FUEL SYSTEMS LIMITED.
 - (viii) Now you are ready for remote e-voting as Cast Vote page opens.
 - (ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
 - (x) Upon confirmation, the message "Vote cast successfully" will be displayed.
 - (xi) Once you have voted on the resolution, you will not be allowed to modify your vote.
 - (xii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to ufsl.scrutiny@gmail.com with a copy marked to evoting@nsdl.co.in.
 - B. In case a 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:
 - (i) Initial password is provided as below at the bottom of the Attendance Slip for the AGM :

EVEN (Remote E-Voting Event Number)	USER ID	PASSWORD/PIN
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 - (ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above to cast vote.
- II. In case of any queries, you may refer to the Frequently Asked Questions (FAQs) for shareholders and e-voting user manual for shareholders available at the downloads section of www.evoting.nsdl.com

- III. If you are already registered with NSDL for remote e-voting then you can use your existing user ID and password/ PIN for casting your vote.
- IV. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- V. The remote e-voting period commences on 27th September 2019 (9.00 a.m.) and ends on 29th September 2019 (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 23rd September 2019, may cast their vote electronically. The remote 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 23rd September 2019.
- 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, immediately after the conclusion of the voting at the AGM, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting 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 within the prescribed time period.
- IX. The voting results of the AGM will be declared and communicated to the stock exchanges and will be displayed on the company's website as well as on the website of NSDL within the prescribed time limit.

By Order of the Board
For UCAL FUEL SYSTEMS LIMITED

Place: Chennai
Date : 31st August, 2019

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.4,5,6 and 7 of the accompanying Notice:

Item No.4

The Shareholders of the company in the 28th Annual General Meeting of the company held on 29th September 2014 appointed Mr. S. Natarajan (holding DIN 00155988) as an Independent Director of the company for a period of five years commencing from the conclusion of 28th Annual General Meeting upto the conclusion of 33rd Annual General Meeting. As per Section 149(10) of the Companies Act, 2013 ('the Act') an Independent Director shall be eligible for reappointment for a second term of five consecutive years with approval of the Shareholders obtained by way of passing a special resolution .

Based on recommendation of the Nomination and Remuneration Committee, the Board of Directors in its meeting held on 31st August, 2019 has reappointed Mr. S. Natarajan as independent director for second term of five consecutive years with effect from the conclusion of this 33rd Annual General Meeting till the conclusion of the 38th Annual General Meeting, subject to the approval of Shareholders.

The company has received from Mr. S. Natarajan (i) a declaration confirming that he meets the criteria of independence as prescribed under Section 149(6) of the Act and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Listing Regulations') and (ii) declaration in terms of Regulation 25(8) of the Listing Regulations that he is not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact his ability to discharge his duties with an objective independent judgment and without any external influence. In the opinion of the Board, Mr. S. Natarajan fulfills the conditions for reappointment as an Independent Director as specified in the Act and the Listing Regulations. He is independent of the management.

Details of Mr.S.Natarajan are provided in the "Annexure" to the Notice pursuant to the provisions of (i) the Listing Regulations and (ii) Secretarial Standard on General Meetings ("SS-2"), issued by the Institute of Company Secretaries of India.

The Board based on the performance evaluation of Independent Directors and also after taking into account the policy on board diversity and as per the recommendation of the Nomination and Remuneration Committee is of the view that Mr. S. Natarajan's continued association as an Independent Director of the company would immensely benefit the company and that it is in the interest of the company to continue to avail the benefits of his knowledge, expertise and vast experience.

A copy of the draft letter of reappointment of Mr. S. Natarajan as an Independent Director setting out the terms and conditions is available for inspection at the registered office of the company.

Except Mr. S. Natarajan, none of the Directors, Key Managerial Personnel of the company nor their relatives are concerned or interested, financially or otherwise in the proposed resolution.

The Board recommends passing the resolution as set out in Item No.4 of this Notice as a special resolution.

Item No.5

The Shareholders of the company in its 28th Annual General Meeting of the company held on 29th September 2014 appointed Dr. V. Sumantran (holding DIN 02153989) as an Independent Director of the company for a period of five years commencing from the conclusion of 28th Annual General Meeting upto the conclusion of 33rd Annual General Meeting. As per Section 149(10) of the Companies Act, 2013 ('the Act') an Independent Director shall be eligible for reappointment for a second term of five consecutive years with approval of the Shareholders obtained by way of passing a special resolution.

Based on recommendation of the Nomination and Remuneration Committee, the Board of Directors in its meeting held on 31st August, 2019 has reappointed Dr. V. Sumantran as Independent Director for second term of five consecutive years with effect from the conclusion of this 33rd Annual General Meeting till the conclusion of the 38th Annual General Meeting, subject to the approval of Shareholders.

The company has received from Dr. V. Sumantran (i) a declaration confirming that he meets the criteria of independence as prescribed under Section 149(6) of the Act and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Listing Regulations') and (ii) declaration in terms of Regulation 25(8) of the Listing Regulations that he is not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact his ability to discharge his duties with an objective independent judgment and without any external influence. In the opinion of the Board, Dr. V. Sumantran fulfills the conditions for reappointment as an Independent Director as specified in the Act and the Listing Regulations. He is independent of the management.

Details of Dr. V. Sumantran are provided in the "Annexure" to the Notice pursuant to the provisions of (i) the Listing Regulations and (ii) Secretarial Standard on General Meetings ("SS-2"), issued by the Institute of Company Secretaries of India.

The Board based on the performance evaluation of Independent Directors and also after taking into account the policy on board diversity and as per the recommendation of the Nomination and Remuneration Committee is of the view that Dr. V. Sumantran's continued association as an Independent Director of the company would immensely benefit the company and that it is in the interest of the company to continue to avail the benefits of his knowledge, expertise and vast experience.

A copy of the draft letter of reappointment of Dr.V.Sumantran as an Independent Director setting out the terms and conditions is available for inspection at the registered office of the company.

Except Dr.V.Sumantran, none of the Directors, Key Managerial Personnel of the company nor their relatives are concerned or interested, financially or otherwise in the proposed resolution.

The Board recommends passing the resolution as set out in Item No.5 of this Notice as a special resolution.

Item No.6

Mr. Jayakar Krishnamurthy, is the Chairman and Managing Director of the company. The shareholders at their meeting held on 28th September 2016 approved the reappointment and the remuneration payable to him for a period of five years from 1st September 2016 to 31st August 2021. However, the Central Government had vide its letter No. SRN G25307448/3/2016-CL.VII dated 12th July, 2017 approved the reappointment of Mr. Jayakar Krishnamurthy as Managing Director for a period of five years but had approved the remuneration payable to him only for a period of three years from 1st September 2016 to 31st August 2019. As the Central Government approval for the remuneration payable to Mr. Jayakar Krishnamurthy was only for a period of three years and also keeping in view the amendment to Section 197 of the Companies Act 2013, it was thought fit to approach the shareholders once again for their approval for payment of remuneration to him for the remaining period of his tenure from 1st September 2019 to 31st August 2021. The terms of the remuneration set out in this notice continues to be the same as already approved by the shareholders in the Annual General Meeting held on 28th September 2016 for a period of five years except for the change carried out as per the amendment to Section 197 of the Companies Act, 2013.

The Board of Directors in its meeting held on 31st August, 2019, approved the payment of remuneration to Mr. Jayakar Krishnamurthy, Managing Director of the company and who is also the Chairman of the company for the remaining period of his tenure of 2 years with effect from 1st September, 2019 to 31st August, 2021 (both days inclusive) on a remuneration as detailed in the resolution.

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 many years of experience in various companies 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 joined UCAL Fuel Systems Limited in September 2001.

During his tenure as Managing Director for the last eighteen years, the company has grown substantially both in terms of sales and profitability. His thrust on R & D which led to the creation of a dedicated R & D centre in the company has helped the company sustain itself in the face of stiff competition and has enabled the company to carve a niche for itself in the market. He was the Chief Financial Officer of the company for a brief period during which time he 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 in spite of investments in infrastructure and R & D. Mr. Jayakar Krishnamurthy is also the Executive Chairman of Ucal Holdings Inc., (formerly known as Amtec Precision Products Inc.). The company under the stewardship of Mr. Jayakar Krishnamurthy has initiated a lot of steps for improving its volume of business and revenues. At this critical juncture of transition to BS VI norms, Mr. Jayakar Krishnamurthy's continued leadership will be an asset to the company. Mr. Jayakar Krishnamurthy has been spearheading the various improvement, expansion and developmental activities of the company. Keeping in mind the substantial increase in his responsibilities and the remuneration paid to managerial personnel occupying similar positions in comparable companies and taking into account 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 Remuneration Committee, Audit Committee and the Board of Directors of the company have passed necessary resolutions on 31st August, 2019 under the provisions of Companies Act, 2013 for the payment of remuneration as set out in the notice to Mr. Jayakar Krishnamurthy as Managing Director of the company for the remaining period of his tenure as Managing Director from 1st September, 2019 to 31st August, 2021.

In view of the provisions of Sections 196, 197, 203 and any other applicable provisions of the Companies Act, 2013 the company seeks the approval of shareholders for such payment of remuneration as detailed in the Notice. Details as required under Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 also forms part of this Notice.

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.

He holds 3,54,208 shares in the company. He is not related to any other director of the company.

None of the directors, key managerial personnel or their relatives except Mr. Jayakar Krishnamurthy to whom this resolution relates, is concerned or interested financial or otherwise in the resolution set out in Item No. 6 of the notice.

The Board recommends passing the resolution as set out in Item No. 6 of this Notice as a special resolution.

Item No.7

The Board, on the recommendation of the audit committee, has approved the appointment of Mr. L. Thriyambak, Cost Accountant, Membership and COP Number 40720, Firm Number 000902, as the cost auditor to conduct the audit of the cost records of the company for the financial year 2019-2020 at a remuneration of ₹ 1,80,000 per annum (Rupees one lakh eighty thousand 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. 7 for the ratification of the shareholders.

None of the Directors, key managerial personnel or their relatives are concerned or interested financial or otherwise in the resolution set out in Item No. 7 of the Notice.

The Board recommends passing the resolution set out in Item No. 7 of this Notice as an ordinary resolution.

By Order of the Board
For UCAL FUEL SYSTEMS LIMITED

Place: Chennai

Date : 31st August, 2019

REKHA RAGHUNATHAN
DIRECTOR AND COMPANY SECRETARY

Information about directors seeking appointment/reappointment at the forthcoming Annual General Meeting in compliance with Regulation 26 (4), 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings (SS-2)

Mr. S. Natarajan (DIN 00155988)

Born on 1.11.1947, Mr. S. Natarajan aged 71 years is a member of the Institute of Chartered Accountants of India, New Delhi since 1975. During the period of his active practice, he has represented many of the leading Indian corporate houses. Some of the corporate houses that he has represented or has been associated with includes SPIC group, Udayar group, Binny group, Sterling group, Modi Industries group and Shriram Group. He joined the Shriram Group of Companies in 2001 as director and has played a key role in restructuring the various businesses of Shriram Group of companies, which resulted in the group focusing on and augmenting its strengths in its core businesses relating to financial services and realty sectors. Mr. S. Natarajan is by nature an entrepreneur and has significantly contributed as much to the growth of the existing businesses of Shriram Group as he has to the new ventures.

He joined the Board of Ucal Fuel Systems Limited on 13th April 2009. He does not hold any shares in the company and is not related to any director of the company. He has attended all the Board Meetings during the financial year 2018-19. Details of his other Directorships and membership/chairmanship of committees are given below:

S.No	Name of the Company	Position held	Committee Membership / Chairmanship
1	Shriram Properties Limited	Director	Member-Remuneration Committee Member-IPO Committee
2	Shrilekha Business Consultancy Private Limited	Director	-
3	Shriram Properties Holdings Private Limited	Director	-
4	Investor Ventures Limited	Director	-
5	Integrated Enterprises (India) Private Limited	Director	-
6	Shriram Financial Ventures (Chennai) Private Limited	Director	-
7	Binny Limited	Director	Member-Audit Committee

S.No	Name of the Company	Position held	Committee Membership / Chairmanship
8	Binny Mills Limited	Director	–
9	Sheetala Credit & Holdings Private Limited, New Delhi	Director	–
10	Calcom Credit & Holdings Private Limited, New Delhi	Director	–
11	Rajat Chakra Credit & Holdings Private Limited, New Delhi	Director	–
12	Satluj Credit & Holdings Private Limited, New Delhi	Director	–
13	Saranga Investment & Consultancy Private Limited	Director	–
14	Sipping Spirits Private Limited	Director	–

Dr. V. Sumantran (DIN:02153989)

Born on 27th September 1958, Dr. V. Sumantran aged 60 years holds MS and Ph.D. degrees in Aerospace Engineering (Princeton University & Virginia Tech) and a Master's degree in Management of Technology (Rensselaer Polytechnic). He is an alumnus of the Indian Institute of Technology, Madras where he received his Bachelor's degree in Aerospace Engineering. He is a Fellow of the Society of Automotive Engineers International and served on the board of SAE International from 2003 until 2006. He also served as Editor, SAE Passenger Car Journal between 1995 and 2000. He is a Fellow of the Indian National Academy of Engineers.

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

He joined the Board of UCAL Fuel Systems Limited on 29th July 2009. He does not hold any shares in the company and is not related to any director of the company. He has attended all the Board Meetings during the financial year 2018-19. Details of his other directorships and membership/chairmanship of committees are given below:

S.No	Name of the Company	Position held	Committee Membership / Chairmanship
1	Celeris Technologies Private Limited	Managing Director	–
2	Rane Holdings Limited	Director	Member – Nomination and Remuneration Committee Chairman – Audit Committee
3	TVS Electronics Limited	Director	Member – Audit Committee

Mr. Jayakar Krishnamurthy (DIN:00018987)

Born on 30th November, 1960, Mr. Jayakar Krishnamurthy, aged 58 years son of Dr. V. Krishnamurthy, a US Citizen, holds a MBA degree in finance from Duke University, United States of America and has many years of experience in other companies 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 joining UCAL Fuel Systems Limited. He has been the Managing Director of UCAL Fuel Systems Limited since September 2001. He was appointed Chairman of UCAL Fuel Systems Limited in 2010.

He holds 3,54,208 shares in the company. He is not related to any other director of the company. He has attended all the Board Meetings during the financial year 2018-19. Details of his other directorships and membership/chairmanship of committees are given below:

S.No	Name of the Company	Position Held	Committee Membership / Chairmanship
1	Ucal Holdings Inc.,USA	Executive Chairman	-
2	Bangalore Union Services Private Limited	Director	-
3	Carburettors Limited	Director	-
4	UCAL-JAP Systems Limited	Director	-
5	Partho Properties Private Limited	Director	-
6	R.D.Electrocircuits Private Limited	Director	-

By Order of the Board
For UCAL FUEL SYSTEMS LIMITED

Place : Chennai
Date : 31st August, 2019

REKHA RAGHUNATHAN
DIRECTOR AND COMPANY SECRETARY

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

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]

33rd Annual General Meeting - September 30, 2019

UCAL FUEL SYSTEMS LIMITED

CIN: L31900TN1985PLC012343

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

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 33rd Annual General Meeting of the company to be held on Monday, the 30th day of September 2019 at 10.15 a.m. at Tag Centre, 69, T.T.K. Road, Alwarpet, Chennai 600 018 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.	To approve and adopt the audited financial statements including consolidated financial statements of the company along with the directors and auditors report for the year ended 31 st March 2019.	Ordinary		
2.	To approve the dividend for the year ended 31 st March 2019.	Ordinary		
3.	To approve the reappointment of Mr. Ram Ramamurthy as Director who retires by rotation and being eligible offers himself for reappointment.	Ordinary		
	Special Business:			
4.	To approve the reappointment of Mr. S. Natarajan as an Independent Director	Special		
5.	To approve the reappointment of Dr. V. Sumantran as an Independent Director	Special		
6.	To approve the remuneration payable to Mr. Jayakar Krishnamurthy as Managing Director for the remaining period of his tenure from 1.9.2019 to 31.8.2021.	Special		
7.	To ratify the remuneration to be paid to Cost Auditor.	Ordinary		

Signed this day of2019.

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. S. Balasubramanian	Independent Director (with effect from 21.05.2018)
Mr. S. Natarajan	Independent Director
Dr. V. Sumantran	Independent Director
Dr. M.S. Ananth	Independent Director (upto 03.11.2018)
Mr. Ram Ramamurthy	Whole-time Director and Chief Financial Officer
Ms. Rekha Raghunathan	Director and Company Secretary

Audit Committee

Mr. S. Natarajan	Chairman
Dr. V. Sumantran	Member
Dr. M.S. Ananth	Member (upto 03.11.2018)
Mr. S. Balasubramanian	Member (with effect from 09.02.2019)
Mr. Jayakar Krishnamurthy	Member

Chief Executive Officer

Mr. P.H. Narayanan

Statutory Auditor

M/s. R. Subramanian and Company LLP, Chartered Accountants,
FRN: 004137S/S200041
New No. 6, Old No. 36, Krishnaswamy Avenue,
Luz, Mylapore, Chennai - 600 004

Secretarial Auditor

M/s. P. Sriram and Associates, Practising Company Secretaries
FCS No.4862, C.P. No.3310
No.10/17 Anandam Colony, South Canal Bank Road
Mandaveli, Chennai - 600 028

Cost Auditor

Mr. V. Kalyanaraman, Cost Accountant
Membership No.778, Sole Proprietor Reg. No.100006
No.4, Second Street, North Gopalapuram,
Chennai - 600 086

Bankers

State Bank of India
Export Import Bank of India
Kotak Mahindra Bank

Registrar & Share Transfer Agent

Integrated Registry Management Services Private Limited
Kences Towers, 2nd Floor, No. 1, Ramakrishna Street,
North Usman Road, T.Nagar, Chennai 600 017
Telephone: +91 44 28140801 - 803
Fax : +91 44 28142479
E-Mail : copserv@integratedindia.in

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 33rd Annual Report together with the audited accounts of the company for the year ended 31st March 2019.

FINANCIAL HIGHLIGHTS

The performance of the company for the year ended 31st March 2019 is as follows: (₹ in lakhs)

Particulars	For the year ended	
	31.03.2019	31.03.2018
Revenue from operations(Gross)	59,612.98	59,361.11
Net Revenue (Excluding Excise Duty)	59,612.98	57,667.19
Total Expenditure	49,934.85	47,840.66
Operating Income	9,678.13	9,826.53
Other Income	391.11	456.40
Profit before Interest, Depreciation, Tax and Exceptional items	10,069.24	10,282.93
Interest	2,295.15	2,220.90
Depreciation	1,768.39	1,838.15
Profit before Tax & Exceptional items	6,005.70	6,223.88
Exceptional items	-	15,191.85
Profit/(Loss) before Tax	6,005.70	(8,967.97)
Tax Expense/(credit)	2,127.44	(3,035.70)
Profit/(Loss) after Tax	3,878.26	(5,932.27)
Balance of profit brought forward from last year	20,060.19	27,408.25
Amount available for appropriation	23,938.45	21,475.98
Appropriations		
Transfer to general reserve	-	-
Dividend paid during the year	(2,211.36)	(1,105.68)
Tax on dividend	(437.75)	(225.09)
Other comprehensive Income/(Loss)	26.93	(85.02)
Balance profit carried to Balance Sheet	21,316.27	20,060.19

DIVIDEND

The Board has out of the profits available for appropriation recommended a dividend of ₹9 per equity share for the financial year 2018-19 on the 2,21,13,625 equity shares of face value of ₹10 each for the approval of the shareholders at the ensuing Annual General Meeting. The total dividend amount inclusive of distribution tax, surcharge and cess thereon would be ₹2,399.32 lakhs. The dividend, if approved by the shareholders, will be paid within the due date to all the eligible shareholders whose names appear in the register of members of the company as on the record date fixed for this purpose. The dividend declared is as per the dividend policy of the company. The dividend policy is disclosed in the website of the company www.ucalfuel.com, weblink:<http://www.ucalfuel.com/policy-dividend.pdf>.

TRANSFER TO GENERAL RESERVE

There has been no transfer to the general reserve of the company for the financial year 2018-19.

SHARE CAPITAL

The paid-up equity share capital of the company as on 31st March 2019 was ₹22,11,36,250. The company has not issued any share nor granted stock options or sweat equity during the financial year 2018-19.

FINANCIAL PERFORMANCE

The net revenue from the operations of the company stood at ₹59,612.98 lakhs in the financial year 2018-19 as against ₹57,667.19 lakhs in the financial year 2017-18 resulting in an increased revenue of 3.4%. This can be attributed to the increased offtake by the existing customers. The earnings before Interest, Tax and Depreciation (EBITDA) stood at ₹10,069.24 lakhs in the financial year 2018-19 as against ₹10,282.93 lakhs in the financial year 2017-18 due to marginal increase in various costs.

The exports stood at ₹550 lakhs in the financial year 2018-19 as compared to ₹1,263 lakhs in the financial year 2017-18. The exports were mainly to Europe for the diesel segment, but with Europe moving away from diesel segment due to environmental norms, the export customers had reduced their offtake which resulted in a drop in export. The spares sales of the company in the financial year 2018-19 stood at ₹5,976 lakhs as against ₹5,470 lakhs in the previous financial year. The offtake by the dealers and the OEMs increased in 2018-19 resulting in this 9.2% increase.

The Profit/(Loss) After Tax (PAT) for the financial year 2018-19 stood at ₹3,878.26 lakhs as against the loss of ₹5,932.27 lakhs of the previous financial year. The loss of the previous financial year was due to the write-off of advances and receivables from Ucal Holdings Inc (formerly Amtec Precision Products Inc.). The Company's earning per share is ₹17.54 for the financial year 2018-19. The consolidated financial statements of the company show a profit of ₹4,581.21 lakhs with an earning per share of ₹20.72.

To augment its capacity to meet the requirements of its customers, and to develop new products to cater to the BSVI emission norms, the company has spent ₹3,854.95 lakhs in capital investment in the financial year 2018-19 as compared to ₹3,182.08 lakhs spent in the financial year 2017-18. The company continues to lay emphasis on R&D and has spent ₹1,374.98 lakhs in the financial year 2018-19 as against an amount of ₹1,166.81 lakhs spent in the previous financial year.

DIRECTORS

Mr. Ram Ramamurthy (DIN:06955444) 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 detail in the Notice convening the ensuing Annual General Meeting. The Board recommends his reappointment as Director of the company.

Mr. S. Balasubramanian (DIN: 02849971) was appointed Additional Director (non-executive and Independent category) in the Board meeting held on 21st May 2018, and his appointment was approved by the shareholders at the Annual General Meeting held on 29th September 2018.

Dr. M.S. Ananth (DIN:00482391) resigned from the Board on 4.11.2018. The Company has benefited greatly from his association and the Board places on record its sincere appreciation for the services rendered by him during his tenure as director.

Mr. S. Natarajan (DIN:00155988) and Dr. V. Sumantran (DIN:02153989) are seeking reappointment as Independent Directors for a second term of five years from the conclusion of this Annual General Meeting upto the conclusion of the 38th Annual General Meeting. Necessary resolutions for their reappointment has been set out in detail in the Notice convening the ensuing Annual General Meeting. The Board recommends their reappointment as Independent Directors of the company.

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

Brief resume/details of Directors who are to be reappointed as mentioned herein has been furnished along with the explanatory statement in the Notice convening the ensuing 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,

- (a) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to any material departures;
- (b) Such accounting policies have been selected and applied consistently and such judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year 31st March 2019 and of the profit and loss of the company for the year ended 31st March 2019
- (jc) 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 are adequate and are operating effectively.
- (f) Proper systems to ensure compliance with the provisions of all applicable laws have been devised and such systems are adequate and are operating efficiently.

AUDIT COMMITTEE

The audit committee conforms to the requirements of Section 177 of the Companies Act, 2013 and Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. With the resignation of Dr. M.S. Ananth from the board, the Audit Committee was reconstituted to include Mr. S. Balasubramanian. The members of the Audit Committee as on date of this report are Mr. S. Natarajan, Dr. V. Sumantran, Mr. S. Balasubramanian and Mr. Jayakar Krishnamurthy. Mr. S. Natarajan continues as the Chairman of the Audit committee. The committee met five times during the year. Detailed disclosure on the terms of reference and meetings are mentioned in the corporate governance report.

STATUTORY AUDITORS

M/s R. Subramanian and Company LLP, Chartered Accountants, Chennai (Registration Number: 004137S/S200041) were appointed statutory auditors of the company for a period of five consecutive years commencing from the conclusion of the 31st Annual General Meeting held on 28th September 2017 till the conclusion of the 36th Annual General meeting subject to the ratification of their appointment by the shareholders at the Annual General Meeting every year. However, as per the amendment in Section 40 of the Companies Amendment Act 2017, the ratification of the appointment of statutory auditor at the Annual General Meeting every year is not required. Hence the company has not put forth the resolution for the ratification of the appointment of Statutory Auditor in the notice to the Annual General Meeting from last financial year onwards. The emphasis of matter specified in the Independent auditor's report on the Standalone Financial Statements has been explained in Note No. 34, 39(c) of the notes to accounts.

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 had appointed M/s. P. Sriram & Associates, a firm of practising company secretaries as secretarial auditor of the company to undertake secretarial audit of the company for the financial year 2018-19. The report of the secretarial auditor is given in Annexure-I and forms part of this report. It does not contain any qualification, reservation, adverse remark or disclaimer. The Board of Directors have reappointed M/s. P. Sriram & Associates, as secretarial auditor for the financial year 2019-20. Necessary consent has been received from them to act as secretarial auditor.

INTERNAL AUDITORS

M/s. P. Chandrasekar, Chartered Accountants, continue as internal auditors of the company. Their scope of work is periodically reviewed and updated by the audit committee. It includes among other things a review of the operational efficiency, effectiveness of systems and controls in existence, review of the processes to safeguard the assets of the company and assessing the strength of the internal control in all areas. The internal auditor's report is discussed with the

concerned stakeholders and corrective remedial action is taken on a regular basis in consultation with the audit committee. The internal auditors were present at the audit committee meetings as and when required.

COST AUDITOR

In terms of Section 148 of the Companies Act, 2013 (the Act) read with Companies (Cost Records and Audit) Rules, 2014, as amended, the Board of Directors have appointed Mr. L. Thriyambak, Cost Accountant as Cost Auditor for the financial year 2019-2020 on a remuneration of ₹1,80,000 per annum subject to the remuneration being ratified by the shareholders at the ensuing Annual General Meeting. The audit committee had recommended his appointment and remuneration subject to the compliance of all the requirements as stipulated under the Act and circulars issued thereunder. As specified by the Central Government under Section 148(1) of the Companies Act, 2013, the cost records are required to be maintained by the Company and accordingly such accounts and records are made and maintained. Mr. L. Thriyambak has sent his consent for appointment as Cost Auditor for 2019-20.

SUBSIDIARY COMPANIES

The company has two wholly-owned subsidiaries.-.

Ucal Polymer Industries Limited (UPIL)-UPIL has recorded an increased revenue from operations of ₹5,916.61 lakhs in the financial year 2018-19 as against ₹4,975.69 lakhs in the financial year 2017-18. The increased revenue can be attributed to the increased offtake by the company which continues to be the major customer of UPIL. The net profit after tax stood at ₹728.29 lakhs in the financial year 2018-19. A dividend of 50% has been declared by UPIL for the financial year 2018-19. Transfer of business from other vendors of the company to UPIL continues and has provided the company an advantage in terms of prices, quality and timeliness of supplies. UPIL is also gearing up its facilities to meet the new business requirements of UCAL Fuel Systems Limited as per BSVI emission norms.

Ucal Holdings Inc., (UHI) (formerly Amtec Precision Products Inc.)- The name of the company has been changed from Amtec Precision Products Inc, to Ucal Holdings Inc., with effect from 14th November 2018. The revenue from operations of Ucal Holdings Inc was ₹27,783.57 lakhs in the financial year 2018-19 up from ₹23,899.04 lakhs in the financial year 2017-18 thereby recording an increase of 16.2% in terms of Indian Rupees due to exchange conversion rates, though in terms of US dollar, the revenue from operations was \$41.07 million during financial year 2018-19 as compared to \$36.84 million in the financial year 2017-18 recording an increase of 11.5%. Ucal Holdings Inc, has earned a net profit after tax of ₹484 lakhs during the financial year 2018-19 as against a profit of ₹306 lakhs in the financial year 2017-18. Both increased customer offtake and improvement in operations have contributed to this increased net profit.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements for the year ended 31st March 2019 of the company and its subsidiaries together with the auditor's report thereon are enclosed. The statement pursuant to sub section(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 ₹4,581 lakhs has been achieved during the financial year 2018-19 as against ₹10,122 lakhs in the financial year 2017-18. The consolidated financial statements of 2018-19 have been prepared taking into account the audited financial statements of all the subsidiary companies for the financial year 2018-19 and all adjustments have been given effect to in the consolidated statements.

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 is 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 on the website of the company www.ucalfuel.com. The annual accounts, reports and other documents of the subsidiary companies will be dispatched to the shareholders upon receipt of a request from them.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The company's CSR activities are in the field of education, sports, health, sanitation and preservation of culture and heritage. As per Section 135 of the Companies Act, 2013, the CSR Policy was formulated by the CSR Committee and thereafter approved by the Board. The CSR policy is displayed on the website of the company www.ucalfuel.com, weblink: <http://www.ucalfuel.com/policy-csrp.pdf>. With the resignation of Dr. M.S. Ananth from the Board, Mr. S. Balasubramanian has been inducted into the CSR committee. Mr. S. Balasubramanian is the chairman of the committee and Mr. Ram Ramamurthy and Mr. Jayakar Krishnamurthy are the other members of the committee. The company has contributed towards CSR upto the financial year 2017-18. For the financial year 2018-19 there was no contribution towards CSR as the Company's average net Profit for the last three financial years calculated pursuant to section 135 of Companies Act, 2013 on a Standalone basis is negative. The report on corporate social responsibility activities forms part of the Board's Report and is given in Annexure-III.

PUBLIC DEPOSITS

During the financial year 2018-19, the company has not accepted any deposits from the public 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 on deposits from public as on date.

INTERNAL CONTROL SYSTEMS AND ADEQUACY

The company has an efficient internal control system commensurate with its size and nature of business to safeguard the assets of the company and to ensure effective utilisation of resources. 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 by 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 controls is also in place to ensure higher levels of efficiency and to keep the organisation competitive. All the critical functions of the company i.e., Sourcing and Procurement, Manufacturing, Costing, Finance, Dispatch and Sales are handled through Oracle system which is well-integrated. Checks and controls have been built into the system to handle the transactions. Existing internal controls provide adequate assurance to the management for all the transactions covering operations, inventory, fixed assets, financial records and compliance to statutory requirements. The systems and controls are reviewed periodically to ensure their effectiveness. The Board has adopted various policies like Material Subsidiary Policy, Whistle Blower Policy, Related Party Transactions Policy to safeguard the assets of the company, to ensure timely information and to prevent and detect frauds and errors.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE, EARNINGS AND OUTGO

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

Particulars of loans and advances given, guarantees given, securities provided and investments made are provided in the Note Nos.4,11,44 and 3 of the notes to accounts of the Standalone Financial Statements.

MATERIAL CHANGES AND COMMITMENTS

No material changes and commitments in the operations of the company affecting the financial position of the company 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 which may have potential conflict with the interest of company at large during the financial year 2018-19 as per Section 188 of Companies Act, 2013. All transactions entered into with related parties were at an arm's 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 and forms part of this report. The company's related party transactions have been entered in to for meeting the requirements of operations and at an arm's length basis and in the ordinary course of business.

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 2018-19 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.

NAMES OF COMPANIES WHICH HAVE BECOME OR CEASED TO BE COMPANY'S SUBSIDIARIES, JOINT VENTURES OR ASSOCIATE COMPANIES DURING THE YEAR

No company has become or ceased to be the company's subsidiary, joint venture or associate company during the financial year 2018-2019.

PARTICULARS OF EMPLOYEES

Mr. Jayakar Krishnamurthy, Chairman and Managing Director, Mr. Ram Ramamurthy, Whole-time Director and Chief Financial Officer, Ms. Rekha Raghunathan, Director and Company Secretary hold the office of key managerial personnel of the company. 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.

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 on the company's website www.ucalfuel.com.

SEXUAL HARASSMENT POLICY

The company has in place a policy for prevention of sexual harassment. An internal committee has been set up at each plant to redress sexual harassment complaints. All employees are covered under this policy. No complaint was received during the financial year 2018-19.

RISK MANAGEMENT POLICY

Key business risks are identified and reviewed on a regular basis. A strategy development committee has been formed to strategise on ways to mitigate the various risks. The necessary actions and precautions are taken on time to deal with various risks associated with the company and the Board discusses the same from time to time. The details are 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 the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. A report on corporate governance along with certification of the Chairman and Managing Director and the Whole-time Director and Chief Financial Officer is attached in Annexure-VIII. Certificate from the Statutory Auditor regarding compliance of the conditions of corporate governance as stipulated by SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is given in Annexure-IX. The Management Discussion and Analysis Report is attached in Annexure-X.

STATEMENT ON COMPLIANCE TO APPLICABLE SECRETARIAL STANDARD

The company has complied with all the applicable secretarial standards as issued by the Institute of Company Secretaries of India during the year 2018-19.

ACKNOWLEDGEMENT

The Board thanks all its employees, customers, bankers, vendors, suppliers and governmental agencies for their continued support. The Board is grateful to the shareholders for their continued trust and confidence in the company.

For and on behalf of the Board

Place: Chennai

Date: 31st August 2019

JAYAKAR KRISHNAMURTHY
CHAIRMAN AND MANAGING DIRECTOR

ANNEXURE I TO BOARD'S REPORT

Form No.MR-3
SECRETARIAL AUDIT REPORT
FINANCIAL YEAR ENDED 31st MARCH, 2019

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

To,
The Members,
UCAL Fuel Systems Limited
"Raheja Towers", Delta Wing – Unit 705
177 Anna Salai, Chennai – 600 002
CIN : L31900TN1985PLC012343

I 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 my verification of 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, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March, 2019 complied with the statutory provisions listed hereunder and also that the company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the company for the financial year ended on 31st March, 2019 according to the provisions of:

- 1) The Companies Act, 2013 (the Act) and the rules made thereunder;
- 2) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- 3) The Depositories Act, 1996 and the Regulations and Bylaws framed thereunder;
- 4) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment;
- 5) 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 (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (d) 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;
 - (e) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
- 6) The Special Economic Zone Act 2005 and the Special Economic Zone Rules 2006 (for the unit located in a Special Economic Zone)

I have also examined compliance with the applicable clauses of the following:

- i) Secretarial Standards issued by The Institute of Company Secretaries of India.

- ii) The Equity Listing Agreements entered into by the company with BSE Limited and National Stock Exchange of India Limited;

During the period under review, the company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above. In respect of the transfer of shares for 2010-11 to the Investor Education and Protection Fund (IEPF) account, the company has transferred the same and has thus complied with the provisions of the Act as on date of this report.

I 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. During the year under review, there were changes in the composition of the Board of directors and the changes were made in pursuance to the provisions of Companies Act, 2013.

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.

I have examined the systems and processes of the company in place to ensure the compliance with general laws like Labour Laws, Employees Provident Funds Act, Employees State Insurance Act considering and relying upon representations made by the company and its Officers for systems and mechanisms formed by the company, for compliance under these laws and other applicable sector-specific Acts, Laws, Rules and Regulations applicable to the company and its observance by them.

I 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 other applicable laws on the operation of the company and the rules made thereunder.

I further report that during the audit period, there were no specific events/actions having major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, etc.

Signature:

(P. Sriram)

Place : Chennai

Date : 31st August 2019

P. Sriram & Associates

FCS No. 4862/CPNo: 3310

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 MEMBERS,
UCAL FUEL SYSTEMS LIMITED

My report of even date is to be read along with this supplementary testimony.

1. Maintenance of secretarial record is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on our audit.
2. I 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. I believe that the processes and practices, the company had followed, provide a reasonable basis for our opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.,
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
6. 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.

Signature:

Place : Chennai
Date : 31st August, 2019

(P. Sriram)
P. Sriram & Associates
FCS No. 4862/CPNo: 3310

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.

(₹ in lakhs)

	UPIL	UHI (formerly Amtec Precision Products, Inc)
Reporting Period	31 st March, 2019	31 st March, 2019
Reporting Currency	INR	INR
Exchange Rate		
Share Capital	163.52	20877.28
Reserves & Surplus	4159.88	(28,091.87)
Total Assets*	5,837.26	14,614.02
Total Liabilities**	1,513.86	21,828.61
Investments	-	-
Turnover	5,916.61	27,783.57
Profit before taxation	1102.40	707.67
Provision for taxation	374.11	223.31
Profit after taxation	728.29	484.36
% of Proposed Dividend	50%	-
% 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 31st March, 2019 for the Balance Sheet and average rate for Income/Expenditure.

Place : Chennai	REKHA RAGHUNATHAN DIRECTOR AND COMPANY SECRETARY	RAM RAMAMURTHY WHOLE-TIME DIRECTOR AND CHIEF FINANCIAL OFFICER	JAYAKAR KRISHNAMURTHY CHAIRMAN AND MANAGING DIRECTOR
Date : 31 st August 2019			

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 weblink to the CSR policy and projects or programs.

The company's vision is "to be a responsible corporate citizen by contributing to the wellbeing 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". Towards this vision, the company supports the activities of Dr. V. Krishnamurthy Educational Foundation, Tiruchirapalli and Culture and Heritage Trust of Karuveli, Karuveli. The CSR committee reiterated its intention to continue to support the activities of Dr. V. Krishnamurthy Educational Foundation and Culture and Heritage Trust of Karuveli for some more years to come. It is proposed to continue to support the infrastructure development of the college and the schools run by Dr. V. Krishnamurthy Educational Foundation and also support the conservation and restoration of heritage buildings in and around Karuveli. No contribution was made during the financial year 2018-19 to both these implementing agencies. The CSR policy is displayed on the website of the company www.ucalfuel.com, weblink: <http://www.ucalfuel.com/policy-csrp.pdf>.

2. The Composition of the CSR Committee:

With the resignation of Dr. M.S. Ananth from the board, Mr. S. Balasubramanian has been inducted into the committee. Mr. S. Balasubramanian is the chairman of the committee and Mr. Ram Ramamurthy and Mr. Jayakar Krishnamurthy are the other members of the committee.

3. Average net profit of the company for last three financial years: – (₹ 9,29,52,862)

4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above): – Nil

5. Details of CSR spent during the financial year: – Nil

Total amount to be spent for the financial year: – Nil

Amount unspent, if any: NIL

6. Manner in which the amount was spent during the financial year: – Not applicable

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 : 31st August 2019

JAYAKAR KRISHNAMURTHY
CHAIRMAN AND MANAGING DIRECTOR

S. BALASUBRAMANIAN
CHAIRMAN OF THE CSR COMMITTEE

ANNEXURE – IV TO BOARD’S REPORT

CONSERVATION OF ENERGY/ 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 The steps taken or impact on conservation of energy

During the year 2018-19 improvements have been made for Energy Conservation in shop floor lighting, office area lighting, air-conditioning, compressor and Vacuum pump. The installation of LED lights was implemented by replacing the metal halide lamp thereby saving up to 0.65 lakh units of power in financial year 2018-19. Transparent sheets on roof tops to avoid usage of lights during day time were introduced thereby saving up to 0.10 lakh units of power in financial year 2018-19. Conventional duct type air-conditioning systems were replaced by more efficient split air-conditioners. This resulted in a saving of 1 lakh units of power during financial year 2018-19. Efficiency improvement in compressor, modification of pipelines led to a savings of upto 4.37 lakh units of power in the financial year 2018-19. Overall there was a cost-saving of around ₹53 lakhs in the financial year 2018-19 as a result of the above energy conservation measures.

b. Steps taken by the company for using alternate source of energy

Power was not purchased from alternate sources during the financial year 2018-19. The windmills operated efficiently and generated 17.24 lakh units during financial year 2018-19.

c. The capital investments on energy conservation requirements

There was no major capital investment on energy conservation measures during the financial year 2018-19.

B. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

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

The company has fully absorbed the technologies in the domain areas of carburettors, air suction valves and pumps and is continuously improving its knowledge in these areas for adapting this to meet the demands of new customers, new applications through innovative features in the product. The increased product range and new Customer additions have been due to the company's initiative and continued focus on R&D. The company is innovating new technologies and products to comply with BSVI emission norms. New technologies has been developed in the domain areas of pumps, air-fuel management system and products that are required for after treatment devices for the various applications of 2-Wheelers, passenger cars, commercial vehicles. Considering the developments in the electrical vehicle, the company is focused on the development of electrical and electronic products and R&D is upgrading its facilities to test and validate such products also.

2. Benefits derived as a result of the above efforts

- The company has been able to address the market requirements through innovative engineering solutions in terms of performance and emission norms
- Customer demands are met by offering a range of products
- New business opportunities have been created through technical demonstration of the company's capability and technical support
- The company is able to approach newer customers and markets for various applications through a good value proposition
- Customer expectations are met through innovative engineering solutions in terms of performance, emission targets
- Development of products for the existing and new customers for their various applications

- Improvements in manufacturing process and quality through product design changes
- Product cost reduction through validation of parts from new sources, value engineering
- Building knowledge repository within the organization
- Development, validation of parts catering to the fuel compatibility requirements of the customers

The new developments through indigenous efforts include

- Constant Depression (CD) carburettor for the premium segment (200cc engine) for a Two-Wheeler manufacturer
- Variable Depression (VD) carburettor for the Three-Wheeler segment
- Constant Depression (CD) carburettor for the motorcycle segment
- Variable Depression (VD) carburettor for the motorcycle and scooter segment
- Fuel filter development for passenger car segment

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 - Not applicable

4. Expenditure on R&D

Particulars	₹ In lakhs
a. Capital	164.35
b. Revenue (recurring) includes amount transferred to Deferred revenue expenses	1,210.63
c. Total	1,374.98
d. Total R&D expenditure as a percentage of total turnover	2.31%

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

The earnings of foreign exchange was 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 2018-19, the total foreign exchange outgo was ₹1765 lakhs while the foreign exchange earned was ₹550 lakhs resulting in a net foreign exchange outgo of ₹1,215 lakhs

For and on behalf of the Board

Place : Chennai

Date : 31st August 2019

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 31.03.2019

[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	4 th November, 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
(vi)	Whether listed company	Yes
(vii)	Name, Address & Contact details of Registrar & Transfer Agent, if any	Integrated Registry Management Services Private Limited “Kences Towers” – 2 nd Floor No.1, Ramakrishna Street, T. Nagar Chennai - 600017

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	62%
2	Pumps	29301	16%
3	Air Suction valves	29301	12%

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.	Carburettors Limited “Raheja Towers”, Delta Wing Unit 705, 177 Anna Salai, Chennai-600 002	U35999TN1959PLC003804	Holding	51.19%	Section 2(46) of Companies Act, 2013
2.	Ucal Polymer Industries Limited, B116 PIPDIC Industrial Estate, Mettupalayam, Puducherry-605 009	U25199PY1999PLC001488	Subsidiary	100%	Section 2(87) of Companies Act, 2013
3.	Ucal Holdings Inc., (previously Amtec Precision Products Inc.,) 1875 Holmes Road, Elgin, IL60123	Foreign company	Subsidiary	100%	Section 2(87) of Companies Act, 2013
4.	UPIL USA, Inc 225N Columbus DRAPT7905 CHICAGO IL 60601	Foreign company	Subsidiary of Ucal Polymer Industries Limited	100%	Section 2(87) of Companies Act, 2013
5.	Ucal Systems Inc., (previously North American Acquisition Corporation) 1875 Holmes Road, Elgin, IL 60123	Foreign company	Subsidiary of Ucal Holdings Inc.,	100%	Section 2(87) of Companies Act, 2013
6.	Amtec Molded Products Inc, USA 1355 Holmes Road, Unit A Elgin, IL 60123	Foreign company	Subsidiary of Ucal Holdings Inc.,	100%	Section 2(87) of Companies Act, 2013

IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Shareholding

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	
A. Promoters									
(1) Indian									
a) Individual/HUF	5,47,979		5,47,979	2.48	5,57,799		5,57,799	2.53	0.05
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									
Sub-total (A)(1):-	1,51,85,632		1,51,85,632	68.67	1,51,95,452		1,51,95,452	68.72	0.05
(2) Foreign									
a) NRIs - Individuals									
b) Other - Individuals	3,54,208		3,54,208	1.60	3,54,208		3,54,208	1.60	
c) Bodies Corp.									
d) Banks/FI									
e) Any Other									
Sub-total(A)(2):-	3,54,208		3,54,208	1.60	3,54,208		3,54,208	1.60	
Total shareholding of Promoter (A)=(A)(1)+(A)(2)	1,55,39,840		1,55,39,840	70.27	1,55,49,660		1,55,49,660	70.32	0.05
B. Public									
1. Institutions									
a) Mutual Funds	1,120	5,900	7,020	0.03	1,120	-	1,120	0.01	(0.02)
b) Banks/FI	30,129		30,129	0.14	14,206	-	14,206	0.06	(0.08)
c) Central Govt									
d) State Govt(s)									
e) Venture Capital									
f) Insurance									
g) FIIs	1,47,263	400	1,47,663	0.67	31,268	400	31,668	0.14	(0.53)
h) Foreign Venture Capital Funds									
i) Others (specify)									
Sub-total(B)(1):-	1,78,512	6,300	1,84,812	0.84	46,594	400	46,994	0.21	(0.63)
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	8,24,870	7,421	8,32,291	3.76	7,94,402	2,400	7,96,802	3.60	(0.16)
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹1 lakh	44,48,954	2,22,498	46,71,452	21.13	46,51,339	1,33,897	47,85,236	21.64	0.51
ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh	7,71,719	-	7,71,719	3.49	8,15,832		8,15,832	3.69	0.20
c) Others (specify) - Non-Resident Indians	1,13,231	280	1,13,511	0.51	1,18,901	200	1,19,101	0.54	0.03
Sub-total(B)(2):-	61,58,774	2,30,199	63,88,973	28.89	63,80,474	1,36,497	65,16,971	29.47	0.58

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	
Total Public Shareholding (B)=(B)(1) +(B)(2)	63,37,286	2,36,499	65,73,785	29.73	64,27,068	1,36,897	65,63,965	29.68	(0.05)
C. Shares held by Custodian for GDRs & ADRs									
Grand Total(A+B+C)	2,18,77,126	2,36,499	2,21,13,625	100.00	2,19,76,728	1,36,897	2,21,13,625	100.00	-

(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	1,13,20,089	51.19	27.47	1,13,20,089	51.19	7.51	-
2	Minica Real Estates Private Limited	13,41,882	6.07		13,41,882	6.07		-
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		5,57,799	2.53		0.05
7	Mr. Jayakar Krishnamurthy	3,54,208	1.60		3,54,208	1.60		-
	Total	1,55,39,840	70.27	27.47	1,55,49,660	70.32	7.51	0.05

(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
1	Carburettors Limited				
	At the beginning of the year	1,13,20,089	51.19		
	At the end of the year			1,13,20,089	51.19
2	Minica Real Estates Private Limited				
	At the beginning of the year	13,41,882	6.07		
	At the end of the year			13,41,882	6.07
3	Southern Ceramics Private Limited				
	At the beginning of the year	15,58,515	7.05		
	At the end of the year			15,58,515	7.05
4	Bangalore Union Services Private Limited				
	At the beginning of the year	2,75,484	1.24		
	At the end of the year			2,75,484	1.24
5	Sujo Land and Properties Private Limited				
	At the beginning of the year	1,41,683	0.64		
	At the end of the year			1,41,683	0.64

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
6	Dr. V. Krishnamurthy				
	At the beginning of the year		5,47,979	2.48	
	Datewise increase/decrease in shareholding during the year	05/03/2019	217	0.00	5,48,196
		06/03/2019	247	0.00	5,48,443
		08/03/2019	7,352	0.04	5,55,795
	Reason for increase/decrease in shareholding during the year - purchase	11/03/2019	17	0.00	5,55,812
		12/03/2019	17	0.00	5,55,829
		22/03/2019	1,970	0.01	5,57,799
	At the end of the year			5,57,799	2.53
7	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

(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 (as on 01.04.2018)		Cumulative Shareholding during the year (as on 31.03.2019)	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
1	TVS MOTOR COMPANY LIMITED				
	PAN: AAACS7032B				
	At the beginning of the year	91,760	0.415		
	At the end of the year			91,760	0.415
2	PENSION RESERVES INVESTMENT TRUST FUND - ACADIAN				
	PAN: AAATC7934R				
	At the beginning of the year	68,594	0.310		
	Datewise increase/decrease in shareholding during the year.	19/10/2018	-1,345	-0.006	67,249
	Reason for increase/decrease in shareholding during the year-Transfer	26/10/2018	-397	-0.002	66,852
	At the end of the year			66,852	0.302

Sl No.	For Each of the Top 10 Shareholders		Shareholding at the beginning of the year (as on 01.04.2018)		Cumulative Shareholding during the year (as on 31.03.2019)	
			No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
3	SANTOSH SITARAM GOENKA					
	PAN: AACPG6728R					
	At the beginning of the year		45,506	0.206		
	Datewise increase/decrease in shareholding during the year.	17/08/2018	5,000	0.023	50,506	0.228
	Reason for increase/decrease in shareholding during the year-Transfer					
	At the end of the year				50,506	0.228
4	S.GANESH					
	PAN: AAGPS5047M					
	At the beginning of the year		50,505	0.228		
	At the end of the year				50,505	0.228
5	DEEPA HEMANT KOTAK					
	PAN: AMBPK3544J					
	At the beginning of the year		22,000	0.099		
	Datewise increase/decrease in shareholding during the year. Reason for increase/decrease in shareholding during the year-Transfer	06/04/2018	18,000	0.081	40,000	0.180
		27/04/2018	-3,000	-0.014	37,000	0.166
		22/06/2018	2,000	0.009	39,000	0.175
		29/06/2018	5,000	0.023	44,000	0.198
		03/08/2018	1,000	0.005	45,000	0.203
		07/09/2018	5,000	0.023	50,000	0.226
		12/10/2018	954	0.004	50,954	0.230
		19/10/2018	-3,754	-0.017	47,200	0.213
		09/11/2018	-6,198	-0.028	41,002	0.185
		16/11/2018	-1,002	-0.005	40,000	0.180
		11/01/2019	1,000	0.005	41,000	0.185
		18/01/2019	-1,000	-0.005	40,000	0.180
		08/02/2019	2,500	0.011	42,500	0.191
		22/03/2019	-2,500	-0.011	40,000	0.180
	At the end of the year				40,000	0.180
6	ASHISH JAIN					
	PAN: ABFPJ6898P					
	At the beginning of the year		30,000	0.136		
	Datewise increase/decrease in shareholding during the year.	25/05/2018	-27,978	-0.127	2,022	0.009
	Reason for increase/decrease in shareholding during the year-Transfer	02/11/2018	36,781	0.166	38,803	0.175
	At the end of the year				38,803	0.175

Sl No.	For Each of the Top 10 Shareholders		Shareholding at the beginning of the year (as on 01.04.2018)		Cumulative Shareholding during the year (as on 31.03.2019)	
			No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
7	K.R.SRINIVASAN					
	PAN: AALPS6754J					
	At the beginning of the year		36,719	0.166		
	At the end of the year				36,719	0.166
8	RAJESH MANIBHAI PATEL					
	PAN: AGBPP4824A					
	At the beginning of the year		34,644	0.157		
	Datewise increase/ decrease in shareholding during the year.	18/05/2018	65	0.000	34,709	0.157
		08/06/2018	68	0.000	34,777	0.157
		22/06/2018	-400	-0.002	34,377	0.155
		29/06/2018	68	0.000	34,445	0.156
	Reason for increase/ decrease in shareholding during the year-Transfer	01/02/2019	-130	-0.001	34,315	0.155
		29/03/2019	-20	0.000	34,295	0.155
		At the end of the year				34,295
9	SANDEEP RAVINDRA SHAH					
	PAN: AACTS2954F					
	At the beginning of the year		30,000	0.136		
	At the end of the year				30,000	0.136
10	Deepak K Natesan					
	PAN: AAHPN6655K					
	At the beginning of the year		-	-		
	Datewise increase/ decrease in shareholding during the year.	19/10/2018	15,649	0.071	15,649	0.071
		26/10/2018	11,233	0.051	26,882	0.122
		16/11/2018	1,800	0.008	28,682	0.130
	Reason for increase/ decrease in shareholding during the year-Transfer	22/03/2019	1,000	0.005	29,682	0.134
At the end of the year				29,682	0.134	

(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	-	-	-	-

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	13,403.13	6,309.87		19,713.00
ii) Interest due but not paid	-	-		-
iii) Interest accrued but not due	16.54	-		16.54
Total (i+ii+iii)	13,419.67	6,309.87		19,729.54
Change in Indebtedness during the financial year	-	-		-
* Addition	772.91	1,058.85		1,831.76
* Reduction	3,517.02	433.00		3,950.02
Net Change	(2,744.11)	625.85		(2,118.26)
Indebtedness at the end of the financial year	-	-		-
i) Principal Amount	10,606.63	6,935.72		17,542.35
ii) Interest due but not paid	-	-		-
iii) Interest accrued but not due	68.93	-		68.93
Total (i+ii+iii)	10,675.56	6,935.72		17,611.28

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Chairman and Managing Director (CMD), Whole-time Directors (WTD) and/or Manager:

(in ₹)

Sl. No.	Particulars of Remuneration	Name of CMD / WTD / Manager		Total Amount
		Mr. Jayakar Krishnamurthy Chairman and Managing Director	Mr. Ram Ramamurthy* Whole-time Director & Chief Financial Officer	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income tax Act, 1961	1,84,00,000	29,10,000	2,13,10,000
	(b) Value of perquisites u/s 17(2) Income tax Act, 1961	7,26,815	-	7,26,815
	(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	69,14,518	-	69,14,518
	- others, specify...			-
5	Others	-	-	-
	Contribution to Provident Fund	10,32,000	3,35,000	13,67,000
	Contribution to Superannuation to the extent exempt under the Income Tax Act	12,90,000	-	12,90,000
	Total (A)	2,83,63,333	32,45,000	3,16,08,333
	Ceiling as per the Act **	2,83,63,333	1,20,00,000	4,03,63,333

*Mr. Ram Ramamurthy draws remuneration as Whole-time Director only and not as Chief Financial Officer.

** As per the calculations under Section 198 of the Companies Act, 2013, there is an inadequacy of profit for paying managerial remuneration. Hence the overall ceiling arising out of inadequacy of profit is calculated as follows:

- For Mr. Jayakar Krishnamurthy as per the limit specified in Central Government approval letter no. G25307442/3/2006-CL.VII dated 12th July 2017.
- For Mr. Ram Ramamurthy as per the limits specified in the Companies Act, 2013.

B. Remuneration to other directors:

(in ₹)

Sl No.	Particulars of Remuneration	Name of Directors				Total Amount
		Mr S. Natarajan	Dr. V. Sumantran	Dr.M.S.Ananth	Mr.S.Balasubramanian	
1	Independent Directors					
	Fee for attending Board/committee meetings	2,60,000	2,60,000	2,25,000	1,20,000	8,65,000
	Commission					
	Others, please specify					
	Total (1)	2,60,000	2,60,000	2,25,000	1,20,000	8,65,000
2	Other Non-Executive Directors					
	Fee for attending Board/committee meetings					
	Commission					
	Others, please specify					
	Total (2)	-	-	-	-	-
	Total (B)=(1+2)	2,60,000	2,60,000	2,25,000	1,20,000	8,65,000
	Total Managerial Remuneration (A)+(B)	3,24,73,335				
	Overall Ceiling as per the Act***	4,03,63,333				

*** The overall ceiling limit takes into account the overall limit specified in (A) above for Mr. Jayakar Krishnamurthy and Mr. Ram Ramamurthy while there is no overall ceiling limit for Independent Directors as they only draw sitting fees for attending board meetings and committee meetings:

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD:

(in ₹)

Sl. No	Particulars of Remuneration	Ms. Rekha Raghunathan* Director and Company Secretary
1	Gross salary	
	(a) Salary as per provisions contained in section 17(1) of the Income tax Act, 1961	28,19,199
	(b) Value of perquisites u/s 17(2) Income tax Act, 1961	25,000
	(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	1,11,240
	Total	29,55,439

* 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					

For and on behalf of the Board

Place : Chennai
Date : 31st August 2019

JAYAKAR KRISHNAMURTHY
CHAIRMAN AND MANAGING DIRECTOR

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

Not Applicable. The company has not entered into any contract or arrangement or transactions which are not at arm's length basis.

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

Details of transactions with the related parties are provided in Note No 42 (1) & (2) to the Standalone Accounts for the Financial year 2018-19.

- (b) Nature of contracts/arrangements/transactions

Details of transactions with the related parties are provided in Note No 42 (3) to the Standalone Accounts for the Financial year 2018-19

It may be seen from the relevant notes that the total value of transactions with all related parties are less than 10% of the total income of the Financial Year 2018-19 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 : 31st August 2019

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	58.69
Mr. Ram Ramamurthy	6.71
Ms. Rekha Raghunathan does not draw any remuneration as director of the company	
Non-executive directors	
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 of the Board.	

(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 - Chairman and Managing Director	9%
Mr. Ram Ramamurthy - Whole-time Director and Chief Financial Officer	21%
Ms. Rekha Raghunathan - Director and Company Secretary	Nil

(iii) The percentage increase in the median remuneration of employees in the financial year – 0%

(iv) The number of permanent employees on the rolls of company – 969

(v) 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.

There is no increase in the salaries of employees other than the managerial personnel. The remuneration of the Chairman and Managing Director is increased as per the approval of the Central Government and the remuneration of the Whole-Time Director is increased as per the approval of the shareholders.

(vi) 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	₹ 2,83,63,333	₹ 99,32,544
(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)
		33 years experience	34 years experience
(v)	Date of commencement of employment	01.09.2001	23.08.2013

(vi)	The age of such employee	58 years	57 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 one crore 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	Not Applicable

ANNEXURE - VIII TO THE BOARD'S REPORT

REPORT ON CORPORATE GOVERNANCE

CORPORATE GOVERNANCE PHILOSOPHY

The company remains committed to sound ethical policies, high standards of transparency, responsibility and accountability in all its activities. The best management practices and high levels of integrity in decision-making are ensured at all levels of management. Long term wealth generation and creation of value for all the stakeholders remains a priority. The company follows all the principles of corporate governance at all times keeping in mind the interest of the shareholders. The Company aspires to achieve optimum results at all levels by adopting the best corporate governance practices.

1. BOARD OF DIRECTORS

a) Composition

The Board comprised six directors as on 31st March, 2019. The composition of the Board is in conformity with Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015. The day-to-day management of the company was carried on by the Chairman and Managing Director and the Whole-time Director and Chief Financial Officer of the company during the financial year 2018-19. All directors except the Chairman and Managing Director, Whole-time Director and Chief Financial Officer and the Director and Company Secretary are non-executive Independent directors and they constitute half of the board. The company has a woman director. The list of directors for the financial year 2018-19 is as follows:

Designation	Category	Name
Chairman and Managing Director	Executive	Mr. Jayakar Krishnamurthy
Whole-time Director and Chief Financial Officer	Executive	Mr. Ram Ramamurthy
Director and Company Secretary	Executive	Ms. Rekha Raghunathan
Independent Directors	Non-Executive	Mr. S. Natarajan Dr. V. Sumantran Dr. M.S. Ananth* Mr. S. Balasubramanian**

*Dr. M.S. Ananth resigned from the Board with effect from 4th November 2018.

**Mr. S. Balasubramanian was appointed additional director (non-executive and independent category) by the board in its meeting held on 21st May 2018 and was approved by the shareholders by a special resolution in the Annual General Meeting held on 29th September 2018.

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 2018-19 is given below:-

Name of director	Category	Number of directorships in other companies		Number of committee/ chairmanship/memberships in other companies	
		Chairman	Member	Chairman	Member
Mr. Jayakar Krishnamurthy Chairman and Managing Director	Executive		2	-	-
Mr. Ram Ramamurthy, Whole-time Director and Chief Financial Officer	Executive		1		
Ms. Rekha Raghunathan Director and Company Secretary	Executive		2		2

Name of director	Category	Number of directorships in other companies		Number of committee/ chairmanship/memberships in other companies	
		Chairman	Member	Chairman	Member
Mr. S. Natarajan	Non-Executive & Independent		4		1
Dr. V. Sumantran	Non-Executive & Independent		2	1	1
Mr. S. Balasubramanian	Non-Executive & Independent		6	–	5

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, 2019.

c) Board Meetings and Attendance at Board Meetings

The Board met 6 times during the financial year 2018-19. 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	21.05.2018	7	6
2	13.08.2018	7	7
3	29.08.2018	7	7
4	29.09.2018	7	7
5	03.11.2018	7	7
6	09.02.2019	6	5

The company places before the Board all the details as required under Part A of the Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. 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 Regulation 17(7) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, are all placed before the board 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 on the operations of the company at every board meeting. The Chairman and Managing Director appraises the Board on the overall performance of the company at every Board meeting. Legal issues, write-offs, provisions, purchase and disposal of capital assets are all brought to the notice of the Board. The Board reviews the 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 note of the declaration made by the company secretary, Chairman and Managing Director and the Whole-time Director and Chief Financial Officer regarding compliances of all laws applicable to the company 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. Natarajan, 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. Mr. S. Balasubramanian was appointed as independent director for a period of five years with effect from 21.05.2018 and the same was approved by the shareholders at the annual general meeting held on 29th September 2018. Dr. M.S. Ananth resigned from the Board with effect from 4th November 2018. The Nomination and Remuneration Committee and the Board has done the performance evaluation of all independent directors as per the criteria laid down and has also taken into account the policy on board diversity and based on the evaluation has determined to continue the appointment of all independent directors and consequently Mr. S. Natarajan and Dr. V. Sumantran are seeking reappointment as Independent Directors for a second term of five years from the conclusion of this Annual General Meeting till the conclusion of the 38th Annual General Meeting. 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 Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The format of the disclosure is given in the company website www.ucalfuel.com. Weblink: <http://www.ucalfuel.com/ind-decl.pdf>. Independent directors had been issued letters of appointment and the terms thereof have been posted on the company website www.ucalfuel.com. Weblink: <http://www.ucalfuel.com/terms-appt.pdf>.

Separate meeting of independent directors

As stipulated in the code for independent directors under the Companies Act, 2013 and according to Regulation 25(3) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate meeting of independent directors was held to review the performance of non-independent directors including Chairman and Managing Director and the Board as a whole. The independent directors also assessed and reviewed the quality, quantity and timeliness of the flow of information between the management and the board and its committees which is essential for effective discharge of their duties. All the independent directors attended the meeting.

Familiarisation programme for independent directors

The Board is briefed regularly by the senior management of the company on the operations, plans, strategies, risks and new initiatives of the company and the suggestions of the board are taken on all these issues. Any new director who joins is briefed about the history of the company, its policies, customers, technological developments and also on operations. Factory visits are arranged for the directors who wish to familiarize themselves with the manufacturing processes and operations of the company. The directors are also briefed on their role, responsibilities, duties and are kept updated on the various regulatory and legislative changes that may occur from time to time affecting the operations of the company. The directors are briefed on the various policies of the company like the code of conduct for directors and senior management personnel, policy on related party transactions, policy on material subsidiaries, whistle blower policy and CSR policy. The familiarization programme for the independent directors is disclosed in the website of the company 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 their qualification, expertise, integrity, credibility, trust worthiness and ability to handle issues. The need for that particular functional experience in the organisation is also taken into account along with their ability and willingness to devote time for the organization. It is also ensured that all diverse fields are suitably represented on the board. Particular emphasis is given to those with domain knowledge on the auto industry and its market and the latest developments in the field. In the case of independent directors the committee will in addition to the above satisfy itself on the independence of directors and take into account their ability to develop a good working relationship with the other board members and senior management together with their ability to assist the company on issues of strategy, risk management and key appointments. 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 has been framed in such a way that it will support and ensure a good work culture in the organisation. The company does not have stock options. Therefore such instruments do not form part of the remuneration policy. 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 relating to certain senior management positions and chief executive officer has a fixed and variable component which is based on achieving certain fixed targets thereby aligning the vision and goals of the organisation 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 to the Chairman and Managing Director and Whole-time Director and Chief Financial Officer shall be in accordance to the limits / percentage / conditions laid down in the Companies Act 2013. The remuneration to other employees will be such that it ensures a direct relationship to their performance. The remuneration policy is disclosed in the website of the company 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 every time an appointment/reappointment is made to the board.

Board Evaluation

In terms of Section 134(3)(p) of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the Board reviewed and evaluated its own performance from the following perspectives:

- a) Company Performance
- b) Risk Management
- c) Corporate Ethics
- d) Performance of the Individual Directors; and
- e) Performance of the Committees, viz., Audit Committee, Nomination and Remuneration Committee and Stakeholder's Relationship Committee.

The Board upon evaluation considered itself well-balanced in terms of diversity of experience covering all the activities of the company. The Board, after discussion and review, noted with satisfaction its own performance and that of its committees and individual Directors.

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

S.No	Name	No. of Board Meetings held	No. of Board Meetings attended	Attendance at the last AGM
1	Mr. Jayakar Krishnamurthy	6	6	Yes
2	Mr. S. Natarajan	6	6	Yes
3	Dr. V. Sumantran	6	6	Yes
4	Dr. M.S. Ananth	6	4	Yes
5	Mr. S. Balasubramanian	6	6	Yes
6	Mr. Ram Ramamurthy	6	6	Yes
7	Ms. Rekha Raghunathan	6	5	Yes

2. AUDIT COMMITTEE

The audit committee conforms to Section 177 of the Companies Act, 2013, the SEBI guidelines and Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 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 Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and also those specified in the Companies Act, 2013. The terms of reference broadly include reviewing the system of internal controls, 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. As regards related party transactions, the audit committee annually grants omnibus approvals for transactions that are routine or repetitive in nature and which are proposed to be undertaken / entered in the ordinary course of business at arm's length basis. While according omnibus approvals, the Audit Committee takes into consideration the following factors viz., maximum value of the transactions and extent and manner of disclosures made to the Audit Committee. On a quarterly basis the Audit Committee reviews related party transactions entered into by the company pursuant to each of the omnibus approval. The appointment and fixing of remuneration of statutory, internal and cost auditors are done by the board on the recommendation of the audit committee. The audit committee reviews the compliance with legal and statutory requirements and 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 appointment/reappointment.

The audit committee takes note of any default in the payments to creditors, shareholders and governmental agencies. The audit committee reviews the inter-corporate loans and investments and analyses the financial health of the company and the results of its operations. The audit committee reviews the effectiveness of IT application across the company and ensures its full implementation. The committee also looks into those matters specifically referred to it by the Board. Any changes in accounting policies and practice, major accounting entries involving an exercise of judgment by the management and significant adjustment in the financial statements are all approved by the audit committee. Valuation of the assets or undertaking also requires approval of the audit committee as and when it is undertaken. All the recommendations to the Board by the audit committee during the year were accepted by the Board. The statutory auditor was present at all Audit Committee meetings and the internal auditors were present whenever required by the committee. As on 31.03.2019 the committee comprised of three independent and one executive director all of whom are financially literate and have relevant finance/audit exposure.

Mr. S. Natarajan is the chairman of the audit committee. With the resignation of Dr. M.S. Ananth from the Board, Mr. S. Balasubramanian had been inducted into the committee and the members of Audit Committee as on 31st March 2019 is as follows;

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

The Whole-time Director and Chief Financial Officer, Director and Company Secretary and the Chief Executive Officer were permanent invitees to the meetings of the committee. The Company Secretary acts as the secretary to the committee. The composition of the audit committee is as per Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Chairman of the audit committee was present at the Annual General Meeting of the company held on 29th September, 2018. The audit committee met five times during the year.

The details are as follows:

S.No	Date	Committee Strength	No. of Directors present
1	21.05.2018	4	3
2	13.08.2018	4	4
3	29.08.2018	4	4
4	03.11.2018	4	4
5	09.02.2019	3	3

Attendance of each Director at Audit Committee Meetings

Name of the Director	Number of audit committee meetings attended
Mr. S. Natarajan	5
Dr. V. Sumantran	5
Dr. M.S. Ananth	3
Mr. Jayakar Krishnamurthy	5
Mr. S. Balasubramanian	-

3. NOMINATION AND REMUNERATION COMMITTEE

The main terms of reference of the Nomination and Remuneration Committee is the appointment of directors and key managerial personnel of the company and fixing the remuneration of the directors, key managerial personnel and senior management. However in pursuance of Section 178 of the Companies Act, 2013 the Nomination and Remuneration Committee's role and scope has been enhanced to include all those areas contemplated by the Act. This includes a) formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to the remuneration of the directors, key managerial personnel and senior management personnel, b) formulation of criteria for evaluation of independent directors and the Board, c) devising a policy on diversity of board of directors, d) identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal, e) evaluating the performance of independent directors, senior managerial personnel and key managerial personnel and making recommendations to the Board regarding their appointment, removal etc. During the year, the Nomination and Remuneration Committee reviewed the compensation and benefits of senior management personnel and key managerial personnel of the company. The Nomination and Remuneration Committee comprises non-executive and independent directors. Mr. S. Natarajan, is the chairman of the committee. With the resignation of Dr. M.S. Ananth from the Board, Mr. S. Balasubramanian had been inducted into the committee and he along with Dr. V. Sumantran are the other members of the committee. The company secretary is the secretary to the committee. During the financial year 2018-19 the committee met two times. The committee meets as and when required. The details are as follows:

S.No	Date	Committee Strength	No. of Directors present
1	29.08.2018	3	3
2	03.11.2018	3	3

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. V. Sumantran	2
Dr. M.S. Ananth	2
Mr. S. Balasubramanian	-

The Nomination and Remuneration Committee recommends the remuneration to be paid to the Chairman and Managing Director and Whole-time Director and Chief Financial Officer subject to the approval of the shareholders and Central Government where necessary. The committee also recommends 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 functioning. The committee takes into account factors like attendance and participation at meetings, flow of information to Board, engagement with the Board and the committees etc., to evaluate the directors. The policy is reviewed at regular intervals and the effectiveness is evaluated.

4. STAKEHOLDERS RELATIONSHIP COMMITTEE

Pursuant to Section 178(5) of the Companies Act, 2013, the scope of the Stakeholders Relationship Committee is 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. The committee has been reconstituted to include Mr. S. Balasubramanian in the place of Dr. M.S. Ananth who has resigned from the Board. Mr. S. Balasubramanian is now the chairman of the committee. Mr. Jayakar Krishnamurthy and Mr. Ram Ramamurthy are the other members 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. R. Ramshankar and Mr. M.R. Shivakumar as its members to approve transfers, transmissions, issue of duplicate share certificates, rematerialisation of shares, etc., and to redress investor grievance to ensure timely compliance. With the retirement of Mr. R. Ramshankar the committee now comprises of only two members. This committee reports to the stakeholders relationship committee. The minutes of this committee are ratified by the stakeholders relationship committee .

The Compliance Officer for the purpose of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is Ms. Rekha Raghunathan, Director and Company Secretary.

During the financial year 2018-19 the share transfer committee met 13 times and the stakeholder relationship committee met two times during the year. The details are as follows:

S.No	Date	Committee Strength	No. of Directors present
1	13.08.2018	3	3
2	03.11.2018	3	3

Attendance of each Director at Stakeholders relationship committee Meetings

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

Complaints received and redressed during the year 2018-19

S.No	Nature of Complaints	Number of Complaints
1	Regarding annual report	46
2	Revalidation of dividend warrant	38
3	Issue of duplicate share certificate	07
4	Procedure for transmission	22
5	General queries	29
6	Non receipt of dividend	13
7	Loss of share certificate	27
8	Unclaimed dividend	159
9	IEPF related queries	11
Total		352

SEBI 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) along with 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 2018-19 remuneration was paid to the chairman and managing director and whole-time director and chief financial officer. The remuneration payable to these directors is determined by the Board on the recommendation of the Nomination and Remuneration Committee and Audit 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 2018-19

Name of the Director	Mr. Jayakar Krishnamurthy Chairman and Managing Director ₹	Mr. Ram Ramamurthy Whole-time Director and Chief Financial Officer ₹
Basic Salary	86,00,000	29,10,000
House Rent Allowance	33,00,000	-
Other Allowances	65,00,000	-
Other Perquisites	7,26,815	-
Contribution to Provident Fund	10,32,000	3,35,000
Contribution to Superannuation Fund	12,90,000	-
Commission	69,14,518	-
Total	2,83,63,333	32,45,000

b) Details of Sitting Fees paid to Non-Executive Directors during the financial year 2018-19

Name of the Director	Board meeting ₹	Audit Committee Meeting ₹	Nomination and Remuneration Committee Meeting ₹	Stakeholders Relationship Committee Meeting ₹	Corporate Social Responsibility Committee Meeting ₹	Total ₹
Mr. S.Natarajan	1,20,000	1,00,000	40,000	-	-	2,60,000
Dr. V.Sumantran	1,20,000	1,00,000	40,000	-	-	2,60,000
Dr. M.S.Ananth	80,000	60,000	40,000	30,000	15,000	2,25,000
Mr. S.Balasubramanian	1,20,000	-	-	-	-	1,20,000
Total	4,40,000	2,60,000	1,20,000	30,000	15,000	8,65,000

c) Details of shareholding of Directors as on 31st March 2019

Of the executive directors only Mr.Jayakar Krishnamurthy holds 3,54,208 equity shares in the company as on 31st March 2019.The independent directors do not hold any shares in the company.

6. CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

With the resignation of Dr. M.S. Ananth from the board, Mr. S. Balasubramanian has been inducted into the committee. Mr. S. Balasubramanian is the chairman of the committee and Mr. Ram Ramamurthy and Mr. Jayakar Krishnamurthy are the other members of the committee.

During the year under review the CSR committee met once and all the members attended the meeting. The company secretary acts as secretary to the committee. 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. The company has contributed towards CSR upto the financial year 2017-18. For the financial year 2018-19 there was no contribution towards CSR as the Company's average net Profit for the last three financial years calculated pursuant to Section 135 of Companies Act, 2013 on a Standalone basis is negative.

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
Dynasty Hall, Hotel Ambassador Pallava, Egmore, Chennai	2015-16	September 28, 2016 – 10.00 a.m
Tag Centre, Alwarpet, Chennai	2016-17	September 28, 2017 – 09.30 a.m
Tag Centre, Alwarpet, Chennai	2017-18	September 29, 2018 – 10.45 a.m

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

AGM/EGM	Subject	Voting Pattern	
		Voting cast in favour	Votes cast against
AGM held on 28 th September 2016	i. Special resolution passed for reappointment of Mr. Ram Ramamurthy as Whole-time Director and remuneration payable to him.	15,683,417 99.98%	3,765 0.02%
	ii. Special resolution passed for reappointment of Mr. Jayakar Krishnamurthy as Managing Director and remuneration payable to him.	15,687,082 100%	65 -
	iii. Special resolution passed for reappointment of Dr. V. Krishnamurthy, who is holding an office of profit, as Advisor	145,641 99.96%	65 0.04%
AGM held on 28 th September 2017	Nil		

AGM/EGM	Subject	Voting Pattern	
		Voting cast in favour	Votes cast against
AGM held on 29 th September 2018	i. Special resolution passed for appointment of Mr.S.Balasubramanian as an Independent Director of the company	15,645,419 99.32%	107,180 0.68%
	ii. Special resolution passed for reappointment of Mr. Ram Ramamurthy as Whole-time Director and remuneration payable to him.	15,645,038 99.32%	107,561 0.68%

Mr. P. Sriram, (C.P. No.3310), Partner, M/s. P. Sriram and Associates, Practising Company Secretaries was appointed as the Scrutiniser and he conducted the voting process at the Annual General Meeting in a fair and transparent manner. The e-voting option was extended to all shareholders for the Annual General Meeting held on 29th September, 2018. No Extra-ordinary General Meeting was held in the last three years. No special resolutions were required to be passed by the shareholders of the company through postal ballot during the year 2018-19.

8. SUBSIDIARY COMPANIES

The financials of the subsidiary companies viz., Ucal Polymer Industries Limited and Ucal Holdings, Inc. (formerly Amtec Precision Products Inc.,) 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, 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 are carried out and the 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, market risks and statutory compliance risks. The risks are evaluated based on previous experience, probability of occurrence, probability of non deletion and its impact on business. The risks are taken into account while preparing the annual business plan for the year. Insurable risks are covered by insurance policies to protect the company interests. The Board is also periodically informed of the risks and the actions taken to manage them. The company manages its risks by incurring prudent capital expenditure, by ensuring that customers underwrite the capacities created specifically for their requirements, by determining the prices of its products on a scientific basis based on detailed studies, by prudent financial management, by localization to protect itself from exchange risks, constant R&D efforts and by spreading its markets and manufacturing facilities geographically. The strategy development committee assists the management in assessing the market risks, competitors risks, product obsolescence risk and devises 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 2018-19 were at arm's 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, weblink: <http://www.ucalfuel.com/policy-rpp.pdf>. The necessary information regarding the transactions are given in Note no. 42 (1) & (2) and 42 (3) in Notes on accounts. The Board and audit committee are presented with the details of related party transactions on a quarterly basis.

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 as stipulated in the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015. There are no pecuniary relationships or transactions of Non-Executive Directors vis-à-vis the company which has potential conflict with the interests of the company.

11. WHISTLE BLOWER POLICY

The company has an established mechanism for employees to report about unethical behaviour, illegal and unethical practices, actual or suspected fraud, or violation of the code of conduct or ethics policy and genuine concerns. It also provides for adequate safeguards against victimization of employees who avail of the mechanism. The whistleblower 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, weblink: <http://www.ucalfuel.com/policy-wbp.pdf>.

12. 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. There is no qualification by the practising company secretary in their Secretarial Audit report for the financial year 2018-19.

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.

13. MEANS OF COMMUNICATION

The unaudited quarterly results of the company are published in leading newspapers such as Financial Express and Maalai Sudar. These are not sent individually to the shareholders.

The company's website address is www.ucalfuel.com. The website contains basic information about the company and such other details as required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Companies Act, 2013. The company ensures periodical updation of its website. The company has designated the email-id: investor@ucalfuel.co.in to enable the shareholders to register their grievances.

Pursuant to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, all data related to quarterly financial results, shareholding pattern, etc., are filed in NEAPS and LISTING.BSE 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 Regulation 46 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The company's e-mail ids will have a domain change from "ucalfuel.co.in" to "ucal.com". Hence with effect from 1st November 2019, shareholders are requested to correspond with company at the email address as specified below:

1. e-mails regarding complaints, queries and grievances – investor@ucal.com
2. e-mail regarding any general matters – ufs.l.ho@ucal.com

14. 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, weblink: <http://www.ucalfuel.com/policy-cocp.pdf>. As provided in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board members and senior management personnel have affirmed compliance with the code of conduct for the financial year 2018-19. A declaration to this effect signed by the Chairman and Managing Director is annexed to this report.

15. CERTIFICATION BY CHAIRMAN AND MANAGING DIRECTOR AND WHOLE-TIME DIRECTOR AND CHIEF FINANCIAL OFFICER

The Chairman and Managing Director and the Whole-time Director and Chief Financial Officer give an annual certification on financial reporting and internal controls to the board in terms of Schedule II of part B of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. This certificate forms part of this report.

16. GENERAL SHAREHOLDER INFORMATION:

a) Annual General Meeting

Date and time	30 th September 2019 at 10.15 a.m
Venue	Tag Centre, No.69, T.T.K. Road, Alwarpet, Chennai 600 018
Book Closure Date	21 st September 2019 to 30 th September 2019
Financial Year	1 st April 2018 to 31 st March 2019

b) Financial Calendar 2018-19 (tentative)

The Board meeting for the approval of	2019-20 (Tentative Calendar)
Unaudited results for Quarter ended June 30, 2019	14 th August 2019
Unaudited results for Quarter ending September 30, 2019	Between 1 st October 2019 and 14 th November 2019
Unaudited results for Quarter ending December 31, 2019	Between 1 st January 2020 and 14 th February 2020
Audited Results for the year ending March 31, 2020	On or before 30 th May 2020

c) Particulars of Dividend for the year ended 31st March, 2018

Date of declaration	29 th September, 2018
Rate of dividend	100%
Book Closure Date	22 nd September, 2018 to 29 th September, 2018
Date of Payment of dividend	12 th October, 2018
Amount of dividend paid	22,11,36,250
Share Capital	2,21,13,625 Equity Shares of ₹ 10/- each

d) Listing of Shares

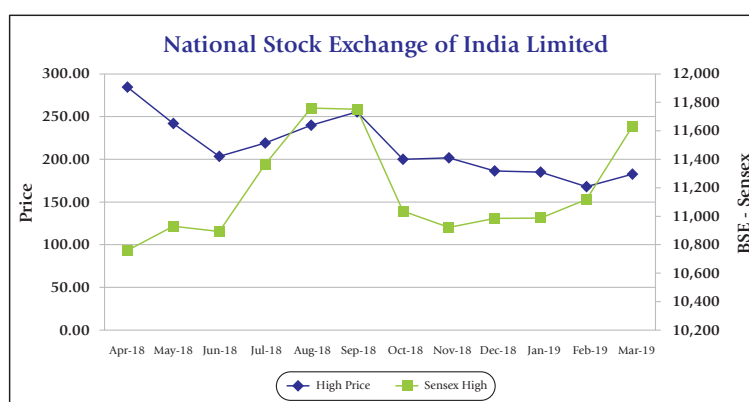
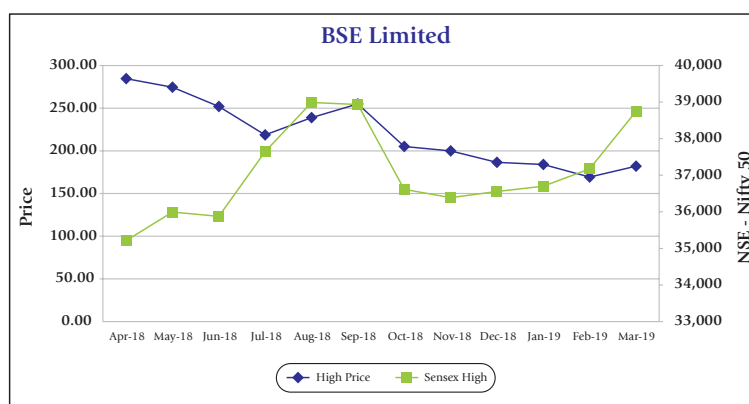
Name of the Stock Exchange	Stock Code
BSE Limited (BSE)	500464
National Stock Exchange of India Limited (NSE)	UCAL FUEL
ISIN allotted by Depositories(Company ID Number)	INE139B01016

(Note: Annual Listing fees for the year 2019-20 were duly paid to the above stock exchanges)

e) Stock Market Data

Month	BSE Limited				National Stock Exchange of India Limited			
	Price - Rs		Index - Sensex		Price - Rs		Index - Nifty	
	High	Low	High	Low	High	Low	High	Low
APR 2018	284.60	234.00	35,213.30	32,972.56	284.60	234.05	10,759.00	10,111.30
MAY 2018	274.60	234.00	35,993.53	34,302.89	241.90	238.00	10,929.20	10,417.80
JUN 2018	252.00	191.60	35,877.41	34,784.68	203.30	191.70	10,893.25	10,550.90
JUL 2018	218.70	194.10	37,644.59	35,106.57	219.20	192.25	11,366.00	10,604.65
AUG 2018	239.00	201.45	38,989.65	37,128.99	239.95	202.50	11,760.20	11,234.95
SEP 2018	255.00	182.00	38,934.35	35,985.63	255.50	185.05	11,751.80	10,850.30
OCT 2018	205.10	168.00	36,616.64	33,291.58	200.00	167.65	11,035.65	10,004.55
NOV 2018	200.00	175.60	36,389.22	34,303.38	201.70	175.00	10,922.45	10,341.90
DEC 2018	186.50	167.45	36,554.99	34,426.29	186.35	165.40	10,985.15	10,333.85
JAN 2019	184.00	160.00	36,701.03	35,375.51	184.85	160.50	10,987.45	10,583.65
FEB 2019	169.30	147.00	37,172.18	35,287.16	167.90	148.00	11,118.10	10,585.65
MAR 2019	182.10	160.00	38,748.54	35,926.94	182.75	160.00	11,630.35	10,817.00

f) Share performance in comparison to broad-based indices



g) Shareholding Pattern as on 31st March 2019

Particulars	No. of Share holders	Shares held in Physical form	Shares held in dematerialised form	Total No. of shares held	%to capital
Promoter and Promoter Group					
a. Bodies Corporate	5	-	1,46,37,653	1,46,37,653	66.19
b. Directors & their relatives	2	-	9,12,007	9,12,007	4.12
Public Shareholding					
I. Institutions					
a. Mutual Funds/UTI	5	-	1,120	1,120	0.01
b. Financial Institutions/Banks	3	-	14,206	14,206	0.06
c. Foreign Institutional Investors	4	400	98,120	98,520	0.45
II. Non Institutions					
a. Bodies Corporate	338	2,400	6,50,285	6,52,685	2.95
b. Individuals	18,513	1,33,897	54,65,393	55,99,290	25.32
c. Non Resident Indians	229	200	1,20,679	1,20,879	0.55
d. IEPF	1	-	77,265	77,265	0.35
Total	19,100	1,36,897	2,19,76,728	2,21,13,625	100.00

h) Distribution of Shareholding as on 31st March 2019

Number of Equity Shares held	Number of Shareholders	% of Shareholders	Number of Shares	% of Capital
Upto500	17,152	89.80	21,40,490	9.68
501-1000	1,061	5.55	8,55,438	3.87
1001-2000	469	2.46	7,11,383	3.22
2001-3000	150	0.79	3,74,247	1.69
3001-4000	67	0.35	2,42,426	1.10
4001-5000	51	0.27	2,34,602	1.06
5001-10000	83	0.43	6,20,612	2.81
10001 AND ABOVE	67	0.35	1,69,34,427	76.58
Total	19,100	100.00	2,21,13,625	100.00

i) Registrar and Share Transfer Agents

Integrated Registry Management Services Private Limited, having its registered office at Kences Towers, II Floor, No.1, Ramakrishna Street, T.Nagar, Chennai 600017 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.

j) 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 dividend 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 2019 is as follows:

Financial Year	Unpaid/Unclaimed dividend as on 31 st March, 2019	Date of declaration	Cut-off date for transfer to IEPF
2011-12	8,48,208	28.09.2012	03.11.2019
2012-13	2,45,890	30.09.2013	05.11.2020
2013-14	2,35,962	29.09.2014	04.11.2021
2014-15	4,27,116	30.09.2015	05.11.2022
2015-16	7,28,799	28.09.2016	03.11.2023
2016-17	11,03,285	28.09.2017	03.11.2024
2017-18	11,13,580	29.09.2018	04.11.2025

- Shareholders are advised by the company well in advance before transferring the unclaimed dividends to IEPF.
- Pursuant to Section 124(6) of the Companies Act, 2013, read with the Investor Education and Protection Fund Authority (Accounting Audit Transfer and Refund) Rules, 2016 as amended by the Ministry of Corporate Affairs with effect from 28th February, 2017, in case the beneficial owner has not encashed dividend warrant(s) during the last seven years, shares pertaining to such beneficial owners shall be required to be transferred to the Fund established by the Authority. Shareholders are therefore requested to contact Integrated Registry Management Services Private Limited, with respect to their unclaimed dividends.
- 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.

k) Unpaid/Unclaimed Dividend and Transfer to IEPF

Pursuant to the provisions of Section 124 of the Companies Act, 2013, dividend for the financial year ended 2011-12 and thereafter which remain unclaimed for a period of seven years will be transferred to Investor Education and Protection Fund (IEPF) of the Central Government on the respective due dates. During the year, the company had transferred to IEPF an unclaimed dividend of ₹21,00,940 pertaining to the financial year ended 2010-11. Further the company had filed with Registrar of Companies, the details of unpaid and unclaimed dividends lying with the company as on date of last Annual General Meeting and the same has been uploaded on the website of the company <https://www.ucalfuel.com>.

l) Unclaimed shares

The company does not have any unclaimed shares in the demat suspense account or unclaimed suspense account pursuant to SEBI Listing Regulations.

Pursuant to the notification of Section 124(6) and 125 of the Companies Act, 2013 read with Investor Education and Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended from time to time, the company is required to transfer shares in respect of which dividend has not been paid or claimed for seven consecutive years or more. The Ministry of Corporate Affairs has notified depository accounts to which such shares are required to be transferred. The company has already transferred shares pertaining to Unclaimed dividend of 2010-11 to IEPF Authority. The shareholders, however, may claim the said shares along with corporate actions accrued by following the procedure prescribed by the IEPF authority.

An intimation in regard to the shares relating to unclaimed dividend of upcoming years will be sent to all concerned shareholders, whose shares are liable to be transferred to IEPF Authority, at their last known address. In accordance with the said rules, the requisite details will be made available on the web-link: <https://www.ucalfuel.com>. The concerned shareholders are requested to claim their shares before the due dates of transfer of shares to the IEPF.

m) 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.

n) 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 2019 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. 2,19,76,728 equity shares representing 99.38% of the paid-up equity capital have been dematerialized as on 31st March 2019.

o) Outstanding GDRs/ADRs/Warrants or any convertible, instrument, conversion date and likely impact on equity:

The company has no GDRs/ADRs or any convertible instrument.

p) Commodity price risk or foreign exchange risk and hedging activities - Nil**q) 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.

r) 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 facilitate fast communication and will also lead to cost saving.

Accordingly the Annual Report for 2018-19, 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.

s) Plant Locations

The company has manufacturing plants in the following locations

E9-E12 Industrial Complex, Maraimalai Nagar – 603 209

Kancheepuram District, Tamil Nadu, India

Tel.No.: 04114-47408000, Fax:04114-27452549

Email: ufsl.mmn@ucalfuel.co.in

A98/100, A 106 & A107 PIPDIC Industrial Estate

Mettupalayam, Puducherry – 605 009, India

Tel.No.: 0413-4211500, Fax:0413-2272176

Email: ufsl.pondy@ucalfuel.co.in

A3/A3, A4, A5, CMDA Industrial complex,

Maraimalai Nagar, Kancheepuram, Tamil Nadu – 603 209, India

Tel.No.: 044-47406800; Fax:044-47406850

E-mail ufsl.pl6@ucalfuel.co.in

B-22, SIDCO Industrial Estate,

Maraimalai Nagar, Kancheepuram, Tamil Nadu – 603 209, India

Tel.No.: 044-47400191/91/93

E-mail: ufsl.pl7@ucalfuel.co.in

B132 & 133, PIPDIC Industrial Estate

Mettupalayam, Puducherry – 605 009, India

Tel.No.: 0413-4204161

E-mail: ufsl.pl9@ucalfuel.co.in

Plot No.9, Sector 5

Growth Centre, Bawal, Rewari

E-mail: ufsl.bwl@ucalfuel.co.in

AA4, Auto Ancillary SEZ Unit, 6th Avenue

Mahindra World City, Anjur Village,

Natham Sub Post Office, Chengalpattu – 603002, Tamil Nadu

E-mail: ufsl.ho@ucalfuel.co.in

The Research and Development Centre is located at:

11 B/2 (S.P) First Cross Road,

Ambattur Industrial Estate, Chennai, Tamil Nadu – 600058, India.

Tel.No.: 044-66544700; Fax : 044-66544758

E-mail: ufsl.abr1@ucalfuel.co.in

t) Address for Correspondence

To contact Registrars & Share Transfer Agents or matters relating to shares	M/s.Integrated Registry Management Services Private Limited 2 nd Floor, Kences towers, No.1 Ramakrishna Street North Usman Road, T.Nagar,Chennai600 017 Tel: 91-44-28140801/03,Fax:91-44-28142479 E-mail: corpserv@integratedindia.in
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:044-42208111,Fax:044-28605020 E-mail: investor@ucalfuel.co.in

The company's e-mail ids will have a domain change from "ucalfuel.co.in" to "ucal.com". Hence with effect from 1st November 2019, shareholders are requested to correspond with company at the email address as specified below:

1. e-mails regarding complaints, queries and grievances – investor@ucal.com
2. e-mail regarding any general matters – ufsl.ho@ucal.com

DECLARATION BY CHAIRMAN AND MANAGING DIRECTOR ON CODE OF CONDUCT UNDER REGULATION 17(5) OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

To
The Shareholders
UCAL Fuel Systems Limited

This is to confirm that the company has adopted a Code of Conduct for its Board of Directors and Senior Management Personnel. The Code of Conduct is available on the company's website

It is hereby confirmed that the Members of the Board and the Senior Management Personnel of the company have affirmed compliance with the respective provisions of the Code of Conduct of the company for the year ended 31st March 2019.

Place : Chennai
Date : 31st August, 2019

JAYAKAR KRISHNAMURTHY
CHAIRMAN AND MANAGING DIRECTOR

**COMPLIANCE CERTIFICATE UNDER REGULATION 17(8) OF SEBI
(LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015**

We, Jayakar Krishnamurthy, Chairman and Managing Director and Mr. Ram Ramamurthy, Whole-time Director and 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 ended 31st March, 2019 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 of any significant fraud.

Place : Chennai
Date : 31st August, 2019

RAM RAMAMURTHY
WHOLE-TIME DIRECTOR AND
CHIEF FINANCIAL OFFICER

JAYAKAR KRISHNAMURTHY
CHAIRMAN AND
MANAGING DIRECTOR

ANNEXURE - IX TO BOARD'S REPORT

INDEPENDENT AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE

M/s. R. Subramanian and Company LLP
Chartered Accountants

No. 6(36), Krishnaswamy Avenue,
Mylapore, Chennai 600 004

To

The Members of UCAL Fuel Systems Limited

- 1) We have examined the compliance of conditions of corporate governance by UCAL FUEL SYSTEMS LIMITED ("the company"), for the year ended on March 31st, 2019, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulations 46(2) and para C and D of schedule V of SEBI (Listing Obligation Disclosure Requirements) Regulations, 2015 ("the SEBI listing Regulations").

Management's Responsibility

- 2) The compliance of conditions of Corporate Governance is the responsibility of the management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in the SEBI listing Regulations.

Auditor's Responsibility

- 3) Our responsibility is limited to examining the procedures and implementation thereof, adopted by the company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.
- 4) We have examined the books of account and other relevant records and documents maintained by the company for the purpose of providing reasonable assurance on the compliance with Corporate Governance requirements by the company.
- 5) We have carried out an examination of the relevant records of the company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
- 6) We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

- 7) Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI Listing Regulations during the year ended March 31, 2019.

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

Restriction on Use

- 8) This certificate is issued solely for the purpose of complying with the aforesaid regulations and may not be suitable for any other purpose

For M/s. R. Subramanian and Company LLP
Chartered Accountants
FRN: 004137S/S200041

K Jayasankar
Partner

Place: Chennai
Date : 31st August, 2019

Membership No.014156

Certificate from Company Secretary in Practice

(In terms of Regulation 34(3) read with Schedule V Para C(10)(i) to the Securities and Exchange Board of India
(Listing Obligations and Disclosure Requirements) Regulations, 2015)

To the Members of

UCAL Fuel Systems Limited, [CIN: L31900TN1985PLC012343]

"Raheja Towers", Delta Wing - Unit 705

177 Anna Salai, Chennai - 600 002

We hereby certify that none of the directors on the Board of UCAL Fuel Systems Limited ("the Company") as on the 31st March 2019, have been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India (SEBI) or the Ministry of Corporate Affairs, Government of India (MCA).

We are issuing this certificate based on the following, which to the best of our knowledge and belief were considered necessary in this regard:

1. Our verification of the information relating to the directors available in the official website of MCA;
2. Our verification of the disclosures/ declarations/ confirmations provided by the directors to the Company;
and
3. Information, explanation and representations provided by the Company, its directors/ officers/ agents. This certificate is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness of the corporate governance processes followed by the Company.

**For P. Sriram & Associates.,
Company Secretaries,**

Date: 31st August, 2019

Place: Chennai

(P. Sriram)

FCS No. 4862/CPNo: 3310

ANNEXURE X TO BOARD'S REPORT

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

1. GENERAL OVERVIEW

The auto industry as a whole grew at 6.26% in the financial year 2018-19 as compared to that of financial year 2017-18. Two Wheelers sales registered a growth of 4.86 % in financial year 2018-19 over the financial year 2017-18. Within the Two wheeler segment, scooters declined by (-) 0.27 %, whereas Motorcycles and Mopeds grew by 7.76% and 2.41% respectively in financial year 2018-19 over financial year 2017-18. Within the passenger Vehicles, the sales of Passenger Cars, Utility Vehicle and Vans grew by 2.05%, 2.08% and 13.10% respectively in financial year 2018-19 over the same period last year. While macroeconomic factors like interest rate, inflation and good forecast monsoon lifted the demand in the first half of the financial year 2018-19, high insurance cost, liquidity crunch and increased fuel prices played spoiler. Apart from this, an uneven monsoon further added to the woes and this ensued into one of worst festive seasons and huge inventory backlog at the dealerships across the country. All the segments posted good growth in the first five months, but from September onwards many corporates faced major headwinds which continued till March. Though the growth in the revenues of the company was not proportional to the growth in the auto component/auto industry as a whole, the company was able to retain its market share in the segment in which it is operating. The company's efforts to increase its presence in the other segments of the auto industry continues unabated. The company's efforts were also directed towards reorienting its products to suit the oncoming BSVI emission norms from the year 2020. The rising material, financial and administration costs continue to pose a challenge but the company's efforts to reduce the same through prudent management practices continue. The company's R&D is continuously responding to the competitive environment created by the various changing models of the OEMs and changing emission norms, thereby ensuring that the company's image as a technology provider is maintained. The company's foray into newer areas like electrical and electronic components continues and these activities can be expected to yield results in a few years from now. The auto component industry is expected to follow the Original Equipment Manufacturer (OEM) in adoption of the electric vehicle technologies. The global move towards electric vehicles will generate new opportunities for auto component suppliers and the company is gearing up for the same. The economic slowdown being witnessed in the last few months of financial year 2019-20 in the auto segment is expected to affect the prospects of the auto components industry also.

2. FUTURE BUSINESS STRATEGY

The company is undergoing a technological transformation as it prepares to graduate from the BSIV emission norms to BSVI emission norms by the year 2020. The company continues to invest in R&D and create and acquire intellectual property towards this end. The graduation to the BSVI emission norms is a formidable task and the company's efforts are concentrated on this through technology acquisition, absorption, skilling of manpower, creating the required infrastructure etc.

The carburettor incorporating electronic features for meeting the year 2020 BSVI vehicle emission norms continues to be in various stages of testing and validation while the efforts to develop an appropriate fuel injection system continues. Thus the company is working towards establishing itself as a supplier of mechanical and electronic carburettors and fuel injection systems by the year 2020. The company intends to enter the electric vehicle segment in the future and is preparing itself for the same. The company's long term vision is to become a one-stop shop solution provider for all engine management requirements of the two-wheeler industry and major supplier of vacuum and oil pumps for the four-wheeler industry and efforts are continuing towards achieving this objective. The financial year 2018-19 and the current financial year are the transitional years where the company is preparing itself for transiting to the new BSVI emission norms.

3. ANALYSIS OF SALES 2018-19 AND OF UCAL FUEL SYSTEMS LIMITED (UFSL) Vis-a-vis INDUSTRY

The first five months of financial year 2018-19 registered a good growth. However, the demand dropped from September onwards and thereafter there was not much recovery. The company ended financial year 2018-19 with a 3.4 % increase in turnover as compared to financial year 2017-18. This was mainly due to new product additions and increased sales to existing customers. The pump sales dropped in financial year 2018-19 as compared to that of financial year 2017-18 due to a major drop in volume by the customers. The spare segment registered a positive growth of 9.2% due to increase in OEM and dealer offtake.

4. SWOT ANALYSIS STRENGTHS

STRENGTHS

- UCAL brand name
- Global presence and Operational Excellence.
- R&D Facilities certified by Government of India
- Technology in carburettor (mechanical and electronic), fuel injection systems, air suction valves, pumps, ETV, ITV and EGR.
- Capabilities (both technology wise and infrastructure wise) to develop EMS Products for meeting BSVI emission norms.
- Electronic design, development and manufacturing capability.
- Facilities in pressure die castings, plastic and rubber moulding.
- Capability in frugal engineering.
- Well-trained and disciplined workforce.
- Good work culture.
- Preferred supplier of OEMs
- Presence in Electric vehicles.

WEAKNESSES

- Slow growth in export business.
- Limited products for the diesel segment.
- High employee cost.

OPPORTUNITIES

- Good potential for Electric Mobility Vehicles.
- Untapped domestic customers for existing products.
- Huge domestic market for spares which is yet to be fully explored.
- Entry into Commercial and Tractor segments.

THREATS

- Limited timeframe to develop BSVI compliant technologies.
- Competitive pressure on pricing policies.
- Rising input cost.
- Relentless pressure to reduce prices by OEMs thereby affecting profit margin.
- Increased emphasis on electric mobility vehicle.

5. 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. The focus for R&D in the financial year 2018-19 has been to develop technology and products to meet the stringent BSVI emission norms. R&D is also gearing up for the electrification of vehicles by adopting newer technologies like e-coolant pumps and electrification of auxiliary devices.

As electronics has become an integral part of the products, R&D is establishing new test facilities apart from using the existing facilities to validate the products. The R&D validation lab continues to have the accreditation by NABL. R&D continues to enjoy the recognition from the Department of Scientific and Industrial Research, Ministry of Science and Technology. R&D engineers continue to publish papers in the National and International conferences. Products developed in the financial year include e-Carb, e-Purge, e-ASV, various ranges of throttle bodies to suit different engine capacities, Electric throttle valve, Intake throttle valve to suit different engine capacities, EGR, variable displacement oil pumps, variable pressure oil pumps.

6. MANUFACTURING CAPABILITIES, FACILITIES AND OPERATIONS

During the financial year 2018-19, to cater to the increased customer demand in two-wheeler and four-wheeler segment, the machine shop was upgraded by creating new flexible lines to suit any product or variant. With BSVI emission norms coming into effect from the year 2020, the facilities for the same are in the process of being identified and developed with close tolerance levels. The focus on Quality and Productivity continues. TPM, TQM and other problem-solving techniques have helped in meeting customer expectations. The company stepped up TPM and TQM activities at the plant-level to ensure better achievement of targets and objectives. Adequate support to sub-contractors and vendors in terms of technology and process improvements were provided thereby ensuring timely and quality supplies to the company. Redesigning of layout and regrouping of machines is a continuous process to improve productivity.

7. HUMAN RESOURCES AND INDUSTRIAL RELATIONS

The Human Resources Development framework followed at the Company includes Workforce planning, Employee engagement, Performance & Compensation management, Learning and Development, Career & Succession planning and Organization Development. There are structured policies and standard operating procedures which are reviewed and updated periodically for each of the above areas. Current and future skill-based competency development are planned and executed through both in-house programs and nationally acclaimed programs and also by continuing education, assigning challenging projects and job rotations.

The Human Resources (HR) department is driven by the guidelines:

- To help the employees realize their potential – to develop, grow and achieve their purpose
- To build the right culture and capabilities
- To make the company the best place to work for passionate, innovative people who want to make a difference

HR Management at the company goes beyond the set boundaries of compensation, performance reviews and development. The company looks at the employee's entire work-life cycle, to ensure timely interventions that help build a long-lasting and fruitful career. With this in mind, the company has initiated several positive changes in the HR practice this year. Employee safety continues to be an important focus area. Many process have been revamped and workplace guidelines revised to suit the safety norms. Continuous communication with employees on available safety measures to increase awareness is undertaken throughout the year. To ensure that employees are at their productive best, the company continued work on simplifying internal processes through a collaborative effort with various teams.

To foster a positive workplace environment, free from harassment of any nature, the company has an Internal Complaints Committee (ICC) in all locations across India to consider and address sexual harassment complaints in

accordance with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The policy assures discretion and guarantees non-retaliation to complainants. The company follows a gender-neutral approach in handling complaints of sexual harassment and is compliant with the law of the land.

The company believes in lifelong learning for its employees, and competency development continues to be a key area of focus. The Education, Training and Assessment (ETA) department is at the forefront of creating a culture of learning in the organization. The company ensures that there is a systemic intervention in place to re-skill the existing employees in new and emerging technologies. The Company continues to maintain its record of good industrial relations without any interruption in work.

8. HEALTH, SAFETY AND ENVIRONMENT

The company attaches great importance to the health and safety of its employees. Towards this end, strict safety measures are enforced across the organisation at all locations at all times. All manufacturing operations and plants adhere to all pollution norms by continually improving environmental and occupational health and safety management systems. Water conservation, reduction in use of hazardous chemicals, waste management and adopting renewable energy continue to be given emphases.

9. 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.

Standalone Financial Statements

M/S. R. SUBRAMANIAN AND COMPANY LLP
Chartered Accountants

No. 6(36), Krishnaswamy Avenue,
Mylapore, Chennai 600 004

INDEPENDENT AUDITORS' REPORT FOR THE YEAR ENDED 31ST MARCH 2019 TO THE MEMBERS OF UCAL FUEL SYSTEMS LIMITED

Report on the audit of Standalone IndAS Financial Statements

Opinion

We have audited the accompanying Standalone IndAS Financial Statements of UCAL FUEL SYSTEMS LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2019 and the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date and Notes to the Financial Statements, including a summary of the Significant Accounting Policies and other explanatory information (hereinafter referred to as 'the Standalone Financial Statements').

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 Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, the Profit (Including Other Comprehensive Income), the changes in Equity, and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143 (10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

Without qualifying our opinion, we draw attention to

- i. Note 34 forming part of the financial statements which describes reason for considering investment in UCAL Holdings Inc., at full value without any impairment provision.
- ii. Note 39 (c) forming part of the financial statements for the year in connection with the non-availability of RBI approval for writing off dues from foreign subsidiary (UCAL Holdings Inc., formerly Amtec Precision Products Inc.,) in 2017-18.

Our opinion is not qualified in respect of these matters.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Statements of the current period. These matters were addressed in the context of our audit of Financial Statements as a whole, and in forming our opinion thereon and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matters	Response to Key Audit Matters & Conclusion
Evaluation of uncertain tax positions The company has material uncertain tax positions including matters under dispute which involved significant judgement to determine the possible impact arising from the outcome of these disputes. Refer Note 44 to the standalone financial statements	Principal Audit Procedures We have carried out the validation of the information provided by the management by performing the following procedures :- Evaluating reasonableness of the underlying assumptions Examining the relevant documents on record Relying on relevant external evidence available including legal opinion, relevant judicial precedents and industry practices Getting management confirmation wherever necessary

Management Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134 (5) of the Act with respect to the preparation of these Standalone Financial Statements that give a true and fair view of the Financial Position, Financial Performance (including Other Comprehensive Income), Changes in Equity and Cash Flows of the Company in accordance with Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of 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 Standalone Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143 (3) (i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate Internal Financial Controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings including any significant deficiencies in Internal Control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. 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 (including Other Comprehensive Income), the Statement of Changes in Equity 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 Ind AS financial statements comply with the Indian Accounting Standards prescribed 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 31st March, 2019 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March 2019 from being appointed as a Director in terms of Section 164(2) of the Act.
 - f) With respect to the adequacy of the Internal Financial Controls over financial reporting of the Company, and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197 (16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
 - h) With respect to the other matters to be included in the Auditors' 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 Ind AS financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts required to be transferred to the Investor Education and Protection Fund by the company.
2. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143 (11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For M/s R. SUBRAMANIAN AND COMPANY LLP
Chartered Accountants
FRN: 004137S/S200041

K JAYASANKAR
Partner

Place: Chennai
Date : 27th May 2019

Membership No. 014156
Chartered Accountants

ANNEXURE "A" to the Independent Auditor's Report of even date on the Standalone IndAs Financial Statements of Ucal Fuel Systems Limited.

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act").

We have audited the Internal Financial Controls over Financial Reporting of **UCAL FUEL SYSTEMS LIMITED** ("the Company") as of March 31, 2019 in conjunction with our audit of the Standalone Ind AS Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining Internal Financial Controls based on the Internal Control over Financial Reporting criteria established by the Company, considering the essential components of Internal Control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting, issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's Internal Financial Controls over Financial Reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of Internal Financial Controls, both applicable to an audit of Internal Financial Controls and both issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate Internal Financial Controls over Financial Reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the Internal Financial Controls System over Financial Reporting and their operating effectiveness. Our audit of Internal Financial Controls over Financial Reporting included obtaining an understanding of Internal Financial Controls over Financial Reporting, assessing the risk that a material weakness exists and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the Auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's Internal Financial Controls System over Financial Reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's Internal Financial Control over Financial Reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's Internal Financial Control over Financial Reporting includes those policies and procedures that:

- (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles and that receipts and expenditures of the Company are being made only in accordance with authorisations of Management and Directors of the Company; and
- (iii) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of Internal Financial Controls over Financial Reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the Internal Financial Controls over Financial Reporting to future periods are subject to the risk that the Internal Financial Control over Financial Reporting may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate Internal Financial Controls System over Financial Reporting and such Internal Financial Controls over Financial Reporting were operating effectively as at March 31, 2019, based on the Internal Control over Financial Reporting criteria established by the Company, considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by ICAI.

For M/s R. SUBRAMANIAN AND COMPANY LLP

Chartered Accountants

FRN: 004137S/S200041

K JAYASANKAR

Partner

Membership No. 014156

Chartered Accountants

Place: Chennai

Date : 27th May 2019

**ANNEXURE “B” to the Independent Auditors’ Report of even date on the Standalone IndAs
Financial Statements of Ucal Fuel Systems Limited.**

The Annexure referred to in Paragraph 2 under the heading ‘Report on Other Legal and Regulatory Requirements’ of our Report of even date:

- (i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) These fixed assets have been physically verified by the Management at reasonable intervals and the evaluation of the outcome of verification is in progress. Consequent adjustments if any would be carried out in future.
- (c) The title deeds of immovable properties are held in the name of the Company.
- (ii) The inventories have been physically verified by the management during the year. In our opinion, the frequency of physical verification is reasonable. The discrepancies noticed on verification between the physical stocks and the book stocks have been properly dealt with in the books of account.
- (iii) According to the information and explanations given to us and on the basis of our examination of the books of account, the company during the year has not provided any loans secured or unsecured to companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Consequently, the provisions of clauses iii (a) and iii (b) are not applicable.
- (iv) According to the information and explanations given to us, and on the basis of our examination of the books of account, the company during the year has not provided any loan or investment or Guarantees or securities which falls under the purview of Section 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- (v) According to the information and explanations given to us, the company has not accepted any deposits from the public and consequently the directives issued by the Reserve Bank of India and provisions of Section 73 to 76 or any other relevant provisions of the Companies Act, 2013 and Companies (Acceptance of Deposits) amended Rules, 2015 are not applicable.
- (vi) On the basis of the records produced to us, we are of the opinion that, prima facie, the cost records prescribed by the Central Government under sub-section (1) of Section 148 of the Act have been made and maintained. However, we are not required to and have not carried out any detailed examination of such records.
- (vii) According to the information and explanations given to us in respect of Statutory dues:
 - (a) The Company is regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax (except on one occasion for payment of dividend distribution tax), Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess, Goods and Services Tax and other material Statutory Dues to the appropriate authorities and there were no undisputed amounts payable which were in arrears as at 31st March 2019 for a period of more than six months from the date they became payable.
 - (b) As per the information and explanations given to us, the company, the following are the statutory dues which have not been deposited on account of disputes:

Nature of Dues/Statute	Nature of the Dues	Amount ₹ in Lakhs	Forum where dispute is pending
Income Tax Act, 1961	Income Tax AY 2000-01	3.59	High Court of Madras
Income Tax Act, 1961	Income Tax AY 2003-04	146.58	CIT (Appeals), Chennai
Income Tax Act, 1961	Income Tax AY 2011-12	89.71	CIT (Appeals), Chennai
Central Excise Act, 1944	Central Excise – (August 2003 – June-2004)	1.83	Asst. Commissioner of GST & Central Excise Maraimalainagar Division
Central Excise Act, 1944	Central Excise – (April 2015-November, 2016)	37.67	Asst. Commissioner of GST & Central Excise Maraimalainagar Division
Central Excise Act, 1944	Service Tax – July 2012 to August 2016	3.10	Commissioner, Appeals
Central Excise Act, 1944	Service Tax – Dec 2016 to June 2017	6.70	CESTAT
Central Goods and Service Tax Act, 2017	Central Excise – November 2013 to July 2017	433.71	Assistant Commissioner

Nature of Dues/Statute	Nature of the Dues	Amount ₹ in Lakhs	Forum where dispute is pending
Sales Tax and Value Added Tax	Central Sales Tax – FY 2006-07- Plant 8	4.77	Additional Deputy Commissioner (Appellate), Chennai
Sales Tax and Value Added Tax	Haryana – VAT-AY 2014-15	50.93	ETO cum Assessing Officer, Gurgaon
Sales Tax and Value Added Tax	TN VAT and CST AY 2011-12 to AY 2015-16	1,870.70	High Court of Madras

- (viii) On the basis of verification of records and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowing to a financial institution, bank, Government.
- (ix) In our opinion and according to the information and explanations given to us the term loans availed by the company have been applied for the purpose for which they were obtained. According to the information and explanations given to us, the Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) during the year.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given to us by the management, the Company has not noticed or reported any fraud by the Company or any fraud on the Company by its Officers or employees during the year.
- (xi) In respect of the financial year 2018-19, the company has paid or provided managerial remuneration as approved by the shareholders and by the Ministry of Corporate Affairs, Government of India, vide their letter dated 12th July, 2017.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company and reporting under clause 3(xii) of the order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of records of the company, transactions with related parties are in compliance with sections 177 and 188 of the Companies Act, 2013, where applicable and the details have been disclosed in the Financial Statements, etc., as required by the applicable Indian Accounting Standards.
- (xiv) According to the information and explanations given to us and based on our examination of records of the company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence reporting under clause 3 (xiv) of the Order is not applicable to the Company.
- (xv) According to the information and explanations given to us and based on our examination of records of the company, the Company has not entered into any non-cash transactions with Directors or persons connected with its Directors.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For M/s R. SUBRAMANIAN AND COMPANY LLP

Chartered Accountants

FRN: 004137S/S200041

K JAYASANKAR

Partner

Membership No.014156

Chartered Accountants

Place: Chennai

Date : 27th May 2019

STANDALONE BALANCE SHEET AS AT 31ST MARCH, 2019

(All Amounts in ₹ Lakhs unless otherwise stated)

	Note	As at 31 st March 2019	As at 31 st March 2018
ASSETS			
I. NON-CURRENT ASSETS			
(a) Property, Plant and Equipment	2A	29,308.54	28,800.70
(b) Capital work-in-progress		1,388.23	1,385.95
(c) Intangible Assets other than Goodwill	2B	2,910.06	1,350.33
(d) Financial Assets			
(i) Investments	3	21,682.03	21,644.04
(ii) Loan and Advances	4	163.83	150.28
(e) Deferred Tax Asset (Net)	5	1,501.70	2,678.37
(f) Other Non-current Assets	6	4,024.37	3,771.03
Total Non-Current Assets		60,978.77	59,780.70
II. CURRENT ASSETS			
(a) Inventories	7	4,798.44	4,846.65
(b) Financial Assets			
(i) Investments		-	-
(ii) Trade Receivables	8	8,184.02	8,791.67
(iii) Cash and Cash Equivalents	9	130.31	211.03
(iv) Other Bank balances	10	47.66	66.17
(v) Loans and Advances	11	248.50	304.39
(vi) Other Financial Assets	12	20.94	38.01
(c) Other Current Assets	13	1,275.33	1,238.02
Total Current Assets		14,705.21	15,495.94
TOTAL ASSETS (I+II)		75,683.98	75,276.64
EQUITY AND LIABILITIES			
I. EQUITY			
(a) Equity Share Capital	14	2,211.36	2,211.36
(b) Other Equity	15	40,213.43	38,957.35
Total Equity		42,424.79	41,168.71
II. NON-CURRENT LIABILITIES			
(a) Financial Liabilities			
(i) Borrowings	16	4,437.54	4,284.18
(ii) Trade Payables	17	-	-
(A) Total outstanding dues to Micro Enterprises and Small Enterprises		-	-
(B) Total outstanding dues to creditors other than Micro and Small Enterprises		-	662.79
(iii) Other Financial Liabilities	18	90.32	162.70
(b) Deferred Tax Liabilities (Net)		-	-
(c) Provisions	19	526.26	460.95
(d) Other Non-Current Liabilities	20	-	9.77
Total Non-Current Liabilities		5,054.12	5,580.39
III. CURRENT LIABILITIES			
(a) Financial Liabilities			
(i) Borrowings	21	10,350.60	12,808.77
(ii) Trade Payables	22		
(A) Total outstanding dues to Micro Enterprises and Small Enterprises		1,442.05	34.99
(B) Total outstanding dues to creditors other than Micro and Small Enterprises		10,585.82	10,789.41
(iii) Other Financial Liabilities	23	4,036.37	3,957.43
(b) Other Current Liabilities	24	756.24	837.47
(c) Provisions	25	68.77	99.47
(d) Current Tax Liabilities (Net)		965.23	-
Total Current Liabilities (I+II+III)		28,205.07	28,527.54
TOTAL EQUITY AND LIABILITIES		75,683.98	75,276.64

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 R. SUBRAMANIAN AND COMPANY LLP
Chartered Accountants
FRN:004137S/S200041

K JAYASANKAR
PARTNER
M. NO. 014156

Place: Chennai
Date: 27th May 2019

REKHA RAGHUNATHAN
DIRECTOR AND
COMPANY SECRETARY

JAYAKAR KRISHNAMURTHY
CHAIRMAN AND MANAGING DIRECTOR

RAM RAMAMURTHY
WHOLE TIME DIRECTOR AND
CHIEF FINANCIAL OFFICER

STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2019

(All Amounts in ₹ Lakhs unless otherwise stated)

	Note	Year ended 31 st March 2019	Year ended 31 st March 2018
INCOME			
I. Revenue From Operations	26	59,612.98	59,361.11
II. Other Income	27	391.11	456.40
III. Total Income		60,004.10	59,817.51
Expenses:			
(a) Cost of Materials Consumed		31,618.60	29,900.40
(b) Changes in Inventories of Work-in-Progress and Finished Goods		(30.41)	(74.42)
(c) Excise Duty		-	1,693.92
(d) Employee Benefit Expenses	28	8,195.62	8,338.88
(e) Finance Costs	29	2,295.15	2,220.90
(f) Depreciation and Amortization Expense	30	1,768.39	1,838.15
(g) Other Expenses	31	10,151.05	9,675.80
IV. Total Expenses		53,998.40	53,593.63
V. Profit/(Loss) Before Exceptional items and Tax		6,005.70	6,223.88
VI. Exceptional Items		-	15,191.85
VII. Profit/(Loss) before Tax		6,005.70	(8,967.97)
VIII. Tax Expense:			
Current tax	32	965.23	-
MAT Credit	32	(722.95)	-
Deferred tax Charge	32	1,885.16	(3,035.70)
Tax Expense/(Credit)		2,127.44	(3,035.70)
IX. Profit/(Loss) After Tax for the year (VII) - (VIII)		3,878.26	(5,932.27)
X. Other Comprehensive Income/(Loss)			
A. Items that will not be reclassified to profit or loss			
(i) Remeasurements of Defined benefit Plans		41.39	(130.01)
(ii) Income Tax Benefit/(Expense) relating to items that will not be reclassified to profit and loss		(14.46)	44.99
Total Other Comprehensive Income/(Loss), net of taxes		26.93	(85.02)
XI. Total Comprehensive Income/(Loss) for the year (X) + (IX)		3,905.19	(6,017.29)
XII. Earnings per equity share:			
Basic & Diluted	33	17.54	(26.83)

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 R. SUBRAMANIAN AND COMPANY LLP
Chartered Accountants
FRN:004137S/S200041

K JAYASANKAR
PARTNER
M. NO. 014156

JAYAKAR KRISHNAMURTHY
CHAIRMAN AND MANAGING DIRECTOR

Place: Chennai
Date: 27th May 2019

REKHA RAGHUNATHAN
DIRECTOR AND
COMPANY SECRETARY

RAM RAMAMURTHY
WHOLE TIME DIRECTOR AND
CHIEF FINANCIAL OFFICER

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2019

(All Amounts in ₹ Lakhs unless otherwise stated)

	Year ended 31 st March 2019	Year ended 31 st March 2018
A. Cash Flow from Operating Activities		
Net Profit /(Loss) before tax	6,005.70	(8,967.97)
Add/(Less):		
Depreciation and Amortization	1,768.39	1,838.15
(Profit)/Loss on sale of Fixed Assets (net)	(9.10)	18.54
Decrease/(Increase) in Fair Value of Investment	(37.99)	(40.77)
Dividend Income	(83.00)	(82.81)
Interest income	(1.91)	(11.47)
Finance Cost	2,295.15	2,220.90
Trade Receivables written off	-	2,854.06
Loans given written off	-	12,337.79
Operating Profit before Working Capital Changes	9,937.24	10,166.42
Adjustments for:		
Changes in Trade Receivables	607.65	(284.65)
Changes in Inventories	48.21	(583.83)
Changes in Other Current Assets	(37.31)	(308.05)
Changes in Loans and advances	42.34	69.00
Changes in Other Financial Assets	17.07	26.36
Changes in Trade Payables	540.68	(1,141.20)
Changes in Other Financial Liabilities	(141.72)	88.09
(excluding current maturity of long term loans)		
Changes in Other Current Liabilities	(81.23)	546.93
Changes in Provisions	61.55	100.07
Changes in Other Non-Current Liabilities	(9.77)	-
Cash Generated From Operations	10,984.70	8,679.14
Direct Taxes Paid	(238.88)	(2,015.36)
Net Cash Flow from Operating Activities (A)	10,745.82	6,663.78
B. Cash Flow from Investing Activities		
Purchase of Property, Plant and Equipment	(2,126.11)	(1,729.34)
Purchase of Intangible Assets	(1,726.55)	(717.83)
Sale of Fixed Assets	25.80	12.08
Changes in Capital Work-in-progress	(2.29)	(734.91)
Purchase of Investments	-	-
Interest Received	1.91	11.47
Dividends Received	83.00	82.81
Loans (given) / received Back	-	-
Net cash from /(used in) investing Activities (B)	(3,744.24)	(3,075.72)

(All Amounts in ₹ Lakhs unless otherwise stated)

	Year ended 31 st March 2019	Year ended 31 st March 2018
C Cash Flow from Financing Activities		
Borrowings:		
Term loan availed	3,000.00	-
Term loan (repaid)	(2,712.50)	(2,517.39)
Short term borrowings net availed / (repaid)	1,058.85	976.67
Other Bank Balances	18.51	(5.83)
Finance Cost Paid	(2,288.09)	(2,227.29)
Dividend and Dividend Tax Paid	(2,642.05)	(1,327.48)
Net Cash from/(used in) Financing Activities (C)	(3,565.28)	(5,101.32)
Total (A) + (B) + (C)	3,436.30	(1,513.26)
Cash and Cash Equivalents at the beginning of the year	(6,720.87)	(5,207.61)
Cash and Cash Equivalents at the end of the year	(3,284.57)	(6,720.87)
D Net increase/(decrease) in cash and cash equivalents	3,436.30	(1,513.26)
(a) Cash and Cash Equivalents include cash in hand, balances with scheduled bank including term deposit and working capital facilities repayable on demand.		
(b) The above statement of cash flows is prepared using indirect method		
(c) Previous year figures have been regrouped wherever necessary		

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 R. SUBRAMANIAN AND COMPANY LLP
Chartered Accountants
FRN:004137S/S200041

K JAYASANKAR
PARTNER
M. NO. 014156

JAYAKAR KRISHNAMURTHY
CHAIRMAN AND MANAGING DIRECTOR

Place: Chennai
Date: 27th May 2019

REKHA RAGHUNATHAN
DIRECTOR AND
COMPANY SECRETARY

RAM RAMAMURTHY
WHOLE TIME DIRECTOR AND
CHIEF FINANCIAL OFFICER

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2019

A. EQUITY SHARE CAPITAL

(All Amounts in ₹ Lakhs unless otherwise stated)

For the year ended

	31-Mar-19	31-Mar-18
Balance at the beginning of the year	2,211.36	2,211.36
Change in Equity Share Capital during the year	-	-
Balance at the end of the year	2,211.36	2,211.36

B. OTHER EQUITY

	Capital Reserve	Reserves and Surplus			Total
		General Reserves	Securities Premium	Retained Earnings	
2017-18					
Balance as at April 1, 2017 (A)	160.00	16,571.82	2,165.34	27,408.25	46,305.42
Profit for the year				(5,932.27)	(5,932.27)
Other Comprehensive Income				(85.02)	(85.02)
Total Comprehensive Income for the year 2017-18 (B)	-	-	-	(6,017.29)	(6,017.29)
Dividend paid for 2016-17 approved by shareholders in annual general meeting				(1,105.68)	(1,105.68)
Dividend distribution tax on above dividend				(225.09)	(225.09)
Total - (C)	-	-	-	(1,330.77)	(1,330.77)
Balance as at March 31, 2018 (D) = (A)+(B)+(C)	160.00	16,571.82	2,165.34	20,060.19	38,957.36
2018-19					
Balance as at April 1, 2018 (A)	160.00	16,571.82	2,165.34	20,060.19	38,957.36
Profit for the year				3,878.26	3,878.26
Other Comprehensive Income				26.93	26.93
Total Comprehensive Income for the year 2018-19 (B)	-	-	-	3,905.19	3,905.19
Dividend paid for 2017-18 approved by shareholders in annual general meeting				(2,211.36)	(2,211.36)
Dividend distribution tax on above dividend				(437.75)	(437.75)
Total (C)	-	-	-	(2,649.11)	(2,649.11)
Balance as at March 31, 2019 (D) = (A)+(B)+(C)	160.00	16,571.82	2,165.34	21,316.27	40,213.43

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 R. SUBRAMANIAN AND COMPANY LLP

Chartered Accountants

FRN:004137S/S200041

K JAYASANKAR

PARTNER

M. NO. 014156

Place: Chennai

Date: 27th May 2019

REKHA RAGHUNATHAN
DIRECTOR AND
COMPANY SECRETARY

JAYAKAR KRISHNAMURTHY
CHAIRMAN AND MANAGING DIRECTOR

RAM RAMAMURTHY
WHOLE TIME DIRECTOR AND
CHIEF FINANCIAL OFFICER

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

1. Significant Accounting Policies:

The accounting policies mentioned herein are relating to the standalone financial statements of the company.

a) Brief Description of the Company:

UCAL Fuel Systems Limited is a Public Limited Company incorporated in India under the Companies Act, 1956 and its registered office is located at Chennai, Tamil Nadu. The shares of the company are listed on the National Stock Exchange Limited and BSE Limited. The company offers comprehensive fuel management systems for automotive sector. The company has manufacturing facilities across India.

b) Statement of Compliance:

The standalone financial statements comply in all material aspects with Indian Accounting Standards (IndAS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act as amended from time to time.

c) Basis of Preparation:

The financial statements have been prepared on the historical cost convention under accrual basis of accounting except for certain financial assets and liabilities described in more detail in the accounting policies below, which have been measured at fair value. The financial statements are prepared on a going concern basis. The financial statements are prepared in Indian Rupees which is the company's functional currency.

d) Recent Pronouncements:

IndAS 116 - Leases

The Ministry Of Corporate Affairs has notified IndAS 116 – Leases on 30th March 2019 to replace the existing pronouncements on lease accounting. The standard requires uniform lease accounting model irrespective of the type of the lease barring certain exceptions and is applicable from 1st April 2019. The management does not expect any significant impact on application of the pronouncement.

Appendix C of IndAS 12 – Uncertainty over Income Tax Treatment

The Ministry of Corporate Affairs has notified Appendix C to IndAS 12 Income Taxes, titled “Uncertainty over Income Tax Treatments” on 30th March 2019. The pronouncement is applicable from the year 2019-20 onwards. The pronouncement is to be applied for determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments.

According to the pronouncement, the IndAS compliant entity has to reflect the effect of uncertainty in determining the related taxable profit (tax loss), tax bases, unused tax losses, unused tax credits, or tax rates if it concludes that it is not probable that the taxation authority will accept an uncertain tax treatment.

The Standard permits two possible methods of transition –

- i) Full retrospective approach – Under this approach, Appendix C will be applied retrospective to each prior reporting period presented in accordance with IndAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, without using hindsight and
- ii) Retrospectively with cumulative effect of initially applying Appendix C recognised by adjusting equity on initial application, without adjusting comparatives. The effective date for adoption of IndAS 12 Appendix C is annual periods beginning on or after 1st April, 2019. The Company will adopt the Standard on 1st April, 2019 and will decide the method of transition at the time of initial application.

e) Use of Estimates:

The preparation of financial statements requires management to make certain estimates and assumptions that affect the amounts reported in the financial statements and notes thereto. The management believes that these estimates and assumptions are reasonable and prudent. However, actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in the current and future period.

This note provides an overview of the areas that involved a higher degree of judgment or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgments is included in the relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019 (CONTD)

The areas where significant estimates were made by the management are:

- i) Defined employee benefit obligations- Refer Note No 41
- ii) Estimation of useful life of Property, Plant and Equipment Refer Note No 1(j)
- iii) Estimation and evaluation of provisions and contingencies relating to tax litigations Refer Note No 44
- iv) Recoverability/Recognition of Deferred Tax Assets Refer Note No 37.

f) Current and Non-Current Classification:

The Company presents assets and liabilities in the balance sheet based on current / non-current classification.

Cash or cash equivalent is treated as current, unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. In respect of other assets, it is treated as current when it is:

- i) expected to be realized or intended to be sold or consumed in the normal operating cycle
- ii) held primarily for the purpose of trading
- iii) expected to be realized within twelve months after the reporting period. All other assets are classified as non-current.

A liability is treated as current when:

- i) it is expected to be settled in the normal operating cycle
- ii) it is held primarily for the purpose of trading
- iii) it is due to be settled within twelve months after the reporting period, or
- iv) there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities, as the case may be.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

g) Revenue Recognition:

A revenue contract with the customer is accounted for only when the contract has been approved, the payment terms for the goods or services is identifiable, each party's rights regarding the goods or services is identifiable, the contract has commercial substance and it is probable that the entity will collect the amount of consideration.

Sale of Products:

Revenue is recognized when the goods are transferred to a customer at an amount equal to the transaction price.

Interest Income:

Interest income from debt instruments is recognized using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying value of a financial asset. While calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options), but does not consider the expected credit losses.

Dividend Income:

Dividends are recognized in profit or loss only when the right to receive payment is established and the amount of dividend can be reliably measured.

Rental Income:

Rental Income from operating leases is recognized on a straight-line basis over the lease term.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019 (CONTD)

h) Cost Recognition:

Costs and Expenses are recognized when incurred and are classified according to their nature.

i) Property, Plant and Equipment:

All items of Property, Plant and Equipment are stated at cost of acquisition or construction less accumulated depreciation / amortization and impairment, if any. Cost includes purchase price, taxes and duties, labour cost and directly attributable overheads incurred up to the date the asset is ready for its intended use. However, cost excludes duty or tax to the extent credit of the duty or tax is availed of.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as separate asset is derecognized when replaced. All other repairs and maintenance are charged to Profit or Loss during the reporting period in which they are incurred.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other gains/(losses).

j) Depreciation and Amortization:

- i) Depreciation on Property, Plant and Equipment is charged over the estimated useful life of the asset or part of the asset, on straight line method, in accordance with Schedule II to the Companies Act, 2013.
- ii) The useful life of various class of property plant and Equipment are as provided below:

Class of Asset	Useful Life
Leasehold Land	Term of Lease
Buildings	30 years
Plant and Machinery	10-15 years
Electrical Equipment	10 years
Furniture and Fixtures	10 years
Office Equipment	5 years
Vehicles	5 years

- iii) Residual values and useful lives are reviewed, and adjusted, if appropriate, for each reporting period.
- iv) On tangible fixed assets added / disposed-off during the year, depreciation is charged on pro-rata basis from the date of addition / till the date of disposal

k) Intangible Assets

Purchased Intangible Assets:

Intangible assets are recognized as an asset if they meet the criteria for recognition under IndAS 38. Intangible assets are recorded at cost less accumulated depreciation and accumulated impairment, if any.

Amortization is provided on a straight-line basis over estimated useful lives of the intangible assets as per details below:

Class of Asset	Useful Life
Software	Upto 3 years
Technical Knowhow	Upto 10 years

The amortization period for intangible assets with finite useful lives is reviewed at least at each year-end. Changes in expected useful lives are treated as changes in accounting estimates.

Internally generated intangible assets:

Research costs are charged to the Statement of Profit and Loss in the year in which they are incurred. Product development costs incurred on new products are recognized as intangible assets, when feasibility has been established, the Company has committed technical, financial and other resources to complete the development and it is probable that asset will generate future economic benefits

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019 (CONTD)**l) Impairment:**

Assets are tested for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

m) Foreign Currency Translation:**(i) Functional and presentation currency**

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). i.e in Indian rupee (INR) and all values are rounded off to nearest Lakhs except otherwise indicated.

(ii) Transactions and Balances

- a) Transactions in foreign currencies are recorded at the spot exchange rates prevailing on the date of transaction.
- b) Foreign currency monetary assets and liabilities are translated at year end exchange rates.
- c) Non-monetary items denominated in foreign currency are valued at the exchange rate prevailing on the date of transaction if the item is valued at historical cost.
- d) Non-monetary items that are measured at fair value in foreign currency are translated using the exchange rates at the date when the fair value is measured.
- e) Exchange differences arising on settlement of transactions and translation of monetary items are recognized as income or expense in the year in which they arise.

n) Inventories:

Inventories are valued at the lower of cost and net realisable value. Cost of raw materials, components, stores, spares, work-in-progress and finished goods are ascertained on a weighted average basis. Cost of finished goods and work-in-progress comprises of direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs of purchased inventory are determined after excluding rebates and discounts. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Materials and supplies held for use in production of inventories are not written down if the finished products in which they will be used are expected to be sold at or above cost.

o) Employee Benefits:**i) Short Term Obligations:**

Liabilities for wages, salaries and bonuses, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the year in which the employees render the related service are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented under other financial liabilities in the balance sheet.

ii) Long term Post-employment obligation:

The Company has the following post-employment benefit obligations:

- a) Defined benefit gratuity plans; and
- b) Defined contribution plans such as provident fund, pension plans

The liability or asset recognized in the balance sheet in respect of defined benefit gratuity plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The net defined benefit obligation is valued annually by an independent actuary using the projected unit credit method.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included under finance cost in the statement of profit and loss.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019 (CONTD)

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they arise, directly in other comprehensive income and are adjusted against retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in profit or loss as past service cost.

Provident Fund and Pension Plans:

The eligible employees of the Company are entitled to receive benefits in respect of provident fund, a defined contribution plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employees' salary. The contributions as specified under the law are made to the Employee Provident Fund Organization (EPFO). The Company is liable only for its fixed contributions which is required to be made in accordance with the schemes in force as notified by EPFO. All contributions made by the company are recognized as expenses for the relevant period.

iii) Other Long-Term Employee Benefits:

Liabilities for compensated absences are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are, therefore, measured at the present value of the expected future payments that has accrued to the employees in accordance with the company's policy for compensated absences. The benefits are discounted using an appropriate discount rate and are estimated using the projected unit credit method by an independent actuary. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in other comprehensive income. The obligation is classified as current and non-current based on the policy stated in the notes.

p) Taxes on Income:

Tax expense comprises current and deferred taxes.

The current tax for the period is the tax payable on the current period's taxable income computed in accordance with the Income Tax Act, 1961 applying the enacted income tax rate applicable. The current tax expense includes income tax payments relating prior periods.

Deferred income tax is recognized using the balance sheet approach, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period.

Deferred tax assets are recognized for carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available to utilize those unused tax credits and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same tax jurisdiction. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

Where the Company is entitled to claim special tax deductions towards qualifying expenditure (Research and Development), the Company accounts for such allowances as tax credits reducing income tax payable and current tax expense.

The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient tax profits arise for their utilization.

q) Government Grants:

Government Grants including non-monetary grants at fair value, are recognized only when there is reasonable assurance that the entity will comply with the conditions attaching to them and the grants will be received. The grants are recognized in profit or loss on a systematic basis over the periods in which the entity recognizes as expenses the related costs which the grants are intended to compensate.

Government grants relating to assets are presented by setting up the grant as deferred income and are credited to profit or loss on systematic basis over the useful lives of the related assets.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019 (CONTD)**r) Provisions and Contingent Liabilities:****i) Provision**

Provision is recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

ii) Contingent Liabilities:

Wherever there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity or a present obligation that arises from past events but is not recognized because (a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or (b) the amount of the obligation cannot be measured with sufficient reliability a disclosure is made by way of contingent liability.

s) Segment Reporting:

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

t) Cash and Cash Equivalents:

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, deposits held with financial institutions with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown under borrowings in current liabilities in the balance sheet.

u) Financial Instruments:

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognized when the company becomes a party to the contractual provisions of the relevant instrument and are initially measured at fair value.

i) Financial Assets:

Classification:

The company classifies its financial assets in the following categories:

- Those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- Those measured at amortized cost

The classification depends on the entity's business model for managing the financial assets and the contractual term of the cash flow.

Measurement:

All financial assets are initially recognized at fair value and are subsequently measured at amortized cost or fair value based on their classification.

Transaction costs arising on acquisition of a financial asset are accounted as below:

Nature of instrument	Treatment of transaction cost
Designated as Fair value through profit and loss	Recognized in profit and Loss Statement
Other than those designated as Fair value through Profit and Loss	Adjusted against the fair value of the instrument on initial recognition

Debt Instruments:

Subsequent measurement of debt instruments depends on the company's business model for managing the asset and the cash flow characteristics of the asset. The following are the measurement categories into which the company classifies its debt instruments.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019 (CONTD)

Amortized cost:

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on debt instrument that is subsequently measured at amortized cost and is not a part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income on these financial assets is included in finance income using effective interest rate method.

Fair Value through Other Comprehensive Income and Fair Value through profit/loss:

Assets that do not meet the criteria for measurement at amortized cost are measured at Fair value through Other comprehensive income unless the company elects the option to measure the same at fair value through profit or loss to eliminate an accounting mismatch.

Equity Instruments:

The company subsequently measures all investments in equity instruments other than investments in subsidiary companies at fair value. Gain/Loss arising on fair value is recognized in the statement of profit and loss. Dividend from such investments are recognized in profit or loss as other income when the company's right to receive payments is established.

Investment in Subsidiary Companies:

Investment in subsidiary companies are measured at cost less provision for impairment, if any.

Trade receivables:

Trade receivables are measured at amortized cost and are carried at values arrived after deducting allowances for expected credit losses and impairment, if any.

Impairment:

The company accounts for impairment of financial assets based on the expected credit loss model. The company measures expected credit losses on a case to case basis.

Derecognition and write-off:

A financial asset is derecognized only when:

- The contractual right to receive the cash flows of the financial asset expires or
- The company has transferred the rights to receive cash flows from the financial asset or
- The company retains the contractual rights to receive the cash flows of the financial asset but assumes a contractual obligation to pay the cash flows to one or more recipients.

Further a financial asset is derecognized only when the company transfers all risks and rewards associated with the ownership of the assets.

The gross carrying amount of a financial asset is directly reduced and an equal expenditure is recognized when the entity has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. A write-off constitutes a derecognition event.

ii) Financial Liabilities:

Financial Liabilities are initially recognised at fair value, net of transaction cost incurred. Financial Liabilities are subsequently measured at amortised cost (unless the entity elects to measure it at Fair Value through Profit and Loss Statement to eliminate any accounting mismatch). Any difference between the proceeds (net of transaction cost) and the redemption amount is recognised in profit or loss over the period of the liability, using the effective interest method.

Financial Liabilities are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other gain/(loss). Financial Liabilities are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

2A Property Plant and Equipment

(All Amounts in ₹ Lakhs unless otherwise stated)

Description	Gross Carrying Amount				Depreciation/Amorization				Net Carrying Amount
	As at 01.04.2018	Additions	Disposals	As at 31.03.2019	As at 31.03.2018	Charge During the year	Disposal	Up to 31.03.2019	As at 31.03.2019
(a) Land									
- Freehold	14,476.40	-	-	14,476.40	-	-	-	-	14,476.40
- Leasehold*	2,713.53	-	-	2,713.53	63.00	31.50	-	94.50	2,619.03
(b) Buildings	4,825.26	235.78	-	5,061.04	423.51	221.29	-	644.80	4,416.24
(c) Plant and Machinery	10,040.46	1,794.73	15.38	11,819.81	3,229.97	1,274.76	-	4,504.73	7,315.08
(d) Furniture and Fixtures	157.83	29.94	-	187.77	55.39	15.32	-	70.71	117.06
(e) Vehicles	138.70	39.12	1.31	176.51	50.16	26.20	-	76.36	100.14
(f) Office Equipment	346.45	26.52	-	372.97	75.90	32.48	-	108.38	264.59
	32,698.63	2,126.10	16.70	34,808.03	3,897.93	1,601.56	-	5,499.49	29,308.54

Description	Gross Carrying Amount				Depreciation/Amorization				Net Carrying Amount
	As at 01.04.2017	Additions	Disposals	As at 31.03.2018	As at 31.03.2017	Charge During the year	Disposal	Up to 31.03.2018	As at 31.03.2018
(a) Land									
- Freehold	14,476.40	-	-	14,476.40	-	-	-	-	14,476.40
- Leasehold*	2,713.53	-	-	2,713.53	31.50	31.50	-	63.00	2,650.53
(b) Buildings	4,774.08	51.18	-	4,825.26	211.69	211.82	-	423.51	4,401.75
(c) Plant and Machinery	8,628.93	1,455.42	43.89	10,040.46	1,867.43	1,376.10	13.56	3,229.97	6,810.49
(d) Furniture and Fixtures	118.69	39.14	-	157.83	28.60	26.79	-	55.39	102.44
(e) Vehicles	119.28	20.63	1.21	138.70	23.22	27.86	0.92	50.16	88.54
(f) Office Equipment	183.48	162.97	-	346.45	26.34	49.56	-	75.90	270.55
	31,014.39	1,729.34	45.10	32,698.63	2,188.78	1,723.63	14.48	3,897.93	28,800.70

* Possession of leasehold land is transferable at the end of the base term unless renewed.

2B INTANGIBLE ASSETS

(All Amounts in ₹ Lakhs unless otherwise stated)

Description	Gross Carrying Amount				Depreciation/Amorization				Net Carrying Amount
	As at 01.04.2018	Additions	Disposals	As at 31.03.2019	As at 31.03.2018	Charge During the year	Disposal	Up to 31.03.2019	As at 31.03.2019
(a) Technical Knowhow	1,379.41	1,700.00	-	3,079.41	105.97	128.23	-	234.20	2,845.21
(b) Computer Software	146.94	26.56	-	173.50	70.05	38.61	-	108.66	64.85
	1,526.35	1,726.56	-	3,252.91	176.02	166.84	-	342.86	2,910.06

Description	Gross Carrying Amount				Depreciation/Amorization				Net Carrying Amount
	As at 01.04.2017	Additions	Disposals	As at 31.03.2018	As at 31.03.2017	Charge During the year	Disposal	Up to 31.03.2018	As at 31.03.2018
(a) Technical Knowhow	762.41	617.00	-	1,379.41	29.08	76.89	-	105.97	1,273.44
(b) Computer Software	46.11	100.83	-	146.94	32.42	37.63	-	70.05	76.89
	808.52	717.83	-	1,526.35	61.50	114.52	-	176.02	1,350.33

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019 (CONTD)

(All Amounts in ₹ Lakhs unless otherwise stated)

	As at 31 st March 2019	As at 31 st March 2018
3 Investments		
Equity instruments - Unquoted		
Subsidiary Companies		
a) 16,35,217 (Previous Year 16,35,217) Equity Shares of Ucal Polymer Industries Limited	571.59	571.59
b) 1,000 (Previous Year 1,000) Equity Shares of UCAL Holdings Inc. (Previously Amtec Precision Products Inc.,) of USD 0.01/- each	20,877.28	20,877.28
Sub Total	<u>21,448.87</u>	<u>21,448.87</u>
Investments measured at Fair Value through Profit and Loss		
Equity Shares		
Unquoted		
c) 600 (Previous Year 600) Equity Shares of ₹10/- each of Suryadev Alloys and Power Private Limited	0.82	0.82
Sub Total-Unquoted shares	<u>21,449.69</u>	<u>21,449.69</u>
Investments measured at Fair Value through Profit and Loss		
Equity Shares		
Quoted		
(a) HDFC Bank Limited 9,500 fully paid up shares of ₹ 2/- each)	220.30	179.17
(b) The Karnataka Bank Limited (3,367 fully paid up equity shares of ₹ 10/- each)	4.50	3.87
(c) Industrial Development Bank of India Limited (15,578 fully paid up shares of ₹ 10/- each)	7.26	11.25
(d) Corporation Bank Limited (1,000 fully paid shares of ₹ 10/- each)	0.29	0.06
Sub Total-Quoted shares	<u>232.34</u>	<u>194.35</u>
Total	<u>21,682.03</u>	<u>21,644.04</u>
Aggregate amount of Unquoted Investments	21,449.69	21,449.69
Aggregate amount of Quoted Investments at Market Value	232.34	194.35
Aggregate amount of Quoted Investments at cost	4.52	4.52
4 Loans and Advances		
(a) Secured, Considered Good	-	-
(b) Unsecured, Considered Good		
(i) Security Deposits	163.83	150.28
(c) Loans with significant increase in credit risk	-	-
(d) Loan Receivables - Credit impaired	-	-
Total	<u>163.83</u>	<u>150.28</u>

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019 (CONTD)

(All Amounts in ₹ Lakhs unless otherwise stated)

	As at 31 st March 2019	As at 31 st March 2018
5 Deferred Tax		
Deferred Tax Asset		
(a) Unabsorbed Losses	2,108.32	3,403.61
(b) Disallowed Employee Benefit Expenses	62.13	169.47
(c) MAT Credit	722.95	-
(A) Sub-Total	2,893.40	3,573.08
Deferred Tax Liability		
(d) Depreciation	1,388.44	894.71
(e) MTM Gain on Fair Valuation Investment	3.26	-
(B) Sub-Total	1,391.70	894.71
Net Deferred Tax Asset/(Liability)	1,501.70	2,678.37

Movement in Deferred Tax	Depreciation	Others	Total
As at 31st March 2017-(Liability)/Asset (Charged)/ Credited:			(402.31)
- To Profit and Loss	(377.78)	3,413.48	3,035.70
- To Other Comprehensive Income		44.99	44.99
As at 31st March 2018-(Liability)/Asset			2,678.37
- To Profit and Loss	(1,158.94)	(3.26)	(1,162.20)
- To Other Comprehensive Income		(14.46)	(14.46)
As at 31st March 2019-(Liability)/Asset			1,501.70

	As at 31 st March 2019	As at 31 st March 2018
6 Other Non-current Assets		
(a) Capital Advances to related parties	2,100.00	2,100.00
(b) Advance Income Tax and TDS Receivable (Net of Provisions)	1,924.37	1,671.03
Total	4,024.37	3,771.03
7 Inventories		
(As certified by the management)		
(a) Raw Materials and Components	1,853.52	1,703.65
(b) Work-in-progress	460.05	554.42
(c) Finished goods	647.38	583.42
(d) Stores & Spares	68.27	71.54
(e) Tools & Consumables	1,769.22	1,933.62
Total	4,798.44	4,846.65

Please refer note 1(n) for valuation of inventories.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019 (CONTD)

(All Amounts in ₹ Lakhs unless otherwise stated)

	As at 31 st March 2019	As at 31 st March 2018
8 Trade Receivables		
(a) Trade Receivables considered good - secured	-	-
(b) Trade Receivables considered good - unsecured	8,184.02	8,791.67
(c) Trade Receivables which have significant increase in Credit Risk	-	-
(d) Trade Receivables - Credit impaired	-	-
	<u>8,184.02</u>	<u>8,791.67</u>
Less: Allowance for Doubtful Debts	-	-
Total	<u>8,184.02</u>	<u>8,791.67</u>
9 Cash and Cash Equivalents		
Cash on hand	8.24	9.36
Balances with banks in Current Accounts	122.07	201.67
Total	<u>130.31</u>	<u>211.03</u>
10 Other Bank balances		
(With more than 3 months and upto 12 months maturities)		
(a) Fixed Deposit held under lien by Bank as Margin Money	0.63	7.01
(b) Unpaid Dividend Account Balances	47.03	59.16
Total	<u>47.66</u>	<u>66.17</u>
11 Loans and Advances - Current		
(a) Secured, Considered Good	-	-
(b) Unsecured, Considered Good		
(i) Loans and Advances to related parties	-	-
(ii) Security Deposits	248.50	304.39
(c) Loans with significant increase in credit risk	-	-
(d) Loan Receivables - Credit impaired	-	-
Total	<u>248.50</u>	<u>304.39</u>

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019 (CONTD)

(All Amounts in ₹ Lakhs unless otherwise stated)

	As at 31 st March 2019	As at 31 st March 2018
12 Other Financial Assets-Current		
(a) Claims Receivable	20.94	38.01
Total	20.94	38.01
13 Other Current Assets		
Advances to Suppliers	758.93	1,022.59
Prepaid Expenses	35.15	32.39
Staff Advances	0.08	1.88
Balances with GST Authorities	481.17	181.16
Total	1,275.33	1,238.02
14 Equity Share Capital		
(a) Authorised Capital	7,500.00	7,500.00
7,50,00,000(7,50,00,000) Equity Shares of ₹ 10/- each	7,500.00	7,500.00
(b) Issued, Subscribed and Paid Up Capital		
2,21,13,625(2,21,13,625) Equity Shares of ₹ 10/- each fully paid	2,211.36	2,211.36
Total	2,211.36	2,211.36

(c) Reconciliation of Number of Shares:

Equity Shares:

Particulars	2018-19		2017-18	
	No. of Shares	Amount	No. of Shares	Amount
Balance as at the Beginning of the Year	2,21,13,625	2,211.36	2,21,13,625	2,211.36
Add: Issue of Shares	-	-	-	-
Balance as at the End of the Year	2,21,13,625	2,211.36	2,21,13,625	2,211.36

(d) 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.

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

Name of the Shareholder	As at 31 st March 2019		As at 31 st March 2018	
	No. of Shares	%	No. of Shares	%
Carburettors Limited	1,13,20,089	51.19%	1,13,20,089	51.19%
Southern Ceramics Private Limited	15,58,515	7.05%	15,58,515	7.05%
Minica Real Estates Private Limited	13,41,882	6.07%	13,41,882	6.07%

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019 (CONTD)

(All Amounts in ₹ Lakhs unless otherwise stated)

- (f) No shares were allotted as fully paid bonus shares during the 5 years immediately preceding 31.03.2019. No Shares were bought back during the preceding 5 previous years and no shares were allotted for non-cash consideration during the 5 years immediately preceding 31.03.2019.

(g) Shareholding of Group Companies

Category	As at 31 st March 2019	As at 31 st March 2018
Shares held by Holding Company	51.19%	51.19%
	As at 31 st March 2019	As at 31 st March 2018
15 Other Equity (Refer Statement of Changes in Equity)		
(a) General Reserve	16,571.82	16,571.82
(b) Capital Reserve	160.00	160.00
(c) Securities Premium	2,165.34	2,165.34
(d) Retained Earnings	21,316.27	20,060.19
Total	40,213.43	38,957.35

General Reserve:

General reserve is created out of profits transferred from retained earnings. General Reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income. It is a free reserve eligible for distribution to shareholders subject to the provisions of The Companies Act, 2013.

Capital Reserve:

Capital Reserve represents gains that are capital in nature.

Securities Premium:

Securities premium represents the amount collected from shareholders in excess of face value towards issue of share capital. Securities Premium can be utilized in accordance with The Companies Act 2013.

16 Non-Current Borrowings

Term Loans

Terms Loans (Secured) (Refer Note 43)

- From Banks

4,437.54 3,851.18

Deposits (Unsecured)

- Intercompany Deposits

- 433.00

Total

4,437.54 4,284.18

Please refer note 23 for current maturities of long term debt.

Period and continuing default on the balance sheet date- Nil

17 Trade Payables

(a) Total outstanding dues of Micro, Small and Medium Enterprises

- -

(b) Total outstanding dues of creditors other than Micro, Small and Medium Enterprises

- 662.79

Total

- 662.79

18 Other Non - Current Financial Liabilities

(a) Security Deposits

72.81 50.40

(b) Other Financial Liabilities

17.51 112.30

Total

90.32 162.70

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019 (CONTD)

(All Amounts in ₹ Lakhs unless otherwise stated)

	As at 31 st March 2019	As at 31 st March 2018
19 Non-Current Provisions		
Towards employee Benefit Obligations		
(a) Gratuity	443.18	375.55
(b) Compensated Absences	83.08	85.40
Total	526.26	460.95
20 Other Non-Current Liabilities		
Advances from Customers	-	9.77
Total	-	9.77
21 Current Borrowings		
(a) Loans Repayable on Demand		
- From Banks (Secured)	3,414.88	6,931.90
- From Other Parties	-	-
(b) Short Term Borrowings from Banks (Unsecured)	6,227.52	4,844.90
(c) Short Term Borrowings from Others (Unsecured)	708.20	1,031.97
Total	10,350.60	12,808.77
Please refer note 43 on security provided.		
22 Trade Payables-Current		
(a) Total outstanding dues of Micro, Small and Medium Enterprises	1,442.05	34.99
(b) Total outstanding dues of creditors other than Micro, Small and Medium Enterprises	10,585.82	10,789.41
Total	12,027.87	10,824.40
Disclosure requirement as per Schedule III		
(As certified by the management)		
i) Principal amount and the interest due thereon remaining unpaid to each supplier at the end of each accounting year.	1,442.05	34.99
ii) Interest paid by the company in terms of Section 16 of Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of payment made to the supplier beyond the appointed day during each accounting year.	NIL	NIL
(iii) Interest due and payable for the year of delay in making payment which have been paid but beyond the appointed day during the year without payment of interest specified under Micro, Small and Medium Enterprises Development Act, 2006.	NIL	NIL
iv) Interest accrued and remaining unpaid at the end of each accounting year.	NIL	NIL

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019 (CONTD)

(All Amounts in ₹ Lakhs unless otherwise stated)

	As at 31 st March 2019	As at 31 st March 2018
23 Other Financial Liabilities		
(a) Current Maturities of Long-term debt	2,754.21	2,620.05
(b) Interest Accrued but not due on Borrowings	68.93	61.87
(c) Unclaimed Dividend	47.03	59.16
(d) Employee Dues	878.17	762.80
(e) Other Current Financial Liabilities	288.03	453.55
Total	4,036.37	3,957.43
24 Other Current Liabilities		
(a) Advance Received from Customers	-	4.50
(b) Statutory Dues	756.24	781.57
(c) Other Liabilities	-	51.40
Total	756.24	837.47
25 Provisions-Current		
(a) Provision for Employee Benefits		
(i) Gratuity	54.78	82.44
(ii) Compensated Absences	13.99	17.03
Total	68.77	99.47
	Year ended 31st March 2019	Year ended 31st March 2018
26 Revenue From Operations		
(a) Sale of Products*	59,272.21	59,017.34
(b) Other Operating Revenues*	340.77	343.77
Total	59,612.98	59,361.11
* GST was implemented with effect from 1 st July 2017 and is not included in the turnover. Therefore, turnover of 2017-18 is not compatible with 2018-19.		
27 Other Income		
(a) Interest Income	1.91	11.47
(b) Dividend Income	83.00	82.81
(c) Rental Income	130.24	117.49
(d) Profit on Sale of Property, Plant & Equipment	14.11	2.95
(e) MTM - Investment measured at Fair Value through Profit or Loss	37.99	40.77
(f) Government Grant	-	27.49
(g) Other Non Operating Income	123.86	173.42
Total	391.11	456.40

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019 (CONTD)

(All Amounts in ₹ Lakhs unless otherwise stated)

	Year ended 31 st March 2019	Year ended 31 st March 2018
28 Employees Cost & Benefits		
(a) Salaries and Wages	7,139.38	7,199.63
(b) Contribution to Provident and Other Funds	511.09	533.59
(c) Staff Welfare Expenses	545.15	605.66
Total	8,195.62	8,338.88
29 Finance Costs		
(a) Interest expenses	2,233.35	2,170.73
(b) Other Borrowing Cost	61.80	50.17
Total	2,295.15	2,220.90
30 Depreciation and amortisation expense		
(a) Depreciation of Property, Plant and Equipment	1,601.56	1,745.49
(b) Amortisation of Intangible Assets	166.83	92.66
Total	1,768.39	1,838.15
31 Other Expenses		
Tools and stores consumed	2,720.17	2,830.53
Power & Fuel	1,944.00	1,783.14
Repairs & Maintainance		
- Building	15.34	44.61
- Plant & Machinery	331.60	293.12
- Others	333.13	374.99
Postage, Telephone, Fax, etc.	84.11	78.58
Insurance	74.40	69.94
Rates and Taxes	42.80	40.02
Rent	607.28	473.19
Directors Sitting Fees	8.65	11.10
Auditors Remuneration		
- For Audit Fees	17.50	21.88
- For Certificates	0.33	2.26
- For other services-Limited review	2.25	1.00
- For out of pocket expenses	1.26	0.82
Travelling Expenses	693.48	603.76
Packing Charges	398.11	413.93
Sub-Contract Charges	315.63	331.50
Carriage Outwards	560.70	555.33
Professional Charges	672.58	512.84
Corporate Social Responsibility	5.01	60.94
Exchange Loss	87.80	35.78
Loss on Sale of Fixed Assets	5.01	21.49
Other Expenses	1,229.93	1,115.07
Total	10,151.05	9,675.80

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019 (CONTD)

(All Amounts in ₹ Lakhs unless otherwise stated)

	Year ended 31 st March 2019	Year ended 31 st March 2018
32 Income Tax Expenses		
(a) Income Tax Expense		
Current Tax		
Current Tax on Profits for the year - MAT	965.23	-
Sub-Total (A)	965.23	-
Deferred Tax		
Decrease /(Increase) in deferred tax assets - MAT Credit	(722.95)	-
Decrease /(Increase) in deferred tax assets - Other	1,402.63	(3,458.47)
(Decrease) /Increase in deferred tax liabilities	496.99	377.78
Sub-Total (B)	1,176.67	(3,080.69)
(A)+(B)	2,141.90	(3,080.69)
Less -Tax Expense in OCI	(14.46)	44.99
Income Tax Expense	2,127.44	(3,035.70)
(b) Reconciliation of tax expense and the accounting profit multiplied by India's Tax Rate		
Profit before Income Tax Expense	6,005.70	(8,967.97)
Tax at Indian Tax Rate of 34.94% (34.61%)	2,098.39	(3,103.64)
Deduction under Scientific and Research Expenditure Sec 35(2AB)	(401.60)	(248.14)
Income Tax impact of difference between Book Depreciation and Depreciation under Tax Laws	(145.34)	(38.97)
Expenses not allowed under the Income Tax Act, 1961	15.51	43.13
Incomes not chargeable to Tax	(47.20)	(55.99)
Carried Forward as Business Loss	-	3,403.61
Loss brought forward set-off - Regular Provisions	(1,473.59)	-
Minimum Alternate Tax u/s. 115JB	1,245.81	-
Loss brought forward set-off - MAT	(326.75)	-
Current Tax	965.23	-
Deferred Tax on Business Loss (Created)/Charged	1,295.29	(3,403.61)
Deferred Tax Other Items	589.87	367.91
Minimum Alternate Tax Credit u/s. 115JAA	(722.95)	-
Income Tax Expense	2,127.44	(3,035.70)
Effective Rate of Tax	35.42%	33.85%
33 Earnings per share (EPS) calculation (basic and diluted) :		
a) Amount used as the numerator Profit after taxation	3,878.26	(5,932.27)
b)Weighted average number of equity shares used as denominator (nos.)	2,21,13,625	2,21,13,625
c) Nominal value of shares	2,211.36	2,211.36
d)Earnings per share	17.54	(26.83)

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019 (CONTD)

34. Investment in Equity:

The company has equity investment aggregating ₹ 20,877.28 Lakhs in UCAL Holdings Inc., USA (Previously Amtec Precision Products Inc.,) a wholly owned subsidiary. As per the audited financial statements, the subsidiary company has earned net profit during the last two years. It has restructured its loan, improved fund availability and its operational performance. The management is hopeful that the subsidiary company will turn around and will continue to register the positive performance. Taking into consideration the current trends established towards positive performance, no provision is considered necessary at this stage in respect of diminution in value of investment.

35. Windmill Power Generation:

Electricity charges debited to Profit & Loss account is net of ₹ 110.95 Lakhs (Previous Year ₹ 127.85 Lakhs) being the electricity generated through company owned Wind Turbine Generators.

36. Managerial Remuneration:

Managerial Remuneration provided/ paid for the year ended 31st March 2019 based on the approval of the shareholders in the AGM held on 30th September 2016 stands at ₹ 283.63 Lakhs (including a sum of ₹ 69.14 Lakhs provided and yet to be paid)

37. Deferred Tax

The Deferred tax Asset of INR 1,501.70 Lakhs has been recognized in the financials. The management firmly believes that adequate taxable profit would be earned in the years to come other than the reversal of taxable timing differences.

38. Fair Value Measurements:

Classification of Financial Instruments:

(All Amounts in ₹ Lakhs unless otherwise stated)

Description	As at 31 st March 2019		As at 31 st March 2018	
	FVTPL*	Amortized Cost	FVTPL*	Amortized Cost
Financial Assets				
Investments				
Equity Instruments	233.16		195.17	
Security Deposits		412.33		454.67
Loans				-
Trade Receivables		8,184.02		8,791.67
Cash and Cash Equivalents		130.31		211.03
Other Financial Assets		68.61		104.18
Total	233.16	8,795.27	195.17	9,561.55
Financial Liabilities				
Borrowings		17,542.35		19,713.00
Trade Payables		12,027.87		11,487.19
Other Financial Liabilities		1,372.48		1,500.08
Total		30,942.70		32,700.27

*FVTPL=> Fair Value through Profit and Loss

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019 (CONTD)

a. Financial Assets and Liabilities not carried at Fair Values:

The management considers that the carrying amount approximates the fair value in respect of financial assets and financial liabilities carried at amortized cost, such fair values have been computed using Level 3 inputs.

b. Assets and Liabilities that are measured at Fair Value on a recurring basis: (₹ in Lakhs)

Description	Fair Value Hierarchy	As at 31 st March 2019	As at 31 st March 2018
Equity Instruments			
HDFC Bank Limited	Level 1	220.30	179.17
The Karnataka Bank Limited	Level 1	4.50	3.87
Industrial Development Bank of India Limited	Level 1	7.27	11.25
Corporation Bank Limited	Level 1	0.29	0.06
Suryadev Alloys and Power Private Limited	Level 3	0.82	0.82
Total		233.16	195.17

Fair Value Hierarchies as per Indian Accounting Standard 114 – Fair Value measurement:

Level 1: Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. The asset included in this hierarchy are listed equity shares that are carried at fair value using the closing prices of such instruments as at the close of the reporting period.

Level 2: Level 2 hierarchy uses inputs that are inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly. As on the balance sheet date there were no assets or liabilities for which the fair values were determined using Level 2 hierarchy.

Level 3: Level 3 hierarchy uses inputs that are unobservable for determination of fair value. Level 3 inputs were used in determination of fair value of investment in unquoted equity shares.

There were no transfers between fair value hierarchies during the reported years. The company's policy is to recognize transfers in and transfers out of fair value hierarchy levels as at the end of the reporting period.

39. Financial Assets Risk Management:

The company is exposed to risks in the form of Market Risk, Liquidity Risk and Credit Risk. The risk management policies of the company are monitored by the board of directors. The nature and extent of risks have been disclosed in this note.

a) Market Risk

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

i) Currency Risk:

The company has foreign currency receivable and payables denominated in currency other than INR exposing the company to currency risk. The company's significant foreign currency exposures at the end of the reporting period expressed in INR is as below:

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019 (CONTD)

(₹ in Lakhs)

Particulars	As at 31 st March 2019			As at 31 st March 2018		
Currency	EUR	USD	JPY	EUR	USD	JPY
Financial Assets						
Trade Receivables	106.84	1.68	36.94	251.17	14.22	41.61
Loans and Advances						
Total (A)	106.84	1.68	36.94	251.17	14.22	41.61
Financial Liabilities						
OIF Term Loan		691.71			1,821.23	
Trade Payables		90.72	91.27	0.35	36.28	46.57
Total (B)		782.43	91.27	0.35	1,857.51	46.57
Net Exposure (A) – (B)	106.84	(780.75)	(54.33)	250.82	(1,843.29)	(4.96)

The company is exposed to foreign currency risk as it does not hold any forward contracts for hedging the risk. Any weakening in the functional currency might increase the cost of imports and borrowing cost towards buyer's credit.

Sensitivity Analysis

The sensitivity of profit or loss and equity to changes in the USD exchange rate arises mainly from foreign currency denominated financial instruments as disclosed above and has been computed in assuming a 5% increase or decrease in the exchange rate:

(₹ in Lakhs)

	Impact on Profit after Tax*		Impact on Equity*	
	As at 31 st March 2019	As at 31 st March 2018	As at 31 st March 2019	As at 31 st March 2018
USD Sensitivity				
INR/USD increases by 5%	(25.39)	(60.27)	(25.39)	(60.27)
INR/USD decreases by 5%	25.39	60.27	25.39	60.27
EUR Sensitivity				
INR/ EUR increases by 5%	3.47	8.20	3.47	8.20
INR/ EUR decreases by 5%	(3.47)	(8.20)	(3.47)	(8.20)
JPY Sensitivity				
INR/JPY increases by 5%	(1.77)	(0.16)	(1.77)	(0.16)
INR/ JPY decreases by 5%	1.77	0.16	1.77	0.16

*Holding all other variable constant. In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019 (CONTD)

ii) Interest Rate Risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The company has availed loans at floating interest rate exposing the company to interest rate risk. The company has not hedged its interest rate risk using interest rate swaps and is exposed to the risk. The total exposure of the company to interest rate risk as at the balance sheet date has been disclosed below:

(₹ in Lakhs)

	As at 31 st March 2019		As at 31 st March 2018	
	INR	%	INR	%
Variable Rate Borrowings	17,542.35	100.00	19,712.98	100.00
Fixed Rate Borrowings	-	-	-	-
Total	17,542.35	100.00	19,712.98	100.00

Sensitivity Analysis:

The sensitivity to the changes in the interest rate have been determined by assuming that the amount of liability as at the end of the reporting period was outstanding throughout the year. A 50-basis points fluctuation has been used to demonstrate the sensitivity of profit or loss and equity to interest rate holding all other variables constant.

(₹ in Lakhs)

	Impact on Profit after tax and Equity	
	Year ended 31 st March 2019	Year ended 31 st March 2018
Interest rate increases by 50 bps	(57.05)	(64.45)
Interest rate decreases by 50 bps	57.05	64.45

iii) Equity Price Risk:

Investments in equity instruments of the subsidiary companies are not held for trading and are carried at cost, hence are not exposed to equity price risk. The company holds certain investments in equity instruments that are quoted in stock exchanges and such investments are designated as measured at fair value through profit and loss statement exposing the company to equity price risk. Exposure to Equity price risk was ₹ 232.35 Lakhs (₹ 194.35 Lakhs).

Sensitivity Analysis:

(₹ in Lakhs)

	Impact on Profit and Equity As at 31 st March 2019*	Impact on Profit and Equity As at 31 st March 2018*
5% increase in Equity Prices	11.62	9.72
5% Decrease in Equity Prices	-11.62	-9.72

*Before tax

b) Liquidity Risk:

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The company has obtained fund and non-fund based working capital limits from various bankers which is used to manage the liquidity position and meet obligations on time.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019 (CONTD)

Maturity Analysis of Non-Derivative Financial Liabilities:

(₹ in Lakhs)

	Due in 1 st Year	Due between 1 to 5 years	Carrying Amount as on 31 st March 2019
March 31st 2019			
Borrowings	13,104.81	4,437.54	17,542.35
Trade Payables	12,027.87	-	12,027.87
Other Financial Liabilities	1,282.16	90.32	1,372.48
Total	26,414.84	4,527.86	30,942.70

c) Credit Risk:

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The management evaluates the credit risk of individual financial assets at each reporting date. An expected credit loss is recognized if the credit risk has increased significantly since the initial recognition of the financial instrument. In general, the company assumes that there has been a significant increase in credit risk since initial recognition if the amounts are 30 days past due from the initial or extended due date. However, in specific cases the credit risk is not assessed to be significant even if the asset is due beyond a period of 30 days depending on the credit history of the customer with the company and business relation with the customer. A default on a financial asset is when the counter party fails to make contractual payments within 1 year from the date they fall due from the initial or extended due date. The definition of default is adopted given the industry in which the entity operates.

Write-off of Financial Assets:

To the extent a financial asset is irrecoverable, it is written off by recognizing an expense in the statement of profit and loss. Such assets are written off after obtaining necessary approvals from appropriate levels of management when it is estimated that there is no realistic probability of recovery and the amount of loss has been determined. Subsequent recoveries, if any of amounts previously written off are recognized as an income in the statement of profit and loss in the period of recovery.

The company considers the following to be indicators of remote possibility of recovery:

- the counterparty is in continuous default of principal or interest payments
- the counterparty has filed for bankruptcy
- the counterparty has been incurring continuous loss during its considerable number its past accounting periods

The company assesses changes in the credit risk of a financial instrument taking into consideration ageing of bills outstanding on the reporting date, responsiveness of the counterparty towards requests for payment, forward looking information including macroeconomic information and other party specific information that might come to the notice of the company. In general, it is assumed that the counterparty continues his credit habits in future.

During the year 2017-18, the company wrote off ₹ 2,854.06 Lakhs of Trade Receivables and ₹ 12,337.79 Lakhs of loan receivable from Ucal Holding Inc., (Previously Amtec Precision Products Inc.. The company is corresponding with RBI and AD Bank to secure approval for the said write-off.

The company does not hold any security/collateral against its trade receivables, lease receivables, loans and deposits.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019 (CONTD)

Credit Exposures:

The company categorises the financial assets into following classes based on credit risk:

Grade	Description	Extent of Loss recognized
A	High Quality Asset, the risk of default is negligible or nil	12 month expected Credit Loss
B	Standard Asset, the risk of default is low and the counterparty has sufficient financial strength to meet the obligations	12 month expected Credit Loss
C	Low Quality Asset, the risk of default is considerable and there has been a significant increase in the credit risk since initial recognition	Life Time Expected Credit Losses
D	Possibility of recovery is negligible and the asset is written off	Asset is written off

Gradewise credit risk exposure on the reporting date:

(₹ in Lakhs)

Grade	As at 31 st March 2019					As at 31 st March 2018				
	Equity Instruments	Security Deposits	Cash and Bank Balances	Trade and Lease Receivables	Other Financial Assets	Equity Instruments	Security Deposits	Cash and Bank Balances	Trade and Lease Receivables	Other Financial Assets
A	233.16	412.33	177.98	8184.02	20.94	195.17	454.67	277.20	8,791.67	38.01
B	-	-	-	-	-	-	-	-	-	-
C	-	-	-	-	-	-	-	-	-	-

*Expected credit losses, if any were measured on a 12th month estimate basis except for trade receivables classified in Grade C as on 31st March 2018 & 31st March 2019 where ECL is measured on life time basis.

40. Capital Management:

The company manages its capital to ensure the continuation of going concern, to meet the funding requirements and to maximize the return to its equity shareholders. The company is not subject to any capital maintenance requirement by law. Capital budgeting is being carried out by the company at appropriate intervals to ensure availability of capital and optimization of balance between external and internal sources of funding. The capital of the company consists of equity shares and accumulated internal accruals. Changes in the capital have been disclosed with additional details in the Statement of Changes in Equity.

41. Employee Benefit Obligations:

Defined benefit as per actuarial Valuation:

(₹ in Lakhs)

Particulars	Gratuity			Leave Salary		
	Present Value of Obligation	Fair Value of Plan Assets	Net Amount	Present Value of Obligation	Fair Value of Plan Assets	Net Amount
As at 1 st April 2017	853.83	592.30	261.53	68.81	-	68.81
Current service cost	70.94	-	70.94	31.22	-	31.22
Interest expense/(income)	64.84	44.98	19.86	4.81	-	4.81
Total amount recognized in profit and loss account	135.78	44.98	90.80	36.03	-	36.03
Remeasurements						
Return on plan assets, excluding amounts included in interest expense/(income)	-	(0.80)	0.80	-	-	-
(Gain)/loss from change in financial assumptions	-	-	-	(13.56)	-	(13.56)

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019 (CONTD)

Particulars	Gratuity			Leave Salary		
	Present Value of Obligation	Fair Value of Plan Assets	Net Amount	Present Value of Obligation	Fair Value of Plan Assets	Net Amount
Experience (gains)/losses	120.96	-	120.96	21.81	-	21.81
Total amount recognized in other comprehensive income	120.96	(0.80)	121.76	8.25	-	8.25
Employer contributions	-	16.10	(16.10)	-	-	-
Benefit payments	(35.47)	(35.47)	-	(10.66)	-	(10.66)
As at 31st March 2018	1,075.10	617.11	457.99	102.43	-	102.43
As at 1st April 2018	1,075.10	617.11	457.99	102.43	-	102.43
Current service cost	68.44	-	68.44	14.26	-	14.26
Interest expense/(income)	81.65	46.87	34.78	7.78	-	7.78
Total amount recognized in profit and loss account	150.09	46.87	103.22	22.04	-	22.04
Remeasurements						
Return on plan assets, excluding amounts included in interest expense/(income)	-	-	-	-	-	-
(Gain)/loss from change in financial assumptions	-	-	-	21.53	-	21.53
Experience (gains)/losses	(63.26)	-	(63.26)	0.34	-	0.34
Total amount recognized in other comprehensive income	(63.26)	-	(63.26)	21.87	-	21.87
Employer contributions	-	-	-	-	-	-
Benefit payments	(52.05)	(52.05)	-	(49.25)	-	(49.25)
As at 31st March 2019	1,109.89	611.94	497.95	97.09	-	97.09

* Gratuity plan is funded with a cash accumulation plan in LIC whereas leave encashment plan is not funded

Significant Assumptions made for the valuation of Defined benefit Obligations include:

Assumptions	As at 31 st March 2019	As at 31 st March 2018
	%	%
Discount Rate	7.60%	7.60%
Salary Growth Rate	5.00%	5.00%
Mortality Rate (% of IALM 06-08)	100.00%	100.00%
Attrition Rate	8.00%	8.00%

Risk Exposure:

Valuations of defined employee benefit obligations are performed on certain basic set of pre-determined assumptions and other regulatory framework which may vary over time. Thus, the company is exposed to various risks in providing the above gratuity benefit which are as follows:

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019 (CONTD)

In addition to Interest Rate risk and liquidity risk explained in the Note No. 39 the company is also exposed to the below risks on account of valuation of defined benefit obligations:

- a) **Salary Escalation Risk:** The present value of the defined benefit plan is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.
- b) **Demographic Risk:** The Company has used certain mortality and attrition assumptions in valuation of the liability. The Company is exposed to the risk of actual experience turning out to be worse compared to the assumptions.
- c) **Regulatory Risk:** Gratuity benefit is paid in accordance with the requirements of the Payment of Gratuity Act, 1972 (as amended from time to time). There is a risk of change in regulations requiring higher gratuity payouts (e.g. Increase in the maximum limit on gratuity payout).
- d) **Investment Risk:** The probability or likelihood of occurrence of losses relative to the expected return on any particular investment.

Sensitivity Analysis

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below have been determined based on reasonably possible changes of the assumption so occurring at the end of the reporting period, while holding all other assumptions constant. The results of sensitivity analysis are given below:

(₹ in Lakhs)

Particulars	As at 31 st March 2019		As at 31 st March 2018	
Defined Benefit Obligation (Base)	1109.89		1075.11	

Particulars	31 st March 2019		31 st March 2018	
	Decrease	Increase	Decrease	Increase
Discount Rate (- / + 1%)	1,188.32	1,039.75	1,148.43	1,009.68
(% change compared to base due to sensitivity)	7.10%	-6.30%	6.80%	-6.10%
Salary Growth Rate (- / + 1%)	1,037.49	1,189.53	1,007.55	1,149.60
(% change compared to base due to sensitivity)	-6.50%	7.20%	-6.30%	6.90%
Attrition Rate (- / + 50% of attrition rates)	1,055.88	1,147.51	1,022.03	1,111.58
(% change compared to base due to sensitivity)	-4.90%	3.40%	-4.90%	3.40%
Mortality Rate (- / + 10% of mortality rates)	1,109.49	1,110.29	1,074.73	1,075.48
(% change compared to base due to sensitivity)	0.00%	0.00%	0.00%	0.00%

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019 (CONTD)

42. Related Party Disclosure:

1) List of Related Parties where control exists

a) Holding Company

Carburettors Limited

b) Subsidiaries

Ucal Polymer Industries Limited (UPIL)

UPIL, USA (Wholly Owned subsidiary of UPIL)

Ucal Holdings Inc (Previously Amtec Precision Products Inc., USA)

Ucal Systems Inc (Previously North American Acquisition Corporation) (Wholly owned subsidiary of Amtec)

Amtec Molded Products Inc., USA (Wholly Owned subsidiary of Amtec)

2) Other Related Parties

a) Fellow Subsidiaries

RD Electrocircuits Private Limited

b) Key Managerial Personnel

Mr. Jayakar Krishnamurthy – Chairman and Managing Director

Mr. Ram Ramamurthy – Whole Time Director and Chief Financial Officer

Ms. Rekha Raghunathan – Director and Company Secretary

c) Enterprises controlled or jointly controlled by KMP or directors

Minica Real Estates Private Limited

Bangalore Union Services Private Limited

Sujo Land and Properties Private Limited

UCAL-JAP Systems Limited

Minica Services Private Limited

Southern Ceramics Private Limited

d) Relatives of Key Managerial Personnel

(i) Dr. V. Krishnamurthy

(ii) Mr. Aditya Jayakar

e) Entities controlled by relatives of KMP

(i) Magnetic Meter Systems (India) Limited

(ii) Bharat Technologies Auto Components Limited

f) Entities in which KMP or relatives are trustees or members of managing committee

(i) Culture and Heritage Trust of Karuveli

(ii) Dr. V. Krishnamurthy Educational Foundation

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

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019 (CONTD)

3) Transactions with related parties

(₹ in Lakhs)

Transactions during the year 2018-19	Holding Company	Subsidiaries	Other Related Enterprises	KMP*	Relatives of KMP*
Outstanding payables	NIL (21.57)	2,289.88 (1,735.47)	442.00 (449.71)	69.15 (37.29)	9.82 (7.02)
Outstanding Receivables			2,113.63 (2,173.79)		
Guarantees given		448.40 (448.40)			
Purchase of materials		5,906.98 (4,972.72)	324.12 (284.54)		
Purchase of intangible assets			1,700.00 (617.00)		
Consultancy charges paid					90.67 (78.00)
Repairs & maintenance			NIL (37.45)		
Trade Receivables written-off		NIL (2,854.06)			
Loans given written-off		NIL (12,337.79)			
Rent Received		1.20 (1.20)			
Rent paid			576.00 (421.70)		
Managerial Remuneration (Directors)**				316.08 (285.95)	
Remuneration to key managerial personnel other than directors**				29.55 (26.79)	
Interest Paid			14.91 (51.96)		
Sale of goods		5.93 (10.08)	0.01 (2.58)		
Sale of Fixed Assets		5.71 NIL	- -		
CSR Expenditure			NIL (60.94)		
Dividend paid	1,132.00 (566.00)		331.70 (165.85)	35.38 (17.71)	54.84 (27.40)
Dividend received		81.76 (82.81)			

** Remuneration paid

(₹ in Lakhs)

Particulars	Chairman and Managing Director	Whole Time Director and Chief Financial Officer	Company Secretary
Name	Mr. Jayakar Krishnamurthy	Mr. Ram Ramamurthy	Ms. Rekha Raghunathan
Short Term Employee Benefits	260.41	29.10	28.44
Post-employment Benefits			
- Provident Fund	10.32	3.35	1.11
- Superannuation Fund	12.90	-	-
Other Long-Term Benefits	-	-	-

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019 (CONTD)

43. Borrowings:

(₹ in Lakhs)

Particulars	As at 31 st March 2019			Terms of Repayment	Details of Security Offered to the Lender
	Current Maturities	Non-Current Maturities	Total		
I. Non-Current Borrowings					
A. Secured Borrowings					
Term Loan I	1,500.00	2,000.00	3,500.00	Repayable in quarterly instalments of ₹100 Lakhs each. The period of maturity with reference to Balance Sheet date is 3 years. Rate of Interest-12.15%	Secured by first charge on fixed Assets (present & future) on pari passu basis with other term lenders except those assets specifically charged.
Term Loan II	562.50	2,437.50	3,000.00	Repayable in monthly instalments of ₹50 Lakhs each. The period of maturity with reference to Balance Sheet date is 3 months. Rate of interest-13.45%	Secured by pari passu first charge on the land at Bawal and exclusive charge on the Building ,Plant & Machinery at Bawal
OIF Term Loan	691.71	-	691.71	Repayable in 28 step-up quarterly instalments commencing from 2012-13. The period of maturity with reference to Balance Sheet date is 1.5 years.(6 instalments). Rate of conversion as on 31.03.2019-1\$=₹69.1713 Carries an interest rate of LIBOR+5%.	Secured by pari passu first charge on the entire moveable & immoveable fixed assets of UCAL, present & future, except those assets specifically charged.
Total	2,754.21	4,437.54	7,191.75		
II. Current Borrowings					
Loans repayable on Demand	3,414.87	-	3,414.87	Repayable on demand chargeable at 11.03%.	Working capital facilities from banks are secured by first charge on raw materials, work-in-progress, finished goods and book debts.
Short Term borrowings from Bank	6,227.52	-	6,227.52	Repayable within a year. Rate of interest 8.90% - 10.50%	Unsecured
Short Term Borrowings from Others	708.20	-	708.20	Repayable within a year. Rate of interest 10.50%	Unsecured
Total	10,350.60	-	10,350.60		

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019 (CONTD)

44. Contingent Liabilities, guarantees and Commitments not provided for:

Description	(₹ in Lakhs)	
	As at 31 st March 2019	As at 31 st March 2018
Claims against company not acknowledged as Debts		
i) Sales Tax/Tax	1,926.40	55.70
ii) Excise Duty	483.01	39.50
iii) Income Tax	239.88	150.17
iv) Claim of interest of bank	-	36.69
v) Right of recompense for restructured term loan account	-	125.00
vi) Land development charges claimed by HSIIDCL	104.82	-
Other moneys for which the company is contingently liable		
i) Guarantees given by the company to financial institution, with regard to credit facilities extended to M/s. UCAL Polymer Industries Limited, a wholly owned subsidiary	448.40	448.40
ii) Guarantees given by banks on behalf of the company	-	49.26
Commitment		
Estimated amount w.r.t contracts remaining to be executed on capital account, net of advances, not provided for	504.88	486.77

45. Expenditure Incurred on Research and Development: (claimed under Income Tax Act, 1961)

Particulars	(₹ in Lakhs)	
	For the year ended 31 st March 2019	For the year ended 31 st March 2018
A. Revenue Expenditure		
a) Material Consumed	2.04	4.55
b) Employee Benefit Expenditure	524.34	427.08
c) Other Expenses	684.25	646.12
Sub-Total – A	1,210.63	1,077.75
B. Capital Expenditure		
a) Land and Building	-	-
b) Plant and Machinery	19.70	45.38
c) Others	144.65	43.68
Sub-Total – B	164.35	89.06
Total R&D Expense - (A) + (B)	1,374.98	1,166.81

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019 (CONTD)

46. Disclosure made in terms of Regulation 34(3) of SEBI (LODR) Regulations 2015 (₹ in Lakhs)

S. No	Particulars	Name of the Company	Amount outstanding as at 31 st March 2019/ For 2018-19	Amount outstanding as at 31 st March 2018/ For 2017-18
1.	Loans and advances made to entity controlled by relatives of KMP	Bharat Technology Auto Components Limited	2,100	2,100
		Maximum amount due at any time during the year	2,100	2,100

47. Proposed Dividend and Tax thereon:

The board of directors in their meeting held on 27th May 2019, have proposed a dividend of INR 1,990.22 Lakhs (90% on the paid up equity share capital). Distribution of dividend is subject to approval by the shareholders in the annual general meeting. On distribution the company would be liable to pay a tax of INR 392.29 Lakhs as dividend distribution tax under section 115-O.

48. Corporate Social Responsibility:

Expenditure incurred on corporate social responsibility (CSR) activities:

(a) Gross amount required to be spent during the year is ₹ Nil (Previous Year ₹ 59.34 Lakhs)

(b) Amount spent during the year is ₹ Nil

(₹ in Lakhs)

Sl. No	Particulars	Year ended 31 st March 2019		Year ended 31 st March 2018	
		Spent upto Balance sheet date	Provided for	Spent upto Balance sheet date	Provided for
1.	Culture and Heritage Trust of Karuveli	NIL	NIL	15.94	NIL
2.	Dr. V. Krishnamurthy Educational Foundation	NIL	NIL	45.00	NIL
	Total	NIL	NIL	60.94	NIL

49. The company is engaged in the business of manufacture and sale of automotive components. There are no other reportable segments of operation of the company.

50. The balances outstanding as on 31st March 2019 in respect of Sundry Debtors, Loans & Advances and sundry creditors wherever not confirmed by them, insofar as they have not been subsequently recovered or adjusted are subject to confirmation or reconciliation.

Subject to the above, in the opinion of the board, current assets, loans and advances have a value on realization in the ordinary course of business at least equal to the amount at which they are stated. The provision for depreciation and for all other known liabilities is considered adequate and are not in excess of the amounts reasonable necessary.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019 (CONTD)

51. Previous year's figures have been regrouped wherever necessary to conform to current year's grouping.
52. The financial statements were approved for issue by the Board of Directors at their meeting held on 27th of May 2019.

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 R. SUBRAMANIAN AND COMPANY LLP

Chartered Accountants

FRN:004137S/S200041

K JAYASANKAR

PARTNER

M.NO. 014156

JAYAKAR KRISHNAMURTHY

CHAIRMAN AND MANAGING DIRECTOR

REKHA RAGHUNATHAN

DIRECTOR AND

COMPANY SECRETARY

RAM RAMAMURTHY

WHOLE TIME DIRECTOR AND

CHIEF FINANCIAL OFFICER

Place : Chennai

Date : 27th May 2019

Consolidated Financial Statements

M/S. R. SUBRAMANIAN AND COMPANY LLP
Chartered Accountants

No. 6(36), Krishnaswamy Avenue,
Mylapore, Chennai 600 004

**INDEPENDENT AUDITORS' REPORT FOR THE YEAR ENDED 31ST MARCH 2019
TO THE MEMBERS OF UCAL FUEL SYSTEMS LIMITED**

Report on the audit of Consolidated IndAS Financial Statements

Opinion

We have audited the accompanying Consolidated Ind AS Financial Statements of M/s. UCAL FUEL SYSTEMS LIMITED ("hereinafter referred to as the holding Company") and its subsidiary (the Holding Company and its subsidiary together referred to as "the group") comprising the Consolidated Balance Sheet as at March 31, 2019 and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), Consolidated Statement of Changes in Equity and the Statement of Consolidated Cash Flows for the year ended on that date and Notes to the Consolidated Financial Statements, including a summary of the Significant Accounting Policies and other explanatory information (hereinafter referred to as 'the consolidated IndAS Financial Statements').

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated IndAS Financial Statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the group as at March 31, 2019, the Consolidated Profit (Including Other Comprehensive Income), the Consolidated changes in Equity, and its Consolidated cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143 (10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Consolidated Financial Statements of the current period. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matters	Response to Key Audit Matters & Conclusion
1. Evaluation of uncertain tax positions The company has material uncertain tax positions including matters under dispute which involved significant judgement to determine the possible impact arising from the outcome of these disputes. Refer Note 41 to the standalone financial statements	Principal Audit Procedures We have carried out the validation of the information provided by the management by performing the following procedures :- Evaluating reasonableness of the underlying assumptions Examining the relevant documents on record Relying on relevant external evidence available including legal opinion, relevant judicial precedents and industry practices Getting management confirmation wherever necessary

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Companies Act, 2013 that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the

accounting principles generally accepted in India, including accounting standards specified under section 133 of the Act. The respective Board of Directors of the Companies included in the Group 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; 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 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.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors or one of us, such auditor remains responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

- (a) Financial statements / financial information of M/s. Ucal Holdings Inc., (Previously known as Amtec Precision Products Inc.,) a wholly owned foreign subsidiary, whose financial statements/financial information reflect total assets of ₹ 146.14 crores as at 31st March, 2019, total revenues of ₹ 277.83 crores and net cash inflow amounting to ₹ 1.28 crores for the year ended on that date, as considered in the consolidated financial statements were not audited by us. The financial information has been audited by other auditors whose reports have been furnished to us by the Management.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, we report, to the extent applicable, that:

- 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 the aforesaid consolidated financial statements.
- In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, the Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act.
- On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2019 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of

its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164 (2) of the Act

- (f) With respect to the adequacy of internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in 'Annexure A'.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group– Refer Note 41 to the consolidated financial statements.
 - ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.
 - 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 companies incorporated in India.

For M/s R. SUBRAMANIAN AND COMPANY LLP
Chartered Accountants
FRN: 004137S/S200041

Place: Chennai
Date: 27th May 2019

K JAYASANKAR
Partner
Membership No.014156
Chartered Accountants

**‘ANNEXURE A’ to the Independent Auditor’s Report of even date on the Consolidated IndAs
Financial Statements of Ucal Fuel Systems Limited**

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of subsection 3 of Section 143 of the Companies Act, 2013 (‘the Act’)

In conjunction with our audit of the Consolidated Ind AS Financial Statements of the company as of and for the year ended March 31, 2019, we have audited the Internal Financial Controls Over Financial Reporting of UCAL FUEL SYSTEMS LIMITED (‘the Holding Company’) and its Subsidiary Company, which is a company incorporated in India, as of that date.

Management’s Responsibility for Internal Financial Controls

The respective Board of Directors of the of the Holding company, its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on “the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI)”. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors’ Responsibility

Our responsibility is to express an opinion on the Group Company’s Internal Financial Controls Over Financial Reporting based on our audit.

We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the ‘Guidance Note’) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of Internal Financial Controls, both applicable to an audit of Internal Financial Controls and, both issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate Internal Financial Controls Over Financial Reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the Internal Financial Controls System Over Financial Reporting and their operating effectiveness. Our audit of Internal Financial Controls Over Financial Reporting included obtaining an understanding of Internal Financial Controls Over Financial Reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of Internal Control based on the assessed risk. The procedures selected depend on the Auditors’ judgment, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s Internal Financial Controls System Over Financial Reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that

- (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

- (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Holding Company and its Subsidiary incorporated in India have maintained, in all material respects, an adequate Internal Financial Controls System Over Financial Reporting and such Internal Financial Controls Over Financial Reporting were operating effectively as at 31st March, 2019, based on the Internal Control Over Financial Reporting criteria established by the Company considering the essential components of Internal Control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by ICAI.

For M/s R. SUBRAMANIAN AND COMPANY LLP
Chartered Accountants
FRN: 004137S/S200041

Place: Chennai
Date: 27th May 2019

K JAYASANKAR
Partner
Membership No.014156
Chartered Accountants

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2019

(All amounts in ₹ Lakhs unless otherwise stated)

	Note	As at 31 st March 2019	As at 31 st March 2019
ASSETS			
I. NON-CURRENT ASSETS			
(a) Property, Plant and Equipment	2A	37,612.59	37,122.13
(b) Capital work-in-progress		1,388.23	1,385.95
(c) Goodwill		31.19	31.19
(d) Other Intangible Assets	2B	2,910.06	1,350.33
(e) Investment property	2C	1,412.36	1,398.76
(f) Financial Assets			
(i) Investments	3	233.17	195.17
(ii) Loans and Advances	4	306.61	171.10
(g) Deferred Tax Assets (Net)	5	1,432.93	2,613.26
(h) Other Non-current Assets	6	4,024.37	3,869.96
Sub-Total (I)		49,351.52	48,137.85
II. CURRENT ASSETS			
(a) Inventories	7	8,860.88	8,493.51
(b) Financial Assets			
(i) Trade Receivables	8	13,559.25	12,139.71
(ii) Cash and Cash Equivalents	9	221.51	256.55
(iii) Bank balances other than (ii) above	10	56.03	73.14
(iv) Loans and Advances	11	599.00	762.70
(v) Other Financial Assets	12	28.20	39.77
(c) Current tax Assets (Net)		118.78	-
(d) Other Current Assets	13	1,425.74	1,715.97
Sub-Total (II)		24,869.38	23,481.35
TOTAL ASSETS (I+II)		74,220.90	71,619.20
EQUITY AND LIABILITIES			
I. EQUITY			
(a) Equity Share Capital	14	2,211.36	2,211.36
(b) Other Equity	15	30,013.14	27,631.66
Sub-Total (I)		32,224.50	29,843.02
II. NON-CURRENT LIABILITIES			
(a) Financial Liabilities			
(i) Borrowings	16	6,865.21	7,354.94
(ii) Trade Payables			
(A) Total outstanding dues of Micro and Small Enterprises		-	-
(B) Total outstanding dues of creditors other than Micro and Small Enterprises		-	595.09
(iii) Other Financial Liabilities	17	298.34	488.65
(b) Provisions	18	552.97	460.95
(c) Deferred Tax Liabilities (Net)			
(d) Other Non-Current Liabilities	19	-	9.77
Sub-Total (II)		7,716.52	8,909.40
III. CURRENT LIABILITIES			
(a) Financial Liabilities			
(i) Borrowings	20	12,507.36	15,234.00
(ii) Trade Payables	21		
(A) Total outstanding dues of Micro and Small Enterprises		1,478.48	35.99
(B) Total outstanding dues of creditors other than Micro and Small Enterprises		12,735.50	11,283.48
(iii) Other Financial Liabilities	22	5,383.40	5,110.59
(b) Provisions	23	99.26	122.65
(c) Current Tax Liabilities (Net)		965.23	-
(d) Other Current Liabilities	24	1,140.65	1,080.07
Sub-Total (III)		34,279.88	32,866.78
TOTAL EQUITY AND LIABILITIES (I+II+III)		74,220.90	71,619.20

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 R. SUBRAMANIAN AND COMPANY LLP
Chartered Accountants
FRN:004137S/S200041

K JAYASANKAR
PARTNER
M. NO. 014156

JAYAKAR KRISHNAMURTHY
CHAIRMAN AND MANAGING DIRECTOR

Place: Chennai
Date: 27th May 2019

REKHA RAGHUNATHAN
DIRECTOR AND
COMPANY SECRETARY

RAM RAMAMURTHY
WHOLE TIME DIRECTOR AND
CHIEF FINANCIAL OFFICER

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2019

(All amounts in ₹ Lakhs unless otherwise stated)

	Note	For the year ended 31 st March 2019	For the year ended 31 st March 2019
INCOME			
I. Revenue From Operations	25	86,978.26	85,037.85
II. Other Income	26	625.26	670.46
III. Total Income (I) + (II)		87,603.52	85,708.31
IV. EXPENSES			
(a) Cost of Materials Consumed		37,104.78	34,060.27
(b) Changes in Inventories of Work-in-Progress and Finished Goods		(197.06)	(220.49)
(c) Excise Duty		-	2,998.64
(d) Employee Benefit Expenses	27	18,415.03	17,655.52
(e) Finance Costs	28	2,712.54	2,609.52
(f) Depreciation and Amortization Expenses	29	3,042.81	2,964.85
(g) Other Expenses	30	19,219.35	18,244.52
IV. Total Expenses		80,297.45	78,312.83
V. Profit/(Loss) Before Exceptional items and Tax (III) - (IV)		7,306.07	7,395.48
VI. Exceptional Items		-	-
VII. Profit/(Loss) before Tax (V) - (VI)		7,306.07	7,395.48
VIII. Tax Expense/(Credit)			
(a) Current Tax		1,559.22	341.18
(b) MAT Credit		(722.95)	-
(c) Deferred Tax		1,888.59	(3,067.76)
Tax Expense/(Credit)	31	2,724.86	(2,726.58)
IX. Profit/(Loss) After Tax for the year (VII) - (VIII)		4,581.21	10,122.06
X. (Profit)/Loss attributable to Non-Controlling Interest		-	-
XI. Profit/(Loss) attributable to Owners (IX) - (X)		4,581.21	10,122.06
XII. Other Comprehensive Income/(Loss)			
<i>A. Items that will not be reclassified to profit or loss</i>			
(i) Remeasurements of Defined benefit Plans		42.13	(129.77)
(ii) Foreign Exchange Gain/(Loss) on translation to Presentation Currency.		438.74	92.59
(iii) Income Tax Benefit/(Expense) relating to items that will not be reclassified to profit and loss.		(14.68)	44.91
Total Other Comprehensive Income/(Loss), net of taxes		466.19	7.73
XIII. Other Comprehensive Income attributable to Non Controlling Interest		-	-
XIV. Total Other Comprehensive Income/(Loss), net of taxes attributable to Owners (XII) - (XIII)		466.19	7.73
XV. Total Comprehensive Income/(Loss) for the year (XI) + (XIV) attributable to Owners		5,047.40	10,129.79
XVI. Earnings per Equity Share (EPS) (Face Value of ₹ 10/- Each)			
(a) Basic & Diluted (In ₹)	32	20.72	45.77

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 R. SUBRAMANIAN AND COMPANY LLP
Chartered Accountants
FRN:004137S/S200041

K JAYASANKAR
PARTNER
M. NO. 014156

JAYAKAR KRISHNAMURTHY
CHAIRMAN AND MANAGING DIRECTOR

Place: Chennai
Date: 27th May 2019

REKHA RAGHUNATHAN
DIRECTOR AND
COMPANY SECRETARY

RAM RAMAMURTHY
WHOLE TIME DIRECTOR AND
CHIEF FINANCIAL OFFICER

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

(All amounts in ₹ Lakhs unless otherwise stated)

Particulars	Year ended 31 st March 2019	Year ended 31 st March 2018
A Cash Flow from Operating Activities	7,306.07	7,395.47
Add/(Less):		
Depreciation and Amortization	3,042.80	2,964.85
(Profit)/Loss on sale of Fixed Assets (net)	(9.10)	18.54
Decrease/(Increase) in Fair Value of Investment	(37.99)	(40.77)
Dividend Income	(1.24)	(1.05)
Interest income	(4.01)	(13.27)
Rental Income	(130.24)	(178.63)
Finance Cost	2,712.54	2,609.52
Adjustments for:		
Changes in Trade Receivables	633.93	(1,007.74)
Changes in Inventories	(138.72)	(963.38)
Changes in Other Current Assets	213.35	(588.90)
Changes in Loans and Advances	147.02	
Changes in Other Financial Assets	13.15	84.75
Changes in Trade Payables	279.22	(834.40)
Changes in Other Financial Liabilities	(224.48)	(46.30)
(excluding current maturity of long term loans)	-	-
Changes in Other Current Liabilities	57.68	650.54
Changes in Provisions	66.29	107.43
Changes in Other Non-Current Liabilities	(9.77)	-
Changes in Other Non-Current Assets	(46.96)	59.91
		2,821.10
Cash Generated From Operations	13,869.55	10,216.57
Direct Taxes Paid	(832.86)	(2,390.95)
Net Cash Flow from Operating Activities (A)	13,036.68	7,825.62
B Cash Flow from Investing Activities		
Purchase of Property, Plant and Equipment	(2,869.68)	(3,246.66)
Purchase of Intangible Assets	(1,726.56)	(717.83)
Sale of Fixed Assets	25.80	12.08
Changes in Capital Work-in-progress and advances	(2.29)	(734.91)
Interest Received	4.02	13.31
Dividends Received	1.24	1.05
Rental Income	130.24	178.63
Net cash from /(used in) investing Activities (B)	(4,437.23)	-
		(4,494.33)

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

(All amounts in ₹ Lakhs unless otherwise stated)

Particulars	Year ended 31 st March 2019	Year ended 31 st March 2018
C Cash Flow from Financing Activities		
Borrowings:		
Term loan availed	3,009.46	(1,886.44)
Term loan repaid	(3,454.43)	
Short term borrowings availed / (repaid)	1,058.85	976.67
Other Bank Balances	17.12	(5.92)
Finance Cost Paid	(2,705.43)	(2,614.18)
Dividend and Dividend Tax Paid	(2,740.62)	(1,344.13)
Net Cash from/(used in) Financing Activities (C)	(4,815.04)	(4,874.00)
D Net Inflow / (Outflow) of cash and cash equivalents		
Total (A) + (B) + (C) = (D)	3,784.41	(1,542.71)
Cash and Cash Equivalents at the beginning of the year	(9,100.58)	(7,515.85)
Unrealised gain/(loss) on translation of foreign currency cash flows	(33.95)	(42.02)
Net inflow / (outflow) in cash and cash equivalents (D)	3,784.41	(1,542.71)
Cash and Cash Equivalents at the end of the year (Refer Note 8)	(5,350.12)	(9,100.58)

(a) Cash and Cash Equivalents include cash in hand, balances with scheduled bank including term deposit and working capital facilities repayable on demand.

(b) The above statement of cash flows is prepared using indirect method

(c) Previous year figures have been regrouped wherever necessary

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 R. SUBRAMANIAN AND COMPANY LLP

Chartered Accountants

FRN:004137S/S200041

K JAYASANKAR

PARTNER

M. NO. 014156

JAYAKAR KRISHNAMURTHY
CHAIRMAN AND MANAGING DIRECTOR

REKHA RAGHUNATHAN
DIRECTOR AND
COMPANY SECRETARY

RAM RAMAMURTHY
WHOLE TIME DIRECTOR AND
CHIEF FINANCIAL OFFICER

Place: Chennai
Date: 27th May 2019

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2019

A. EQUITY SHARE CAPITAL

(All amounts in ₹ Lakhs unless otherwise stated)

	For the year ended	
	31-Mar-19	31-Mar-18
Balance at the beginning of the year	22,11,36,250	22,11,36,250
Change in Equity Share Capital during the year	-	-
Balance at the year end	22,11,36,250	22,11,36,250

B. OTHER EQUITY

2017-18

	Capital Reserve	General Reserves	Securities Premium	Reserves and Surplus Foreign Currency Translation Reserve	Retained Earnings	Total
Balance as at April 1, 2017 - (A)	160.00	16,692.82	2,165.34	(1,670.31)	1,501.44	18,849.29
Profit for the year	-	-	-	-	10,122.06	10,122.06
Other Comprehensive Income	-	-	-	92.59	(84.86)	7.73
Total Comprehensive Income for the year 2017-18 - (B)	-	-	-	92.59	10,037.20	10,129.79
Dividend paid for 2016-17 approved by shareholders in Annual General Meeting	-	-	-	-	(1,105.68)	(1,105.68)
Dividend distribution tax on above dividend	-	-	-	-	(241.74)	(241.74)
Sub total - (C)	-	-	-	-	(1,347.42)	(1,347.42)
Balance as at March 31, 2018 (D)=(A)+(B)+(C)	160.00	16,692.82	2,165.34	(1,577.72)	10,191.22	27,631.66

2018-19

	Capital Reserve	General Reserves	Securities Premium	Reserves and Surplus Foreign Currency Translation Reserve	Retained Earnings	Total
Balance as at April 1, 2018 - (A)	160.00	16,692.82	2,165.34	(1,577.72)	10,191.22	27,631.66
Profit for the year	-	-	-	-	4,581.21	4,581.21
Other Comprehensive Income	-	-	-	438.74	27.45	466.19
Total Comprehensive Income for the year 2018-19 - (B)	-	-	-	438.74	4,608.66	5,047.40
Dividend paid for 2017-18 approved by shareholders in Annual General Meeting	-	-	-	-	(2,211.36)	(2,211.36)
Dividend distribution tax on above dividend	-	-	-	-	(454.56)	(454.56)
Sub total - (C)	-	-	-	-	(2,665.92)	(2,665.92)
Balance as at March 31, 2019 (D)=(A)+(B)+(C)	160.00	16,692.82	2,165.34	(1,138.98)	12,133.96	30,013.14

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

FOR M/s R. SUBRAMANIAN AND COMPANY LLP

Chartered Accountants
FRN:004137S/S200041

K JAYASANKAR
PARTNER
M. NO. 014156

Place: Chennai
Date: 27th May 2019

REKHA RAGHUNATHAN
DIRECTOR AND
COMPANY SECRETARY

For and on behalf of the board of Directors

JAYAKAR KRISHNAMURTHY
CHAIRMAN AND MANAGING DIRECTOR

RAM RAMAMURTHY
WHOLE TIME DIRECTOR AND
CHIEF FINANCIAL OFFICER

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

1. Significant Accounting Policies:

The accounting policies mentioned herein are relating to the consolidated financial statements of the group.

a) Brief Description of the group:

UCAL Fuel Systems Limited, Parent Company, is a Public Limited company incorporated in India under the Companies Act, 1956 and its registered office is located in Chennai, Tamil Nadu. The shares of the company are listed on the National Stock Exchange Limited and BSE Limited. The Group offers comprehensive fuel management systems for automotive sector. The Group has manufacturing facilities in India and United States of America.

b) Statement of Compliance:

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act as amended from time to time.

c) Basis of Preparation:

The financial statements have been prepared on the historical cost convention under accrual basis of accounting except for certain financial assets and liabilities described in more detail in the accounting policies below, which have been measured at fair value. The financial statements are prepared on a going concern basis. The financial statements are prepared in Indian Rupees which is the group's functional currency.

d) Recent Pronouncements:

IndAS 116 - Leases

The Ministry Of Corporate Affairs has notified IndAS 116 – Leases on 30th March 2019 to replace the existing pronouncements on lease accounting. The standard requires uniform lease accounting model irrespective of the type of the lease barring certain exceptions and is applicable from 1st April 2019. The management does not expect any significant impact on application of the pronouncement.

Appendix C of IndAS 12 – Uncertainty over Income Tax Treatment

The Ministry of Corporate Affairs has notified Appendix C to Ind AS 12 Income Taxes, titled “Uncertainty over Income Tax Treatments” on 30th March 2019. The pronouncement is applicable from the year 2019-20 onwards. The pronouncement is to be applied for determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments.

According to the pronouncement, the IndAS compliant entity has to reflect the effect of uncertainty in determining the related taxable profit (tax loss), tax bases, unused tax losses, unused tax credits, or tax rates if it concludes that it is not probable that the taxation authority will accept an uncertain tax treatment.

The Standard permits two possible methods of transition –

- i) Full retrospective approach – Under this approach, Appendix C will be applied retrospective to each prior reporting period presented in accordance with Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, without using hindsight and
- ii) Retrospectively with cumulative effect of initially applying Appendix C recognised by adjusting equity on initial application, without adjusting comparatives. The effective date for adoption of Ind AS 12 Appendix C is annual periods beginning on or after April 1, 2019. The group will adopt the Standard on April 1, 2019 and will decide the method of transition at the time of initial application.

e) Basis of Consolidation:

The consolidated financial statements of the group include the financial statements of the parent group and its subsidiaries. The parent company has control over the subsidiaries as it is exposed, or has rights, to variable returns from its involvement with the investee; and has the ability to affect its returns through its power over the subsidiaries.

Consolidation of a subsidiary begins when the parent company obtains control over the subsidiary and ceases when the parent loses control of the subsidiary. Adjustments are made to the financial statements of subsidiaries, as and when necessary, to bring their accounting policies into line with the group's accounting policies.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019 (CONTD)**Principles of Consolidation:**

- i) The consolidated Financial Statements have been prepared in accordance with Indian Accounting Standard 110 (IndAS 110) "Consolidated Financial Statements", under Section 133 of the Companies Act, 2013.
- ii) The consolidated financial statements of the group have been combined on a line by line basis by adding together like items of assets, liabilities, income and expenses. The intra-group balances and intra group transactions and unrealized profits have been fully eliminated.
- iii) The difference between the cost of investment in the subsidiaries, over the net assets at the time of acquisition of shares in the subsidiaries is recognized in the consolidated financial statements as goodwill or capital reserve as the case may be.
- iv) The following are the subsidiaries considered in the consolidated financial statements:

S No	Subsidiary	Country of Incorporation	% of ownership interest	
			31 st March 2019	31 st March 2018
1.	UCAL Polymer Industries Limited	India	100%	100%
2.	UCAL Holdings Inc (FKA. Amtec Precision Products Inc.)	USA	100%	100%
3.	UPIL USA Inc. *	USA	100%	100%
4.	UCAL Systems Inc. (FKA. North-American Acquisition Corporation) **	USA	100%	100%
5.	Amtec Moulded Products Inc. **	USA	100%	100%

* Wholly owned by UCAL Polymer Industries Limited.

** Wholly owned by UCAL Holdings Inc (FKA Amtec Precision Products Inc.)

f) Use of Estimates:

The preparation of financial statements requires management to make certain estimates and assumptions that affect the amounts reported in the financial statements and notes thereto. The management believes that these estimates and assumptions are reasonable and prudent. However, actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in the current and future period.

This note provides an overview of the areas that involved a higher degree of judgment or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgments is included in the relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

The areas where significant estimates were made by the management are:

- i) Defined employee benefit obligations- Refer Note No 1(q) & 38
- ii) Estimation of useful life of Property, Plant and Equipment Refer Note No 1 (l) & 1 (k)
- iii) Estimation and evaluation of provisions and contingencies relating to tax litigations Refer Note No 41
- iv) Recoverability/Recognition of Deferred Tax Assets Refer Note No 34

g) Current and Non-Current Classification:

The Group presents assets and liabilities in the balance sheet based on current / non-current classification.

Cash or cash equivalent is treated as current, unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. In respect of other assets, it is treated as current when it is:

- i) expected to be realized or intended to be sold or consumed in the normal operating cycle
- ii) held primarily for the purpose of trading
- iii) expected to be realized within twelve months after the reporting period. All other assets are classified as non-current.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019 (CONTD)

A liability is treated as current when:

- i) it is expected to be settled in the normal operating cycle
- ii) it is held primarily for the purpose of trading
- iii) it is due to be settled within twelve months after the reporting period, or
- iv) there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities, as the case may be.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Group has identified twelve months as its operating cycle.

h) Revenue Recognition:

Effective 1st April 2018, the company has adopted IndAS 115 "Revenue from Contracts with Customers". Application of this standard does not have any impact on the revenue recognition and measurement.

A revenue contract with the customer is accounted for only when the contract has been approved, the payment terms for the goods or services is identifiable, each party's rights regarding the goods or services is identifiable, the contract has commercial substance and it is probable that the entity will collect the amount of consideration.

Sale of Products:

Revenue is recognized when the goods are transferred to a customer at an amount equal to the transaction price.

Interest Income:

Interest income from debt instruments is recognized using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying value of a financial asset. While calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options), but does not consider the expected credit losses.

Dividend Income:

Dividends are recognized in profit or loss only when the right to receive payment is established and the amount of dividend can be reliably measured.

Rental Income:

Rental Income from operating leases is recognized on a straight-line basis over the lease term.

i) Cost Recognition:

Costs and Expenses are recognized when incurred and are classified according to their nature.

j) Property, Plant and Equipment:

All items of Property, Plant and Equipment are stated at cost of acquisition or construction less accumulated depreciation / amortization and impairment, if any. Cost includes purchase price, taxes and duties, labour cost and directly attributable overheads incurred up to the date the asset is ready for its intended use. However, cost excludes duty or tax to the extent credit of the duty or tax is availed of.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as separate asset is derecognized when replaced. All other repairs and maintenance are charged to Profit or Loss during the reporting period in which they are incurred.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other gains/(losses).

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019 (CONTD)**k) Depreciation and Amortization:**

- i) Depreciation on property plant and equipment is charged over the estimated useful life of the asset or part of the asset, on straight line method, in accordance with the useful lives estimated by local managements.
- ii) The useful life of various class of property plant and Equipment are as provided below:

Class of Asset	Useful Life
Leasehold Land	Term of Lease
Leasehold Improvements	Lower of term of lease and respective useful lives
Buildings	10-30 years
Plant and Machinery	5-20 years
Electrical Equipment	10 years
Furniture and Fixtures	10 years
Office Equipment	3-5 years
Vehicles	3-5 years

- iii) Residual values and useful lives are reviewed, and adjusted, if appropriate, for each reporting period.
- iv) On tangible fixed assets added / disposed-off during the year, depreciation is charged on pro-rata basis from the date of addition / till the date of disposal

l) Intangible Assets**Purchased Intangible Assets:**

Intangible assets are recognized as an asset if they meet the criteria for recognition under IndAS 38. Intangible assets are recorded at cost less accumulated depreciation and accumulated impairment, if any.

Amortization is provided on a straight-line basis over estimated useful lives of the intangible assets as per details below:

Class of Asset	Useful Life
Software	Upto 3 years
Technical Knowhow	Upto 10 years

The amortization period for intangible assets with finite useful lives is reviewed at least at each year-end. Changes in expected useful lives are treated as changes in accounting estimates.

Internally generated intangible assets:

Research costs are charged to the Statement of Profit and Loss in the year in which they are incurred. Product development costs incurred on new products are recognized as intangible assets, when feasibility has been established, the entity has committed technical, financial and other resources to complete the development and it is probable that asset will generate probable future economic benefits

m) Leases:

At the inception of a lease, the lease arrangement is classified as either a finance lease or an operating lease, based on the substance of the lease arrangement.

Accounting of Finance leases

A finance lease is recognized as an asset and a liability at the commencement of the lease, at the lower of the fair value of the asset and the present value of the minimum lease payments. Initial direct costs, if any, are also capitalized and, subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Accounting of Operating leases

Leases other than finance leases are operating leases, and the leased assets are not recognized on the Group's balance sheet. Payments made under operating leases are recognized in the Statement of Profit and Loss on a straight-line basis over the term of the lease.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019 (CONTD)

n) Impairment:

Assets are tested for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

o) Foreign Currency Translation:

(i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). i.e in Indian rupee (₹) and all values are rounded off to nearest Lakhs except otherwise indicated.

(ii) Transactions and Balances

- Transactions in foreign currencies are recorded at the spot exchange rates prevailing on the date of transaction.
- Foreign currency monetary assets and liabilities are translated at year end exchange rates.
- Non-monetary items denominated in foreign currency are valued at the exchange rate prevailing on the date of transaction if the item is valued at historical cost.
- Non-monetary items that are measured at fair value in foreign currency are translated using the exchanges rates at the date when the fair value is measured.
- Exchange differences arising on settlement of transactions and translation of monetary items are recognized as income or expense in the year in which they arise.

(iii) Translation of Financial Statements of Overseas Subsidiaries

The results and financial position of an entity whose functional currency is not Indian Rupees have been translated to the presentation currency using the following procedures:

- Assets and liabilities for each balance sheet presented (i.e., including comparatives) shall be translated at the closing rate at the date of the balance sheet.
- Income and expenses for each statement of profit and loss presented have been translated at average exchange rates that prevailed during the year for practical reasons
- All resulting exchange differences have been recognized in other comprehensive income.

p) Inventories:

Inventories are valued at the lower of cost and net realisable value. Cost of raw materials, components, stores, spares, work-in-progress and finished goods are ascertained on a weighted average basis. Cost of finished goods and work-in-progress comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs of purchased inventory are determined after excluding rebates and discounts. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Materials and supplies held for use in production of inventories are not written down if the finished products in which they will be used are expected to be sold at or above cost.

q) Employee Benefits:

i) Short Term Obligations:

Liabilities for wages, salaries and bonuses, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the year in which the employees render the related service are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented under other financial liabilities in the balance sheet.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019 (CONTD)**ii) Long term Post-employment obligation:**

The Company has the following post-employment benefit obligations:

- a) Defined benefit gratuity plans; and
- b) Defined contribution plans such as provident fund, pension plans

The liability or asset recognized in the balance sheet in respect of defined benefit gratuity plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The net defined benefit obligation is valued annually by an independent actuary using the projected unit credit method.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included under finance cost in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they arise, directly in other comprehensive income and are adjusted against retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in profit or loss as past service cost.

Liabilities towards all defined contribution plans are recognized as expenses in the respective years of accrual.

iii) Other Long-Term Employee Benefits:

Liabilities for compensated absences are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are, therefore, measured at the present value of the expected future payments that has accrued to the employees in accordance with the company's policy for compensated absences. The benefits are discounted using an appropriate discount rate and are estimated using the projected unit credit method by an independent actuary. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in other comprehensive income. The obligation is classified as current and non-current based on the policy stated in the notes.

r) Taxes on Income:

Tax expense comprises current and deferred taxes.

The current tax for the period is the tax payable on the current period's taxable income computed in accordance with the Income Tax Act, 1961 applying the enacted income tax rate applicable. The current tax expense includes income tax payments relating prior periods.

Deferred income tax is recognized using the balance sheet approach, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period.

Deferred tax assets are recognized for carryforward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available to utilize those unused tax credits and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same tax jurisdiction. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

Where the Group is entitled to claim special tax deductions towards qualifying expenditure (Research and Development), the Group accounts for such allowances as tax credits reducing income tax payable and current tax expense.

The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient tax profits arise for their utilization.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019 (CONTD)

s) Government Grants:

Government Grants including non-monetary grants at fair value, are recognized only when there is reasonable assurance that the entity will comply with the conditions attaching to them and the grants will be received. The grants are recognized in profit or loss on a systematic basis over the periods in which the entity recognizes as expenses the related costs which the grants are intended to compensate.

Government grants relating to assets are presented by setting up the grant as deferred income and are credited to profit or loss on systematic basis over the useful lives of the related assets.

t) Provisions and Contingent Liabilities:

i) Provision

Provision is recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

ii) Contingent Liabilities:

Wherever there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity or a present obligation that arises from past events but is not recognized because (a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or (b) the amount of the obligation cannot be measured with sufficient reliability a disclosure is made by way of contingent liability.

u) Segment Reporting:

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

v) Cash and Cash Equivalents:

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, deposits held with financial institutions with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown under borrowings in current liabilities in the balance sheet.

w) Financial Instruments:

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognized when the company becomes a party to the contractual provisions of the relevant instrument and are initially measured at fair value.

i) Financial Assets:

Classification:

The group classifies its financial assets in the following categories:

- Those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- Those measured at amortized cost

The classification depends on the entity's business model for managing the financial assets and the contractual term of the cash flow.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019 (CONTD)**Measurement:**

All financial assets are initially recognized at fair value and are subsequently measured at amortized cost or fair value based on their classification.

Transaction costs arising on acquisition of a financial asset are accounted as below:

Nature of instrument	Treatment of transaction cost
Designated as Fair value through profit and loss	Recognized in profit and Loss Statement
Other than those designated as Fair value through Profit and Loss	Adjusted against the fair value of the instrument on initial recognition

Debt Instruments:

Subsequent measurement of debt instruments depends on the group's business model for managing the asset and the cash flow characteristics of the asset. The following are the measurement categories into which the group classifies its debt instruments.

Amortized cost:

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on debt instrument that is subsequently measured at amortized cost and is not a part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income on these financial assets is included in finance income using effective interest rate method.

Fair Value through Other Comprehensive Income and Fair Value through profit/loss:

Assets that do not meet the criteria for measurement at amortized cost are measured at Fair value through Other comprehensive income unless the group elects the option to measure the same at fair value through profit or loss to eliminate an accounting mismatch.

Equity Instruments:

The group subsequently measures all investments in equity instruments at fair value. Gain/Loss arising on fair value is recognized in the statement of profit and loss. Dividend from such investments are recognized in profit or loss as other income when the group's right to receive payments is established.

Trade receivables:

Trade receivables are measured at amortized cost and are carried at values arrived after deducting allowances for expected credit losses and impairment, if any.

Impairment:

The group accounts for impairment of financial assets based on the expected credit loss model. The group measures expected credit losses on a case to case basis.

Derecognition and write-off:

A financial asset is derecognized only when:

- The contractual right to receive the cash flows of the financial asset expires or
- The group has transferred the rights to receive cash flows from the financial asset or
- The group retains the contractual rights to receive the cash flows of the financial asset but assumes a contractual obligation to pay the cash flows to one or more recipients.

Further a financial asset is derecognized only when the group transfers all risks and rewards associated with the ownership of the assets.

The gross carrying amount of a financial asset is directly reduced and an equal expenditure is recognized when the entity has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. A write-off constitutes a derecognition event.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019 (CONTD)

ii) Financial Liabilities:

Financial Liabilities are initially recognised at fair value, net of transaction cost incurred. Financial Liabilities are subsequently measured at amortised cost (unless the entity elects to measure it at Fair Value through Profit and Loss Statement to eliminate any accounting mismatch). Any difference between the proceeds (net of transaction cost) and the redemption amount is recognised in profit or loss over the period of the liability, using the effective interest method.

Financial Liabilities are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other gain / (loss). Financial Liabilities are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

x) Investment Property

Investment property is property held to earn rentals or for capital appreciation or both, rather than for:

- i) Use in the production or supply of goods or services or for administrative purposes; or
- ii) Sale in the ordinary course of business

Investment properties are measured and presented at cost. Depreciation is calculated in accordance with IndAS 16 Property, Plant and Equipment on straight-line basis. Useful life and depreciation method is reviewed on an annual basis in line with the requirements of the accounting standards.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019 (CONT'D)

Note 2A Property, Plant and Equipment

(All amounts in ₹ Lakhs unless otherwise stated)

Description	Gross Carrying Amount					Depreciation/Amorization					Net Carrying Amount
	As at 01.04.2018	Foreign Currency Translation	Additions	Disposals	As at 31.03.2019	As at 31.03.2018	Foreign Currency Translation	Charge During the year	Disposal	Up to 31.03.2019	As at 31.03.2019
Land											
- Freehold	14,476.40	-	-	-	14,476.40	-	-	-	-	-	14,476.40
- Leasehold*	2,729.51	-	-	-	2,729.51	63.00	-	31.50	-	94.50	2,635.01
Buildings	4,993.33		235.78	-	5,229.11	437.32	-	228.42	-	665.74	4,563.37
Leasehold Improvement	201.92	15.04	72.59	-	289.55	60.04	5.49	54.68	-	120.21	169.34
Plant and Machinery	19,752.36	553.99	2,406.49	107.22	22,605.62	5,184.97	132.45	2,354.90	113.84	7,558.48	15,047.14
Furniture and Fixtures	164.39	-	56.88	-	221.27	57.02	-	17.84	-	74.86	146.41
Vehicles	220.65	1.40	39.12	11.94	249.22	70.36	0.51	37.29	10.63	97.53	151.69
Office Equipment	554.64	12.46	36.81	-	603.91	98.37	3.89	78.42	-	180.67	423.24
Total	43,093.20	582.89	2,847.67	119.17	46,404.59	5,971.07	142.34	2,803.05	124.47	8,792.00	37,612.59

Description	Gross Carrying Amount					Depreciation/Amorization					Net Carrying Amount
	As at 01.04.2017	Foreign Currency Translation	Additions	Disposals	As at 31.03.2018	As at 31.03.2017	Foreign Currency Translation	Charge During the year	Disposal	Up to 31.03.2018	As at 31.03.2018
Land											
- Freehold	14,476.40	-	-	-	14,476.40	-	-	-	-	-	14,476.40
- Leasehold*	2,729.51	-	-	-	2,729.51	31.50	-	31.50	-	63.00	2,666.51
Buildings	4,933.32	-	60.01	-	4,993.33	218.44	-	218.87	-	437.32	4,556.01
Leasehold Improvement	118.96	0.50	82.46	-	201.92	25.72	0.13	34.19	-	60.04	141.88
Plant and Machinery	16,953.81	25.37	2,844.29	71.11	19,752.36	2,836.04	3.98	2,377.74	32.79	5,184.97	14,567.39
Furniture and Fixtures	124.83	-	39.56	-	164.39	29.41	-	27.63	-	57.02	107.37
Vehicles	175.00	0.09	46.77	1.21	220.65	31.93	0.04	39.33	0.92	70.36	150.29
Office Equipment	253.94	0.40	300.30	-	554.64	47.69	0.10	50.54	-	98.37	456.27
Total	39,765.77	26.36	3,373.39	72.32	43,093.20	3,220.73	4.25	2,779.80	33.71	5,971.07	37,122.13

Possession of leasehold land is transferable at the end of the base term unless renewed.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019 (CONT'D)

Note 2B Intangible Assets

(All amounts in ₹ Lakhs unless otherwise stated)

Description	Gross Carrying Amount			Depreciation/Amorization			Net Carrying Amount
	As at 01.04.2018	Additions	Disposals	As at 31.03.2018	Charge During the year	Up to 31.03.2019	As at 31.03.2019
Technical Knowhow	1,379.41	1,700.00	-	105.97	128.23	234.20	2,845.21
Computer Software	146.94	26.56	-	70.05	38.61	108.66	64.85
Total	1,526.35	1,726.56	-	176.02	166.84	342.86	2,910.06

Description	Gross Carrying Amount			Depreciation/Amorization			Net Carrying Amount
	As at 01.04.2017	Additions	Disposals	As at 31.03.2017	Charge During the year	Up to 31.03.2018	As at 31.03.2018
Technical Knowhow	762.41	617.00	-	29.08	76.89	105.97	1,273.44
Computer Software	46.11	100.83	-	32.42	37.63	70.05	76.89
Total	808.52	717.83	-	61.50	114.52	176.02	1,350.33

Note 2C Investment Property

Description	Gross Carrying Amount			Depreciation/Amorization			Net Carrying Amount
	As at 01.04.2018	Additions	Disposals	As at 31.03.2018	Charge During the year	Up to 31.03.2019	As at 31.03.2019
Investment Property	1,540.05	97.71	-	141.29	84.11	225.40	1,412.36
Total	1,540.05	97.71	-	141.29	84.11	225.40	1,412.36

Description	Gross Carrying Amount			Depreciation/Amorization			Net Carrying Amount
	As at 01.04.2017	Additions	Disposals	As at 31.03.2017	Charge During the year	Up to 31.03.2018	As at 31.03.2018
Investment Property	1,535.22	4.83	-	70.42	70.87	141.29	1,398.76
Total	1,535.22	4.83	-	70.42	70.87	141.29	1,398.76

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019 (CONTD)

(All amounts in ₹ Lakhs unless otherwise stated)

Particulars	As at 31 st March 2019	As at 31 st March 2018
3 Investments measured at Cost		
Investments measured at Fair Value through Profit and Loss		
Equity Shares		
Unquoted		
(a) Suryadev Alloys and Power Private Limited (600 shares of ₹ 10/- each fully paid)	0.82	0.82
Quoted		
(b) HDFC Bank Limited (1,900 fully paid up shares of ₹ 10/- each)	220.30	179.17
(c) The Karnataka Bank Limited (3,367 fully paid up equity shares of ₹ 10/- each)	4.50	3.87
(d) Industrial Development Bank of India Limited (15,578 fully paid up shares of ₹ 10/- each)	7.27	11.25
(e) Corporation Bank Limited (1,000 fully paid shares of ₹ 10/- each)	0.29	0.06
Total	233.17	195.17
Aggregate amount of Unquoted Investments	0.82	0.82
Aggregate amount of Quoted Investments at Market Value	232.35	194.35
Aggregate amount of Quoted Investments at cost	4.52	4.52
All Investments are fully paid up.		
4 Loans and Advances		
(a) Secured, Considered Good	-	-
(b) Unsecured , Considered Good		
(i) Security Deposits	306.61	171.10
(c) Loans with significant increase in credit risk	-	-
(d) Loan Receivables - Credit impaired	-	-
Total	306.61	171.10
5 Deferred Tax		
Deferred Tax Asset		
Unabsorbed Losses	2,108.32	3,403.61
Disallowed Employee Benefit Expenses	66.69	175.44
MAT Credit	722.95	-
(A) Sub-Total	2,897.96	3,579.05
Deferred Tax Liability		
Depreciation	1,461.76	965.79
MTM Gain on Fair Valuation Investment	3.26	-
(B) Sub-Total	1,465.02	965.79
Net Deferred Tax Asset/(Liability)	1,432.93	2,613.26

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019 (CONTD)

(All amounts in ₹ Lakhs unless otherwise stated)

Movement in Deferred Tax	Depreciation	Losses	Others	Total
As at 31 st March 2017-(Liability)/Asset				(499.41)
(Charged)/ Credited:				
- To Profit and Loss	(345.79)	3,403.61	9.94	3,067.76
- To Other Comprehensive Income			44.91	44.91
As at 31 st March 2018-(Liability)/Asset				2,613.26
- To Profit and Loss	(495.97)	(1,295.29)	625.61	(1,165.65)
- To Other Comprehensive Income			(14.68)	(14.68)
As at 31 st March 2019-(Liability)/Asset				1,432.93

Particulars	As at 31 st March 2019	As at 31 st March 2018
6 Other Non-Current Assets		
(a) Capital Advances to Related Parties	2,100.00	2,198.93
(b) Advance Income Tax and TDS Receivable (Net of Provisions)	1,924.37	1,671.03
Total	4,024.37	3,869.96
7 Inventories		
(As certified by the management)		
(a) Raw Materials and Components	2,898.71	2,377.83
(b) Work-in-progress	1,609.07	1,530.91
(c) Finished goods	552.14	843.46
(d) Stores & Spares	1,463.05	506.64
(e) Tools and Consumables	2,337.90	3,234.68
Total	8,860.88	8,493.51
Refer to Note 1 (p) for method of valuation of inventories		
8 Trade Receivables		
(a) Trade Receivables considered good - secured	-	-
(b) Trade Receivables considered good - unsecured	13,559.25	12,139.71
(c) Trade Receivables which have significant increase in Credit Risk	-	74.82
(d) Trade Receivables - Credit impaired	-	-
(e) Allowance for assets with significant increase in credit risk	-	(74.82)
Total	13,559.25	12,139.71
9 Cash and Cash Equivalents		
(a) Cash on hand	9.01	11.51
(b) Balances with banks in Current Accounts	212.50	245.04
Total	221.51	256.55
Cash and Cash Equivalents for Cash Flow Statement		
Cash Cash Equivalents shown as above	221.51	256.55
Less: Overdrafts/cash credits [Grouped under financial liabilities]	(5,571.63)	(9,357.13)
	(5,350.12)	(9,100.58)

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019 (CONTD)

(All amounts in ₹ Lakhs unless otherwise stated)

Particulars	As at 31 st March 2019	As at 31 st March 2018
10 Other Bank balances		
With up to 12 months maturity		
(a) Earmarked balances with bank*	56.03	73.14
Total	56.03	73.14
*Fixed Deposit held under lien by Bank as Margin Money	8.50	13.98
*Unpaid Dividend Account Balances	47.53	59.16
11 Current Loans and Advances		
(a) Secured, Considered Good	-	-
(b) Unsecured, Considered Good:		
Security Deposits	248.50	305.91
Other Advances	350.50	456.79
(c) Loans with significant increase in credit risk	-	-
(d) Loan Receivables - Credit impaired	-	-
Total	599.00	762.70
12 Other Financial Assets - Current		
(a) Claims Receivable	28.20	39.77
Total	28.20	39.77
13 Other Current Assets		
(a) Advances to Suppliers	793.17	1,059.75
(b) Prepaid Expenses	134.14	387.24
(c) Staff Advances	0.08	1.88
(d) Balances with GST Authorities	498.35	195.28
(e) Current Income Tax Assets	-	71.82
Total	1,425.74	1,715.97
14 Equity Share Capital		
(a) Authorised Share Capital		
7,50,00,000 (7,50,00,000) Equity Shares of ₹ 10/- each	7,500.00	7,500.00
(b) Issued, Subscribed and Paid-up Capital		
2,21,13,625 (2,21,13,625) Equity Shares of ₹ 10/- each Fully Paid	2,211.36	2,211.36
Total	2,211.36	2,211.36

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019 (CONTD)

(c) Movement in Equity Shares	For the Year 2018-19	For the Year 2017-18
	Number	Number
Opening Number of Shares	2,21,13,625	2,21,13,625
Add: Issues of Shares	-	-
Closing Number of Share	2,21,13,625	2,21,13,625
	Amount (₹)	Amount (₹)
Opening Equity Share Capital	22,11,36,250	22,11,36,250
Add: Issue of Shares	-	-
Closing Equity Share Capital	22,11,36,250	22,11,36,250

(d) Rights and Restrictions attached to 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.

(e) Shareholder Holding more than 5% Equity shares

Particulars	As at 31 st March 2019		As at 31 st March 2018	
	No. of Shares	Percentage	No. of Shares	Percentage
Carburettors Limited	1,13,20,089	51.19%	1,13,20,089	51.19%
Southern Ceramics Private Limited	15,58,515	7.05%	15,58,515	7.05%
Minica Real Estate Private Limited	13,41,882	6.07%	13,41,882	6.07%

(f) No shares were allotted as fully paid bonus shares during the 5 years immediately preceding 31.03.2019. No Shares were bought back during the preceding 5 previous years and no shares were allotted for non-cash consideration during the 5 years immediately preceding 31.03.2019.

(g) Shareholding of Group Companies

Category	As at 31 st March 2019	As at 31 st March 2018
Shares held by Holding Company	51.19%	51.19%

(All amounts in ₹ Lakhs unless otherwise stated)

Particulars	As at 31 st March 2019	As at 31 st March 2018
15 Other Equity (Refer Statement of Changes in Equity)		
(a) Capital Reserve	160.00	160.00
(b) General Reserve	16,692.82	16,692.82
(c) Securities Premium	2,165.34	2,165.34
(d) Foreign Currency Translation reserve	(1,138.98)	(1,577.72)
(e) Retained Earnings	12,133.96	10,191.22
Total	30,013.14	27,631.66

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019 (CONTD)

(All amounts in ₹ Lakhs unless otherwise stated)

General Reserve:

General reserve is created out of profits transferred from retained earnings. General Reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income. It is a free reserve eligible for distribution to shareholders subject to the provisions of The Companies Act, 2013.

Capital Reserve:

Capital Reserve represents gains that are capital in nature.

Securities Premium:

Securities premium represents the amount collected from shareholders in excess of face value towards issue of share capital. Securities Premium can be utilized in accordance with The Companies Act 2013.

Foreign Currency Translation Reserve

Foreign Currency Translation Reserve presents unrealised gains/ losses on translation of financial statements of a foreign subsidiary from their functional currency to presentation currency.

Particulars	As at 31 st March 2019	As at 31 st March 2018
16 Non-Current Borrowings		
(a) Terms Loans (Secured) (Refer Note 40)		
- From Banks	6,709.02	6,577.86
- From Others	156.19	344.08
(b) Deposits (Unsecured)		
- Intercompany Deposits	-	433.00
Total	6,865.21	7,354.94
Period and continuing default on the balance sheet date- Nil		
17 Other Non-Current Financial Liabilities		
(a) Security Deposits	72.81	50.40
(b) Long Term Finance Lease Obligations (Refer note 46)	42.76	147.90
(c) Deferred Rent	165.26	178.05
(d) Other Financial Liabilities	17.51	112.30
Total	298.34	488.65
18 Non-Current Provisions		
Towards employee Benefit Obligations (Refer Note 38)		
(a) Gratuity	462.08	375.55
(b) Compensated Absences	90.89	85.40
Total	552.97	460.95

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019 (CONTD)

(All amounts in ₹ Lakhs unless otherwise stated)

Particulars	As at 31 st March 2019	As at 31 st March 2018
19 Other Non-Current Liabilities		
Advances from Customers	-	9.77
Total	-	9.77
20 Current Borrowings (Refer Note 40)		
(a) Loans Repayable on Demand		
- From Banks (Secured)	5,571.63	9,357.12
(b) Short Term Borrowings from Banks (UnSecured)	6,227.52	4,844.91
(c) Short Term Borrowings from Others (Unsecured)	708.20	1,031.97
Total	12,507.36	15,234.00
Please refer note 43 on security provided.		
21 Trade Payables		
(a) Total outstanding dues of Micro, Small and Medium Enterprises	1,478.48	35.99
(b) Total outstanding dues of creditors other than Micro, Small and Medium Enterprises	12,735.50	11,283.48
Total	14,213.98	11,319.47
Disclosure requirement as per Schedule III		
(As certified by management)		
i) Principal amount and the interest due thereon remaining unpaid to each supplier at the end of each accounting year.	1,478.48	35.99
ii) Interest paid by the company in terms of Section 16 of Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of payment made to the supplier beyond the appointed day during each accounting year.	NIL	NIL
iii) Interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006.	NIL	NIL
iv) Interest accrued and remaining unpaid at the end of each accounting year.	NIL	NIL
v) Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise	NIL	NIL

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019 (CONTD)

(All amounts in ₹ Lakhs unless otherwise stated)

Particulars	As at 31 st March 2019	As at 31 st March 2018
22 Other Current Financial Liabilities		
(a) Current Maturities of Long-term debt	3,516.75	3,258.03
(b) Interest Accrued but not due on Borrowings	92.40	90.29
(c) Unclaimed Dividend	47.03	59.16
(d) Employee Related	1,170.10	1,057.94
(e) Current Maturities of Finance Lease Obligations	112.66	129.98
(e) Other Current Financial Liabilities	444.46	515.19
Total	5,383.40	5,110.59
23 Provisions-Current (Refer Note 38)		
Provision for Employee Benefits		
- Gratuity	55.26	97.82
- Leave Encashment	14.00	24.83
Total	69.26	122.65
24 Other Current Liabilities		
(a) Advance Received from Customers	258.62	124.61
(b) Statutory Dues	882.04	904.06
(c) Other Payables	-	51.40
Total	1,140.65	1,080.07
	Year ended March 31, 2019	Year ended March 31, 2018
25 Revenue From Operations		
(a) Sale of Products*	86,272.28	84,328.91
(b) Other operating revenues	705.98	708.94
Total	86,978.26	85,037.85
* GST was implemented with effect from 1 st July 2017 and is not included in the turnover. Therefore, turnover of 2017-18 is not compatible with 2018-19.		
26 Other Income		
(a) Interest Income	5.00	13.27
(b) Dividend Income	1.24	1.05
(c) Rental Income	193.46	178.63
(d) Profit on Sale of PPE	14.11	2.95
(e) MTM - Investment measured at FVTPL	37.99	40.77
(f) Government Grant	-	27.49
(g) Other Non Operating Income	373.46	406.30
Total	625.26	670.46

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019 (CONTD)

(All amounts in ₹ Lakhs unless otherwise stated)

	Year ended March 31, 2019	Year ended March 31, 2018
27 Employee Benefit Expenses		
(a) Salaries and Wages*	17,284.85	16,434.09
(b) Contribution to Provident and Other Funds	545.68	563.33
(c) Staff Welfare Expenses	584.50	658.10
Total	18,415.03	17,655.52
*Includes Employee benefit expenses relating to R&D		
28 Finance Cost		
(a) Interest	2,647.11	2,540.03
(b) Other Borrowing Cost	65.43	69.49
Total	2,712.54	2,609.52
29 Depreciation and Amortization Expenses		
(a) Property, Plant and Equipment	2,803.06	2,779.80
(b) Intangible Assets	166.84	114.52
(c) Investment proeprty	72.91	70.53
Total	3,042.81	2,964.85
30 Other Expenses		
(a) Consumption of tools, stores and Spares	5,985.92	5,809.12
(b) Power and Fuel	2,974.24	2,703.22
(c) Sub contracting charges	1,404.61	1,650.78
(d) Repairs and Maintenance	1,719.65	1,633.80
(e) Net Foreign Exchange Loss	90.74	39.56
(f) Payment to Auditors		
- Towards Audit Fees	19.50	23.88
- Towards Taxation Matters	0.50	0.50
- Towards Limited Review	2.25	2.25
- Towards Certification	0.33	1.01
- Towards Out of Pocket Expenses	1.26	0.82
(g) Travelling Expenses	700.93	614.26
(h) Rental Expenses	1,508.07	1,398.27
(i) Packing Expenses	587.12	575.93
(j) Carriage Outwards	617.15	584.83
(k) Professional Charges	1,101.91	799.23
(l) Corporate Social Responsibility	205.01	150.36
(m) Other Expenses	2,300.15	2,256.70
Total	19,219.35	18,244.52

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019 (CONTD)

(All amounts in ₹ Lakhs unless otherwise stated)

	Year ended March 31, 2019	Year ended March 31, 2018
31 Income taxes		
(a) Income Tax Expense		
Current Tax:		
Current Tax on Profits for the year	1,559.22	341.18
Sub Total (A)	1,559.22	341.18
Deferred Tax:		
MAT Credit	(722.95)	-
Decrease/(Increase) in deferred tax assets	1,404.04	(3,458.46)
Increase/(Decrease) in deferred tax liabilities	499.23	345.79
Sub Total (B)	1,180.33	(3,112.67)
(A) + (B)	2,739.54	(2,771.49)
Expense/(Income) recognized in Profit and Loss	2,724.86	(2,726.58)
Expense/(Income) recognized in OCI	14.68	(44.91)
(b) Reconciliation of tax expense and the accounting profit multiplied by India's Tax Rate		
Profit Before income tax expense	7,306.07	7,395.48
Tax at Indian rate of 34.944%/34.608%	2,553.03	2,559.43
Deduction under scientific and Research Expense Sec 35(2AB)	(401.60)	(248.15)
Income tax impact of difference between Book Depreciation and Depreciation under Tax law	(140.17)	(46.72)
Expenses not allowable for tax purposes	54.99	68.82
Income not chargeable to Income Tax	(47.20)	(55.99)
Losses of Indian Operations set off against current year profit	(1,720.88)	(5,257.59)
Carried Forward as business loss	-	3,403.61
Minimum Alternate Tax - Section 115JB	1,245.81	-
Minimum Alternate Tax - set off of loss u/s. 115JB	(326.75)	
Tax items of earlier years	239.73	
Tax Effects of consolidation adjustments	208.66	28.72
Other items	(37.09)	(35.35)
Impact of differential tax rates of subsidiaries	(69.30)	(75.60)
Current Tax	1,559.22	341.18
Add:		
Minimum Alternate Tax Credit	(722.95)	-
Deferred tax - Business Loss	1,295.29	(3,403.61)
Deferred tax - Other Items	593.30	335.85
Income Expense/(Benefit)	2,724.87	(2,726.58)
Effective Rate of Tax	37.30%	-36.87%

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019 (CONTD)

(All amounts in ₹ Lakhs unless otherwise stated)

	Year ended March 31, 2019	Year ended March 31, 2018
32 Earnings Per Share		
(a) Profit for the year attributable to equity shareholders (Lakhs)	4,581.21	10,122.06
(b) Weighted average number of Equity Shares (in Lakhs)	221.14	221.14
(c) Earnings per Share (Basic and Diluted)	20.72	45.77
(d) Face Value per Share ₹	10.00	10.00

33. Windmill Power Generation:

Electricity charges debited to Profit & Loss account is net of ₹ 110.95 Lakhs (previous year ₹ 127.85 Lakhs) being the electricity generated through company owned Wind Turbine Generators.

34. Deferred Tax

The deferred tax Asset of ₹ 1,432.93 Lakhs recognized in the financials. The management firmly believes that adequate taxable profit would be earned in the years to come other than the reversal of taxable timing differences to absorb the deferred tax asset.

35. Fair Value Measurements:

Classification of Financial Instruments:

(₹ in Lakhs)

Description	As at 31 st March 2019		As at 31 st March 2018	
	FVTPL*	Amortized Cost	FVTPL*	Amortized Cost
Financial Assets				
Investments				
Equity Instruments	233.16		195.17	
Security Deposits		555.11		477.01
Loans		350.50		456.79
Trade Receivables		13,559.25		12,139.71
Cash and Cash Equivalents		221.51		256.55
Other Financial Assets		28.20		112.91
Total	233.16	14,714.57	195.17	13,442.97
Financial Liabilities				
Borrowings		22,889.39		22,558.94
Trade Payables		14,213.97		11,914.56
Other Financial Liabilities		2,164.98		5,599.24
Total		39,268.34		40,102.74

a. Financial Assets and Liabilities not carried at Fair Values:

The management considers that the carrying amount approximates the fair value in respect of financial assets and financial liabilities carried at amortized cost, such fair values have been computed using Level 3 inputs.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019 (CONTD)

b. Assets and Liabilities that are measured at Fair Value on a recurring basis: (₹ in Lakhs)

Description	Fair Value Hierarchy	As at 31 st March 2019	As at 31 st March 2018
Equity Instruments			
HDFC Bank Limited	Level 1	220.30	179.17
The Karnataka Bank Limited	Level 1	4.50	3.87
Industrial Development Bank of India Limited	Level 1	7.27	11.25
Corporation Bank Limited	Level 1	0.28	0.06
Suryadev Alloys and Power Private Limited	Level 3	0.82	0.82
Total		233.16	195.17

Fair Value Hierarchies as per Indian Accounting Standard 114 – Fair Value measurement:

Level 1: Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. The asset included in this hierarchy are listed equity shares that are carried at fair value using the closing prices of such instruments as at the close of the reporting period.

Level 2: Level 2 hierarchy uses inputs that are inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly. As on the balance sheet date there were no assets or liabilities for which the fair values were determined using Level 2 hierarchy.

Level 3: Level 3 hierarchy uses inputs that are unobservable for determination of fair value. Level 3 inputs were used in determination of fair value of investment in unquoted equity shares.

There were no transfers between fair value hierarchies during the reported years. The Group's policy is to recognize transfers in and transfers out of fair value hierarchy levels as at the end of the reporting period.

36. Financial Assets Risk Management:

The Group is exposed to risks in the form of Market Risk, Liquidity Risk and Credit Risk. The risk management policies of the company are monitored by the board of directors. The nature and extent of risks have been disclosed in this note.

a) Market Risk

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

i) Currency Risk:

The Group has foreign currency receivable and payables denominated in currency other than the functional currency of the respective components exposing the group to currency risk. The group's significant foreign currency exposures at the end of the reporting period expressed in INR is as below:

(₹ in Lakhs)

Particulars	As at 31 st March 2019			As at 31 st March 2018		
Currency	EUR	USD	JPY	EUR	USD	JPY
Financial Assets						
Trade Receivables	106.84	1.68	36.94	251.17	14.22	41.61
Loans and Advances						
Total (A)	106.84	1.68	36.94	251.17	14.22	41.61
Financial Liabilities						
OIF Term Loan		691.71			1,821.23	
Trade Payables		109.02	130.54	0.35	53.16	95.51
Total (B)	NIL	800.73	130.54	0.35	1,874.39	95.51
Net Exposure (A) – (B)	106.84	(799.05)	(93.60)	250.82	(1,860.17)	(53.90)

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019 (CONTD)

(All amounts in ₹ Lakhs unless otherwise stated)

The above table does not reflect USD exposures of UHI Inc., as USD is the functional currency of the components. The Group is exposed to foreign currency risk as it does not hold any forward contracts for hedging the risk. Any weakening in the functional currency might increase the cost of imports and borrowing cost towards buyer's credit.

Sensitivity Analysis

The sensitivity of profit or loss and equity to changes in the USD exchange rate arises mainly from foreign currency denominated financial instruments as disclosed above and has been computed in assuming an 5% increase or decrease in the exchange rate:

(₹ in Lakhs)

Particulars	Sensitivity of Profit after Tax and Equity					
	As at 31 st March 2019			As at 31 st March 2018		
	EUR	USD	JPY	EUR	USD	JPY
Changes in Exchange Rate						
Increase in 5%	3.48	(25.99)	(3.04)	8.20	(60.82)	(1.76)
Decrease in 5%	(3.48)	25.99	3.04	(8.20)	60.82	1.76

*Holding all other variable constant. In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

ii) Interest Rate Risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group has availed loans at floating interest rate exposing the group to interest rate risk. The Group has not hedged its interest rate risk using interest rate swaps and is exposed to the risk. The total exposure of the Group to interest rate risk as at the balance sheet date has been disclosed below:

	As at 31 st March 2019		As at 31 st March 2018	
	₹	%	₹	%
Variable Rate Borrowings	22,608.62	98.77	25,189.58	98.74
Fixed Rate Borrowings	280.77	1.23	321.16	1.26
Total	22,889.39	100.00	25,510.74	100.00

Sensitivity Analysis:

The sensitivity to the changes in the interest rate have been determined by assuming that the amount of liability as at the end of the reporting period was outstanding throughout the year. A 50-basis points fluctuation has been used to demonstrate the sensitivity of profit or loss and equity to interest rate holding all other variables constant.

	Impact on Profit after tax and Equity	
	Year ended 31 st March 2019	Year ended 31 st March 2018
Interest rate increases by 50 bps	(73.54)	(82.36)
Interest rate decreases by 50 bps	73.54	82.36

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019 (CONTD)

(All amounts in ₹ Lakhs unless otherwise stated)

iii) Equity Price Risk:

Investments in equity instruments of the subsidiary group companies are not held for trading and are carried at cost, hence are not exposed to equity price risk. The company holds certain investments in equity instruments that are quoted in stock exchanges and such investments are designated as measured at fair value through profit and loss statement exposing the company to equity price risk. Exposure to Equity price risk was INR 232.35 Lacs (INR 194.35 Lacs).

Sensitivity Analysis:

(₹ in Lakhs)

	Impact on Profit and Equity As at 31 st March 2019*	Impact on Profit and Equity As at 31 st March 2018*
5% increase in Equity Prices	10.51	9.72
5% Decrease in Equity Prices	(10.51)	(9.72)

b) Liquidity Risk:

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Group has obtained fund and non-fund based working capital limits from various bankers which is used to manage the liquidity position and meet obligations on time.

Maturity Analysis of Non-Derivative Financial Liabilities

(₹ in Lakhs)

	Due in 1 st Year	Due between 1 to 5 years	Carrying Amount as on 31 st March 2019
31st March, 2019			
Borrowings	3,516.75	19,372.64	22,889.39
Trade Payables	14,213.97	-	14,213.97
Other Financial Liabilities	2,164.98		
Total	19,895.70	19,372.64	37,103.36

c) Credit Risk:

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The management evaluates the credit risk of individual financial assets at each reporting date. An expected credit loss is recognized if the credit risk has increased significantly since the initial recognition of the financial instrument. In general, the Group assumes that there has been a significant increase in credit risk since initial recognition if the amounts are 30 days past due from the initial or extended due date. However, in specific cases the credit risk is not assessed to be significant even if the asset is due beyond a period of 30 days depending on the credit history of the customer with the company and business relation with the customer. A default on a financial asset is when the counter party fails to make contractual payments within 1 year from the date they fall due from the initial or extended due date. The definition of default is adopted given the industry in which the entity operates.

Write off of Financial Assets:

To the extent a financial asset is irrecoverable, it is written off by recognizing an expense in the statement of profit and loss. Such assets are written off after obtaining necessary approvals from appropriate levels of management when it is estimated that there is no realistic probability of recovery and the amount of loss has been determined. Subsequent recoveries, if any of amounts previously written off are recognized as an income in the statement of profit and loss in the period of recovery.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019 (CONTD)

The company considers the following to be indicators of remote possibility of recovery:

- the counterparty is in continuous default of principal or interest payments
- the counterparty has filed for bankruptcy
- the counterparty has been incurring continuous loss during its considerable number its past accounting periods

The company assesses changes in the credit risk of a financial instrument taking into consideration ageing of bills outstanding on the reporting date, responsiveness of the counterparty towards requests for payment, forward looking information including macroeconomic information and other party specific information that might come to the notice of the company. In general, it is assumed that the counterparty continues his credit habits in future.

The company does not hold any security/collateral against its trade receivables, lease receivables, loans and deposits.

Credit Exposures:

The company categories the financial assets into following classes based on credit risk:

Grade	Description	Extent of Loss recognized
A	High Quality Asset, the risk of default is negligible or nil	12 month expected Credit Loss
B	Standard Asset, the risk of default is low and the counterparty has sufficient financial strength to meet the obligations	12 month expected Credit Loss
C	Low Quality Asset, the risk of default is considerable and there has been a significant increase in the credit risk since initial recognition	Life Time Expected Credit Losses
D	Possibility of recovery is negligible and the asset is written off	Asset is written off

Grade wise credit risk exposure on the reporting date: (₹ in Lakhs)

Grade	As at 31 st March 2019					As at 31 st March 2018				
	Equity Instruments	Security Deposits	Cash and Bank Balances	Trade and Lease Receivables	Other Financial Assets	Equity Instruments	Security Deposits	Cash and Bank Balances	Trade and Lease Receivables	Other Financial Assets
A	233.17	555.11	221.51	13,559.25	28.20	195.18	477.01	329.69	12,139.71	53.57
B	-	-	-	-	-	-	-	-	-	-
C	-	-	-	-	-	-	-	-	74.82	-

*Expected credit losses, if any were measured on a 12th month estimate basis except for trade receivables classified in Grade C as on 31st March 2018 & 31st March 2019 where ECL is measured on life time basis.

37. Capital Management:

The Group manages its capital to ensure the continuation of going concern, to meet the funding requirements and to maximize the return to its equity shareholders. The Group is not subject to any capital maintenance requirement by law. Capital budgeting is being carried out by the Group at appropriate intervals to ensure availability of capital and optimization of balance between external and internal sources of funding. The capital of the Group consists of equity shares and accumulated internal accruals. Changes in the capital have been disclosed with additional details in the Statement of Changes in Equity.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019 (CONTD)

38. Employee Benefit Obligations:

Defined benefit as per actuarial Valuation:

(₹ in Lakhs)

Particulars	Gratuity			Leave Salary		
	Present Value of Obligation	Fair Value of Plan Assets	Net Amount	Present Value of Obligation	Fair Value of Plan Assets	Net Amount
As at 1 st April 2017	892.51	619.98	272.53	76.44	-	76.44
Current service cost	74.94	-	74.94	32.14	-	32.14
Interest expense/(income)	67.66	47.47	20.19	5.37	-	5.37
Total amount recognized in profit and loss account	142.60	47.47	95.13	37.51	-	37.51
Remeasurements	-	-	-	-	-	-
Return on plan assets, excluding amounts included in interest expense/(income)	-	(0.80)	0.80	-	-	-
(Gain)/loss from change in financial assumptions	-	-	-	(13.56)	-	(13.56)
Experience (gains)/losses	121.71	-	121.71	20.83	-	20.83
Total amount recognized in other comprehensive income	121.71	(0.80)	122.51	7.27	-	7.27
Employer contributions	-	16.80	(16.80)	-	-	-
Benefit payments	(35.47)	(35.47)	-	(10.97)	-	(10.97)
As at 31 st March 2018	1,121.35	647.98	473.37	110.25	-	110.25
As at 1 st April 2018	1,121.35	647.98	473.37	110.25	-	110.25
Current service cost	72.52	-	72.52	14.88	-	14.88
Interest expense/(income)	85.21	49.24	35.97	8.38	-	8.38
Total amount recognized in profit and loss account	157.73	49.24	108.49	23.26	-	23.26
Remeasurements	(1.48)	-	(1.48)	-	-	-
Return on plan assets, excluding amounts included in interest expense/(income)	-	-	-	-	-	-
(Gain)/loss from change in financial assumptions	-	-	-	21.53	-	21.53
Experience (gains)/losses	(63.52)	-	(63.52)	(0.14)	-	(0.14)
Total amount recognized in other comprehensive income	(63.52)	-	(63.52)	21.39	-	21.39
Employer contributions	-	-	-	-	-	-
Benefit payments	(52.05)	(52.05)	-	(49.5)	-	(49.5)
As at 31 st March 2019	1,162.03	645.17	516.86	105.37	-	105.37

* Gratuity plan is funded with a cash accumulation plan in LIC whereas leave encashment plan is not funded

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019 (CONTD)

Significant Assumptions made for the valuation of Defined benefit Obligations include:

Assumptions	As at 31 st March 2019	As at 31 st March 2018
	%	%
Discount Rate	7.60%	7.60%
Salary Growth Rate	5.00%	5.00%
Mortality Rate (% of IALM 06-08)	100.00%	100.00%
Attrition Rate	8.00%	8.00%

Risk Exposure:

Valuations of defined employee benefit obligations are performed on certain basic set of pre-determined assumptions and other regulatory framework which may vary over time. Thus, the group is exposed to various risks in providing the above gratuity benefit which are as follows:

In addition to Interest Rate risk and liquidity risk explained hereinbefore the company is also exposed to the below risks on account of valuation of defined benefit obligations:

- Salary Escalation Risk:** The present value of the defined benefit plan is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.
- Demographic Risk:** The group has used certain mortality and attrition assumptions in valuation of the liability. The group is exposed to the risk of actual experience turning out to be worse compared to the assumptions.
- Regulatory Risk:** In India, Gratuity benefit is paid in accordance with the requirements of the Payment of Gratuity Act, 1972 (as amended from time to time). There is a risk of change in regulations requiring higher gratuity payouts (e.g. Increase in the maximum limit on gratuity payout).
- Investment Risk:** The probability or likelihood of occurrence of losses relative to the expected return on any particular investment.

39. Related Party Disclosure:

(Note : Related Party is identified by the group and relied upon by the auditors)

1) List of Related Parties where control exists

Holding Company

Carburettors Limited

2) Other Related Parties

a) Fellow Subsidiaries

RD Electrocircuits Private Limited

b) Key Managerial Personnel

i) Mr. Jayakar Krishnamurthy – Chairman and Managing Director

ii) Mr Ram Ramamurthy – Whole Time Director and Chief Financial Officer

iii) Ms. Rekha Raghunathan – Director and Company Secretary

c) Relatives of Key Managerial Personnel

i) Dr. V Krishnamurthy

ii) Mr. Aditya Jayakar

d) Entities in which KMP or relatives are trustees or members of managing committee

i) Culture and Heritage Trust of Karuveli

ii) Dr. V Krishnamurthy Educational Foundation

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

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019 (CONTD)

3) Transactions with related parties

(₹ in Lakhs)

Transactions during the year 2018-19	Holding Company	Other Related Enterprises	KMP*	Relatives Of KMP*
Outstanding payables	NIL (21.57)	820.41 (558.54)	69.15 (37.29)	9.18 (7.02)
Outstanding Receivables		263.63 (516.79)		
Capital Advances		2,100.00 (2,100.00)		
Purchase of materials		324.12 (284.54)		
Purchase of intangible assets		1,700.00 (617.00)		
Consultancy charges paid		33.00 (24.06)		90.67 (78.00)
Repairs & maintenance		NIL (37.45)		
Labour Charges Incurred		770.53 (395.16)		
Rent paid		957.60 (806.14)		
Managerial Remuneration* (Directors)			316.08 (285.95)	
Remuneration to key managerial personnel other than directors*			29.55 (26.79)	
Interest Paid		14.91 (51.96)		
Sale of goods		0.01 (2.98)		
Sale of Fixed Assets		NIL (NIL)		
CSR Expenditure		200.00 (150.36)		
Dividend paid	1,132.00 (566.00)	331.70 (165.85)	35.38 (17.71)	54.84 (27.40)
Dividend received		81.76 (82.81)		

* Remuneration paid includes

(₹ in Lakhs)

Particulars	Chairman and Managing Director	Whole Time Director and Chief Financial Officer	Company Secretary
Name	Mr. Jayakar Krishnamurthy	Mr. Ram Ramamurthy	Ms. Rekha Raghunathan
Short Term Employee Benefits	260.41	29.10	28.44
Post-employment Benefits			
- Provident Fund	10.32	3.35	1.11
- Superannuation Fund	12.90	-	-
Other Long-Term Benefits	-	-	-

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019 (CONTD)

40. Borrowings:-

(₹ in Lakhs)

Particulars	As at 31 st March 2019			Terms of Repayment	Details of Security Offered to the Lender
	Current Maturities	Non-Current Maturities	Total		
I. Non-Current Borrowings					
A. Secured Borrowings					
Term Loan I	1,500.00	2,000.00	3,500.00	Repayable in quarterly instalments of ₹ 100 Lakhs each. The period of maturity with reference to Balance Sheet date is 3 years. Rate of Interest-12.15%	Secured by first charge on fixed Assets (present & future) on pari passu basis with other term lenders except those assets specifically charged.
Term Loan II	562.50	2,437.50	3,000.00	Repayable in monthly instalments of ₹ 50 Lakhs each. The period of maturity with reference to Balance Sheet date is 3 months. Rate of interest-13.45%	Secured by pari passu first charge on the land at Bawal and exclusive charge on the Building, Plant & Machinery at Bawal
Machinery and Equipment Loan	124.58	156.19	280.77	Repayable in 48 monthly instalments with an interest of 12.50% p.a. fixed	Guaranteed by holding company and secured by hypothecation of machinery
OIF Term Loan	691.71	-	691.71	Repayable in 28 step-up quarterly instalments commencing from 2012-13. The period of maturity with reference to Balance Sheet date is 1.5 years. (6 instalments). Rate of conversion as on 31.03.2018-1\$=₹65.0441. Carries an interest rate of LIBOR+5%.	Secured by pari passu first charge on the entire moveable & immoveable fixed assets of UCAL, present & future, except those assets specifically charged.
Machinery and Equipment Loan (US Operations)	637.96	2,271.48	2,909.44	Repayable in monthly instalments of varying terms with an interest rate of LIBOR + 2.75%	
Total	3,516.75	6,865.17	10,381.92		
II. Current Borrowings					
Loans repayable on Demand	3,650.87	-	3,650.87	Repayable on demand chargeable at 11.03% - 12.68%	Working capital facilities from banks are secured by first charge on raw materials, work-in-progress, finished goods and book debts.
Short Term borrowings from Bank	6,227.52	-	6,227.52	Repayable within a year. Rate of interest 8.90% - 10.50%	Unsecured
Short Term Borrowings from Others	708.20	-	708.20	Repayable within a year. Rate of interest 10.50%	Unsecured
Total	10,586.59	-	10,586.59		

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019 (CONTD)

41. Contingent Liabilities, guarantees and Commitments not provided for: (₹ in Lakhs)

Description	As at 31 st March 2019	As at 31 st March 2018
Claims against company not acknowledged as Debts		
i) Sales Tax/Tax	1,926.40	55.70
ii) Excise Duty	483.01	39.50
iii) Income Tax	527.81	150.17
iv) Claim of interest of bank	-	36.69
v) Right of recompense for restructured term loan account	-	125.00
vi) Land development charges claimed by HSIIDCL	104.82	-
Other moneys for which the company is contingently liable		
i) Guarantees given by banks on behalf of the company	-	49.26
Commitment		
Estimated amount w.r.t contracts remaining to be executed on capital account, net of advances, not provided for	504.88	486.77

42. Expenditure Incurred on Research and Development: (claimed under Income Tax Act, 1961) (₹ in Lakhs)

Particulars	For the year ended 31 st March 2019	For the year ended 31 st March 2018
A. Revenue Expenditure		
a) Material Consumed	2.04	4.55
b) Employee Benefit Expenditure	524.34	427.08
c) Other Expenses	684.25	646.12
Sub-Total – A	1,210.63	1,077.75
B. Capital Expenditure		
a) Land and Building	-	-
b) Plant and Machinery	19.70	45.38
c) Others	144.65	43.68
Sub-Total – B	164.35	89.06
Total R&D Expense - (A) + (B)	1,374.98	1,166.81

43. Disclosure made in terms of Regulation 34(3) of SEBI (LODR) Regulations 2015 (₹ in Lakhs)

S. No	Particulars	Name of the Company	Amount outstanding as at 31 st March 2019/ For 2018-19	Amount outstanding as at 31 st March 2018/ For 2017-18
1.	Loans and advances made to entity controlled by relatives of KMP	Bharat Technology Auto Components Limited	2,100	2,100
		Maximum amount due at any time during the year	2,100	2,100

44. Proposed Dividend and Tax thereon:

The board of directors in their meeting held on 27th May 2019, has proposed a dividend of ₹ 1,990.22 Lakhs (90% on the paid up equity share capital). Distribution of dividend is subject to approval by the shareholders in the annual general meeting. On distribution the company would be liable to pay a tax of ₹ 392.29 Lakhs as dividend distribution tax under section 115-O.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019 (CONTD)

45. Corporate Social Responsibility:

Expenditure incurred on corporate social responsibility (CSR) activities:

(a) Gross amount required to be spent during the year is ₹ 15.50 Lakhs (Previous Year ₹ 72.57 Lakhs)

(b) Amount spent during the year ₹ 200 Lakhs

(₹ in Lakhs)

Sl. No	Particulars	Year ended 31 st March 2019		Year ended 31 st March 2018	
		Spent up to Balance sheet date	Provided for	Spent up to Balance sheet date	Provided for
1.	Culture and Heritage Trust of Karuveli	NIL	NIL	23.36	NIL
2.	Dr. V. Krishnamurthy Educational Foundation	200.00	200.00	127.00	NIL
	Total	200.00	200.00	150.36	NIL

46. Finance Lease Information:

The group has obtained certain assets on lease. Gross cost and accumulated depreciation of those assets are disclosed below:

(₹ in Lakhs)

Asset Class	Gross cost		Accumulated depreciation		Net Block	
	As at 31 st March 2019	As at 31 st March 2018	As at 31 st March 2019	As at 31 st March 2018	As at 31 st March 2019	As at 31 st March 2018
Plant and Machinery	782.80	803.69	221.83	156.60	560.97	647.09

The future minimum lease payments under finance leases are as follows:

(₹ in Lakhs)

Particulars	Amount
Upto 1 year from the reporting date	118.4
After 1 year upto 5 years from the reporting date	45.93
Total Minimum Lease Payments	164.35
Less: Amount representing interest	8.43
Present Value of Minimum lease payments	155.41
Less: Current Obligations	112.65
Long Term Finance Lease obligations	42.76

The present values of the net minimum lease payments have been capitalized. The leases have been imputed with interest at annual rates ranging from 4% to 9.47%.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019 (CONTD)

47. Investment Property:

The group has one investment property in State of Illinois, USA that generated rental income during the year. The group did not have any property that did not generate rental income. There were no restrictions on the realizability of investment property or on remittance of income and proceeds of disposal

(₹ in Lakhs)

Particulars	Year ended 31 st March 2019	Year ended 31 st March 2018)
Opening Gross Carrying Amount	1,540.05	1,535.22
Additions/Deletions	-	-
Foreign Currency Translation	97.71	4.83
Closing Gross Carrying Amount	1,637.76	1,540.05
Opening Accumulated Depreciation	141.29	70.42
Depreciation for the year	72.89	70.01
Foreign Currency Translation	11.22	0.86
Closing Accumulated Depreciation	225.40	141.29
Opening Written Down Value	1,398.76	1,464.79
Closing Written Down Value	1,412.36	1,398.76

Estimated Depreciable Life 27.5 years. The fair value of the investment property is its carrying value. Management has estimated the fair value based on level 3 inputs

48. The Group is engaged in the business of manufacture and sale of automotive components. There are no other reportable segments of operation of the Group.
49. The balances outstanding as on 31st March 2019 in respect of Sundry Debtors, Loans & 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.

Subject to the above, in the opinion of the board, current assets, loans and advances have a value on realization in the ordinary course of business at least equal to the amount at which they are stated. The provision for depreciation and for all other known liabilities is considered adequate and are not in excess of the amounts reasonable necessary.

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

51. The Financial Statements were approved for issue by the Board of Directors at their meeting held on 27th May 2019.

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 R. SUBRAMANIAN AND COMPANY LLP

Chartered Accountants

FRN:004137S/S200041

K JAYASANKAR

PARTNER

M.NO. 014156

JAYAKAR KRISHNAMURTHY
CHAIRMAN AND MANAGING DIRECTOR

Place : Chennai

Date : 27th May 2019

REKHA RAGHUNATHAN
DIRECTOR AND
COMPANY SECRETARY

RAM RAMAMURTHY
WHOLE TIME DIRECTOR AND
CHIEF FINANCIAL OFFICER

FINANCIAL HIGHLIGHTS

(₹ in Lakhs)

Particulars	2018-19	2017-18	2016-17	2015-16	2014-15
1. SALES	59,612.98	59,361.11	56,397.62	50,304.67	53,077.92
2. Other Income (Including Services)	391.11	456.40	588.64	347.70	294.37
3. TOTAL INCOME	60,004.10	59,817.51	56,986.26	50,652.37	53,372.29
4. Total Expenditure	49,934.86	49,534.58	48,812.55	43,809.87	45,709.24
5. Profit before Interest & Depreciation	10,069.24	10,282.93	8,173.71	6,842.50	7,663.05
6. Interest	2,295.15	2,220.90	2,292.02	2,168.62	2,617.37
7. Depreciation	1,768.39	1,838.15	2,223.49	2,305.09	2,397.95
8. Profit before Tax & exceptional items	6,005.70	6,223.88	3,658.20	2,368.79	2,647.73
9. Profit before Tax	6,005.70	(8,967.97)	3,658.20	2,368.79	2,647.73
10. Profit after Tax	3,878.26	(5,932.27)	2,493.02	1,811.44	1,979.42
11. Share Capital	2,211.36	2,211.36	2,211.36	2,211.36	2,211.36
12. Reserves & Surplus	40,213.43	38,957.35	32,838.07	30,345.06	29,451.84
13. Net Worth	42,424.79	41,168.71	35,049.43	32,556.42	31,663.20
14. Long Term loans from banks/Financial Institutions	7,191.75	6,904.23	8,988.62	7,677.85	11,182.56
15. Fixed Assets	33,606.83	31,536.98	16,905.42	17,335.53	18,403.10
16. Dividend Rate (%)	90.00	100	50	35	20
17. Earnings per Share (₹)	17.54	(26.83)	11.27	8.19	8.95
18. Debt Equity Ratio	0.78:1	0.83:1	0.26 :1	0.24 : 1	0.35 :1

Notes:

[illegible]



UCAL FUEL SYSTEMS LIMITED

CIN: L31900TN1985PLC012343

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

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

ATTENDANCE SLIP

33rd ANNUAL GENERAL MEETING

I / We hereby record my / our presence at the 33rd Annual General Meeting of the Company at Tag Centre, No.69, T.T.K Road, Alwarpet, Chennai - 600 018, on Monday, 30th September, 2019 at 10.15 A.M.

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

Member's / Proxy's Name
in Block Letters

Member's / Proxy's
Signature

VOTING THROUGH ELECTRONIC MEANS

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

Note:

1. Please fill in the Folio No./DP ID-Client ID No. and name, sign this Attendance Slip and hand it over at the Attendance Verification Counter at the ENTRANCE OF THE MEETING HALL.
2. 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.

