



UCAL FUEL SYSTEMS LIMITED

Ref: 6508/RR/RL/SEC

5th October 2017

The National Stock Exchange of India Limited/
BSE Limited

Dear Sirs

Sub: Regulation 34 of the SEBI (LODR) Regulations, 2015,

Please find enclosed Annual Report for the year 2016-17 approved and adopted in the Annual General Meeting of the company held on Thursday, the 28th September 2017 at 9.30 a.m at "Tag Centre", 69, T.T.K. Road, Alwarpet, Chennai 600 018.

We request you to kindly make a note of the same in your record.

Thanking you

Yours faithfully
For UCAL FUEL SYSTEMS LIMITED

A handwritten signature in black ink, appearing to read "R. Lakshmi".

AUTHORISED SIGNATORY

Encl: as above



NOTICE

Notice is hereby given that the 31st Annual General Meeting ("AGM") of the shareholders of UCAL FUEL SYSTEMS LIMITED ("company"), Corporate Identification Number - L31900TN1985PLC012343 will be held on Thursday, September 28, 2017 at 9.30 a.m at Tag Centre, 69, T.T.K.Road, Alwarpet, Chennai 600 018 to transact the following business:-

ORDINARY BUSINESS :

- Item No 1: To adopt the Audited Financial Statements of the company for the financial year ended 31st March, 2017 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, 2017 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"

- 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 ₹ 5.00 per equity share of ₹ 10 each fully paid up on 2,21,13,625 equity shares be and is hereby declared out of the profits of the company for the year ended 31st March 2017 absorbing a sum of ₹13,14,12,735/- (including dividend distribution tax and cess thereon) and that the dividend be paid to those shareholders whose names appear in the register of members as on 21st September 2017 and be paid out of the profits of the company for the financial year 2016-17

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

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 re-appointment be and is hereby re-appointed as Director of the company."

- Item No 4 : To appoint Statutory Auditors

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

"RESOLVED THAT pursuant to Section 139, 142 and other applicable provisions, if any of the Companies Act, 2013 ("Act") and the Companies (Audit and Auditors) Rules, 2014 including any statutory modification(s) or enactment(s) thereof for the time being in force and pursuant to the recommendations of the Audit Committee and of the Board of Directors of the company, M/s. R.Subramanian & Company LLP, Chennai, (Firm Registration Number:004137S/S200041), who have confirmed their eligibility to be appointed as Statutory Auditors of the company in terms of Section 141 of the Act and Rules made thereunder be and are hereby appointed as Statutory Auditors of the company (in place of G Balu Associates LLP, Chartered Accountants, Chennai whose term of appointment ends at the conclusion of the ensuing Annual General Meeting) to hold such office for a term of consecutive five years from the conclusion of this ensuing 31st Annual General Meeting till the conclusion of the 36th Annual General Meeting (subject to ratification of the appointment by the shareholders at every Annual General Meeting) on such terms and conditions and remuneration as may be determined by the Board of Directors of the company on the recommendation of the Audit Committee in addition to reimbursement of travelling and other out of-pocket expenses actually incurred by them in connection with the audit."

SPECIAL BUSINESS:

- Item No 5: 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 re-enactment 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. V. Kalyanaraman, Cost Accountant (Sole Proprietor Number 100006) for conducting the audit of the cost records of the company for the financial year 2017-18, at ₹5,00,000 per annum (Rupees five lakh 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, 2017

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 Item No.5 which sets out the details with respect to the special business to be transacted at the meeting is annexed hereto. An explanatory statement has also been given for Item No.4 relating to the appointment of Statutory Auditors.
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 Friday, 22nd September, 2017, to Thursday, 28th September, 2017 (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 21st September, 2017. 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 above.
7. As per the provisions of section 72 of the Companies Act, 2013 and Rule 19(1) of the Companies (Share Capital and Debentures) Rules 2014 shareholders holding shares in physical form may file nomination 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 Director seeking re-appointment required as per Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is 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 2007-08 from time to time on due dates, to the Investor Education and Protection Fund (the IEPF) established by the Central Government. The company had not declared any dividend for the financial year 2008-09. 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 28th September, 2016 (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 2009-10, 2010-11, 2011-12, 2012-13, 2013-14, 2014-15 and 2015-16 are advised to write to the company/ Integrated immediately claiming the dividends declared by the company.
16. Shareholders desirous of getting any information about the accounts and/or operations of the company are requested to write to the company at least seven days before the date of the Annual General Meeting to enable the company to keep the information ready at the meeting.
17. Pursuant to 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) sent by email upon receipt of requisition 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 31st Annual General Meeting of the company and the Annual Report for 2016-17 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.

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 25th September, 2017 at 9.00 a.m. and shall close on 27th September, 2017 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 27th September, 2017 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 |
|-------------------------------------|---------|--------------|
| | | |
- (ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.
- II. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for shareholders and e-voting user manual for shareholders available at the downloads section of www.evoting.nsdl.com
- III. If you are already registered with NSDL for 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 25th September, 2017 (9.00 a.m.) and ends on 27th September, 2017 (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 21st September, 2017, 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 21st September, 2017.
- 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 General Meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of atleast 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 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, 2017

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 Nos. 4 and 5 of the accompanying Notice:

Item No 4

The company had at the previous Annual General Meeting appointed M/s. G Balu Associates LLP, as statutory auditors of the company for the financial year 2015-16. They will retire at the conclusion of the ensuing Annual General Meeting. They have been the Statutory auditors of the company for a transitional period of 3 years and will not be eligible for re-appointment at the ensuing Annual general meeting in line with the provisions of The Companies Act, 2013, for retirement of Auditors.

The Board of Directors on the recommendation of the audit committee had approved the appointment of M/s R.Subramanian & Company LLP, Chartered Accountants, Chennai (Registration Number: 004137S/S200041) as statutory auditors of the company for a period of 5 consecutive years commencing from the conclusion of the ensuing 31st Annual General Meeting till the conclusion of the 36th Annual General meeting subject to ratification of their appointment by the shareholders at the Annual General Meeting every year.

The company has received a letter from the auditors to the effect that their appointment if made will be in accordance with the provisions of the Companies Act, 2013 and that they do not suffer from any disqualification under Section 141 of the Companies Act, 2013 and the rules made thereunder. Accordingly the Board of Directors place before the shareholders for their approval the resolution for appointment of M/s R.Subramanian & Company LLP, Chartered Accountants as statutory auditors of the company. The Board recommends the resolution for the approval 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. 4 of the Notice.

Item No 5

The Board, on the recommendation of the audit committee, had approved the appointment of Mr. V. Kalyanaraman, Cost Accountant (Sole Proprietor Number: 100006) as the cost auditor to conduct the audit of the cost records of the company for the financial year 2017-18 at a remuneration of ₹5,00,000 per annum (Rupees five lakh only per annum) excluding applicable taxes and out of pocket expenses, if any.

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the cost auditor has to be ratified by the shareholders of the company. The Board recommends the resolution set forth in Item No. 5 for ratification by 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. 5 of the Notice.

By Order of the Board
For UCAL FUEL SYSTEMS LIMITED

Place: Chennai
Date : 31st August, 2017

REKHA RAGHUNATHAN
DIRECTOR AND COMPANY SECRETARY

Disclosure as required under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in respect of Directors seeking appointment /re-appointment at the 31st Annual General Meeting of the company**Mr. Ram Ramamurthy (DIN: 06955444)**

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

He has been Whole-time Director of UCAL Fuel Systems Limited since September 2014 and was appointed Chief Financial Officer of the company with effect from 12th November, 2015.

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

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

By Order of the Board
For UCAL FUEL SYSTEMS LIMITED

Place: Chennai
Date : 31st August, 2017

REKHA RAGHUNATHAN
DIRECTOR AND COMPANY SECRETARY

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]

31st Annual General Meeting - September 28, 2017

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 31st Annual General Meeting of the company to be held on Thursday, 28th day of September, 2017 at 9.30 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 of the Company along with the directors and auditors report for the year ended 31 st March, 2017.	Ordinary		
2	To approve the dividend for the year ended 31 st March, 2017.	Ordinary		
3	To approve the re-appointment of Mr. Ram Ramamurthy as Director who retires by rotation and being eligible offers himself for re-appointment.	Ordinary		
4	To approve the appointment of Statutory Auditors.	Ordinary		
	Special Business:			
5	To ratify the remuneration to be paid to Cost Auditor.	Ordinary		

Signed this day of2017.

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.

**UCAL FUEL SYSTEMS LIMITED**

CIN: L31900TN1985PLC012343

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

177, Anna Salai, Chennai – 600 002, India

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

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

ATTENDANCE SLIP**31st ANNUAL GENERAL MEETING**

I / We hereby record my / our presence at the 31st Annual General Meeting of the Company at Tag Centre, No.69, T.T.K Road, Alwarpet, Chennai - 600 018, on Thursday, 28th September, 2017 at 9.30 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.





UCAL FUEL SYSTEMS LIMITED

FUELLING A TRAIL

Blazing Path of Excellence...

ANNUAL REPORT
2016 - 17

Board of Directors

Mr. Jayakar Krishnamurthy	Chairman and Managing Director
Mr. Ram Ramamurthy	Whole-time Director and Chief Financial Officer
Mr. S. Natarajan	Independent Director
Dr. M.S. Ananth	Independent Director
Dr. V. Sumantran	Independent Director
Ms. Rekha Raghunathan	Director and Company Secretary

Audit Committee

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

Chief Executive Officer

Mr. P.H. Narayanan

Statutory Auditor

M/s. G Balu Associates LLP, Chartered Accountants,
FRN: 000376S/S200073,
"Jammi Building", No. 123, Royapettah High Road,
Mylapore, Chennai - 600 004

Internal Auditor

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

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
Bank of India
IDBI Bank Limited
Indian Bank
Corporation Bank
Central Bank of India
Kotak Mahindra Bank

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

Contents	Page
Board's Report	3
Report on Corporate Governance	29
Management Discussion and Analysis Report	46
Auditor's Report	50
Balance Sheet	56
Statement of Profit and Loss	57
Cash Flow Statement	58
Notes to Accounts	60
Auditors Report on Consolidated Accounts	79
Consolidated Balance Sheet	84
Consolidated Statement of Profit and Loss	85
Consolidated Cash Flow Statement	86
Notes to Accounts of Consolidated Financial Statements	88
Financial Highlights	103

BOARD'S REPORT

The Directors hereby present the 31st Annual Report together with the audited accounts of the company for the year ended 31st March 2017.

FINANCIAL HIGHLIGHTS

The performance of the company for the year ended 31st March 2017 is as follows: (₹ in lakhs)

Particulars	For the year ended	
	31.03.2017	31.03.2016
Gross Revenue	64,075	57,196
Net Revenue (excluding Excise Duty)	56,397	50,305
Total Expenditure	48,813	43,810
Operating Income	7,584	6,495
Other Income	589	347
Profit before Interest, Tax & Depreciation	8,173	6,842
Interest	2,292	2,169
Depreciation	2,223	2,305
Profit before Tax & Exceptional item	3,658	2,368
Tax Expense	1,165	557
Profit after Tax / Net Profit	2,493	1,811
Balance of profit brought forward from last year	11,165	10,272
Amount Available for Appropriations	13,658	12,083
Appropriations:		
Transfer to General Reserve	-	-
Dividend	-	774
Tax on Dividend	-	144
Balance Carried to Balance Sheet	13,658	11,165

DIVIDEND

The Board has out of the profits available for appropriation, recommended a dividend of 50% i.e. ₹5 per equity share for the financial year 2016-17. This amount aggregates to ₹1,106 lakhs (exclusive of tax and surcharge thereon).

SHARE CAPITAL

The paid up equity share capital of the company as on 31st March, 2017 was ₹22,11,36,250. The company has not issued any shares nor granted stock options or sweat equity during the financial year 2016-17.

TRANSFER TO GENERAL RESERVE

There has been no transfer to general reserve of the company for the financial year 2016-17.

FINANCIAL PERFORMANCE

The turnover of the company stood at ₹56,397 lakhs in the financial year 2016-17 as against ₹50,305 lakhs in the financial year 2015-16 resulting in an increased turnover of 12%. An increased offtake by the existing customers resulted in this increased turnover. The earnings before Interest, Tax and Depreciation (EBITDA) stood at ₹8,173 lakhs in the financial year 2016-17 as against ₹6,842 lakhs in the financial year 2015-16. The increased turnover along with reduced operational costs has been the reason for the increased EBITDA inspite of a high employee cost. Efforts on modernization of facilities and improvement of the work culture to ensure more efficiency and increased productivity continue.

The exports stood at ₹1,018 lakhs in the financial year 2016-17 as compared to ₹1,517 lakhs in the financial year 2015-16. Continuous efforts are on to introduce the company's products to various international customers which also include setting up of a representative office in Europe in 2017-18. With the company becoming Euro VI compliant in relation to pumps it is expected that exports of the same will increase in 2017-18. The spares sales of the company in the financial year 2016-17 stood at ₹6328 lakhs as against that of ₹4129 lakhs in the financial year 2015-16.

The spares sales has seen a growth of 53%, due to an increased offtake of spares by OEMs and a greater thrust given by the company for increasing the spares sales. However efforts to increase the spares sales by employing more dealer outlets will continue in 2017-18.

The Profit After Tax (PAT) for the financial year 2016-17 stood at ₹2,493 lakhs which is higher than that of the previous financial year by 38%. The company's earning per share was ₹11.27 during the financial year 2016-17.

The supply of air suction valves increased substantially in 2016-17 and this combined with company's entry into Hero Moto Corp was one of the reasons for the increased turnover. The changeover to BS-IV vehicle emission norms from BS-III with effect from April 2017 resulted in the customers reducing their offtake to liquidate their vehicles stocks which were BS-III compliant before March 2017. This combined with the challenges of demonetization affected the two wheeler segment resulting in the turnover of the company not being as anticipated at the beginning of 2016-17. Though the company was able to efficiently manage its operating, financial and general administration costs, the employee costs continued to pose a challenge. Efforts towards introducing low cost automation continue. To augment its capacity to meet the specific needs of certain customers the company spent ₹1,838 lakhs in capital investments in the financial year 2016-17 as compared to ₹1,208 lakhs spent in the financial year 2015-16. The company continues to lay stress on R&D and has spent ₹911 lakhs in the financial year 2016-17 as against an amount of ₹863 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 re-appointment. Necessary resolution for his re-appointment has been set out in detail in the Notice convening the ensuing Annual General Meeting. The Board recommends his re-appointment as Director 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 Director who is to be appointed / re-appointed as mentioned herein has been furnished along with the explanatory statement in the Notice convening the Annual General Meeting.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- (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 as at the end of the financial year 31st March 2017 and of the profit of the company for the year ended 31st March 2017.
- (c) 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. Mr. S. Natarajan, Dr. M.S. Ananth, Dr. V. Sumantran and Mr. Jayakar Krishnamurthy continue as members of the Audit Committee with Mr. S. Natarajan as the Chairman of the Audit committee. The committee met four times during the year. Detailed disclosure on the terms of reference and meetings are mentioned in the corporate governance report.

STATUTORY AUDITORS

M/s. G Balu Associates LLP, Chartered Accountants, who were appointed statutory auditors of the company at the previous Annual General Meeting for the year 2015-16, will retire at the conclusion of the ensuing Annual General Meeting. They have been the Statutory auditors of the company for a transitional period of 3 years and will not be eligible for re-appointment at the ensuing Annual General Meeting in line with the provisions of The Companies Act 2013 for retirement of Auditors.

The Board of Directors have now recommended the appointment of M/s R.Subramanian & Company LLP, Chartered Accountants, Chennai (Registration Number: 004137S/S200041) as statutory auditors of the company for a period of 5 consecutive years commencing from the conclusion of the ensuing 31st Annual General Meeting till the conclusion of the 36th Annual General Meeting subject to ratification of the appointment by the shareholders at the Annual General Meeting every year.

The necessary resolutions in this regard will be passed at the ensuing Annual General Meeting. The company has received a letter from the auditors to the effect that their appointment if made will be in accordance with the provisions of the Companies Act, 2013 and they do not suffer from any disqualifications under Section 141 of the Companies Act, 2013 and the rules made thereunder. The auditors have also confirmed that they hold a Peer Review Certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India.

The Directors wish to place on record their appreciation for the services rendered by M/s. G Balu Associates LLP, Chartered Accountants, as Statutory Auditors of the company.

The emphasis of matter specified in the Independent auditor's report on the Standalone Financial Statements has been explained in note numbers 29 and 30 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 practicing company secretaries as secretarial auditor of the company to undertake secretarial audit of the company for the financial year 2016-17. 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.

INTERNAL AUDITORS

The company continues to engage M/s. P. Chandrasekar, Chartered Accountants, as internal auditors of the company. Their scope of work is as approved 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 are taken on a regular basis in consultation with the audit committee. The internal auditors were present at all audit committee meetings.

COST AUDITOR

The cost audit was conducted for 2016-17 by Mr. V. Kalyanaraman who was appointed as Cost Auditor for the financial year 2016-17. Mr. V. Kalyanaraman was re-appointed as cost auditor for the financial year 2017-18 at a remuneration of ₹5,00,000/- per annum subject to the remuneration being ratified by the shareholders at the ensuing Annual General Meeting. Mr. V. Kalyanaraman has sent his consent for appointment as Cost Auditor for 2017-18.

SUBSIDIARY COMPANIES

The company has two wholly owned subsidiaries.

Ucal Polymer Industries Limited (UPIL)-UPIL has recorded an increased turnover of ₹4,081 lakhs in the financial year 2016-17 as against that of ₹3,431 lakhs in the financial year 2015-16. It continues to efficiently cater to the plastic and rubber component requirements of UCAL Fuel Systems Limited(UFSL). The net profit after tax stood at ₹387 lakhs in the financial year 2016-17. The process of transfer of business from other vendors of UFSL to UPIL is not yet fully complete and once done this will lead to a further increase in turnover in 2017-18 for UPIL in addition to stabilizing the supplies and reducing the input cost of UFSL to a certain extent. A dividend of 50% has been declared by UPIL, for the financial year 2016-17.

Amtec Precision Products Inc, USA (Amtec) - The turnover of Amtec was ₹22,122 lakhs in the financial year 2016-17 up from ₹21,982 lakhs in the financial year 2015-16 thereby recording an increase of 6% in terms of Indian Rupees due to exchange conversion rates though in terms of US dollar, the turnover was \$33.77 million during financial year 2016-17 as compared to \$34.10 million in the financial year 2015-16 recording a decrease of 0.63%. Amtec has incurred a net profit after tax of ₹423 lakhs during the financial year 2016-17 as against a loss of ₹617 lakhs in the financial year 2015-16. Amtec was financially restructured in July 2016 with help of UFSL and a local bank in USA. The entire credit facilities of about \$ 15.91 million with State Bank of India and Bank of India were settled completely thereby releasing the corporate guarantee provided by UFSL for that amount. Towards this end UFSL invested \$ 8 million in equity shares of Amtec and the balance was financed by a local bank in USA. The new credit facilities of Amtec will no longer be secured by the corporate guarantee of UFSL. With the working capital issues now resolved and the changes in the US economy the performance of Amtec in 2017-18 is expected to be far better. New and more remunerative business are in the horizon.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements for the year ended 31st March, 2017 of the company and its subsidiaries together with the auditor's report thereon is 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 ₹3,303 lakhs has been achieved during the financial year 2016-2017 as against that of ₹1,557 lakhs in the financial year 2015-16. The increased profitability is due to the increased turnover in UFSL and a corresponding increase in turnover of UPIL and an overall reduction in costs in both UFSL and UPIL. Though the turnover of Amtec did not show much improvement the reduced finance and operational costs of Amtec have also contributed to the increased profitability.

Regarding the emphasis of matter in the consolidated Financial Statements it is relevant to state that due to the challenging performance of Amtec there was a delay in finalizing the audited accounts of Amtec for the financial years 2014-2015 and 2015-16 and hence as had been already stated by the statutory auditors, the consolidated accounts of 2014-2015 and 2015-16 of UFSL were prepared taking into consideration the management approved accounts of Amtec of the respective years. Now with the audited accounts of Amtec for the year 2014-15, 2015-16 and 2016-17 being received, all financial implications have been given effect to while preparing the consolidated financial statements of UFSL for the financial year 2016-17. The consolidated accounts of UPIL for 2016-17 have been prepared taking into consideration the management approved accounts of UPIL USA, Inc. Any impact to be given effect to based on the audited accounts of UPIL USA, Inc will be taken into consideration in the audited accounts of UPIL in 2017-18.

In terms of section 136 of the Companies Act, 2013 the company has not attached the financial statements of the subsidiary companies. However the financial information of the subsidiary companies are disclosed in the annual report. The annual accounts, reports and other documents of the subsidiary companies will be available for inspection during business hours, by any shareholder of the company at the registered office of the company and also at the registered office of the concerned subsidiary and has also been posted in the website of the company www.ucalfuel.com. 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 continue in the field of education, sports, health, sanitation and preservation of culture and heritage through the two implementation agencies. The projects are in accordance with Schedule VII of the Companies Act, 2013. The CSR Vision which is "To be a responsible corporate citizen by contributing to the well being of the society at large keeping in mind the national vision of ensuring a healthy, educated and a poverty free India and to protect the culture and heritage of this great ancient land" guides the CSR policy.

The constitution of the CSR committee and the other details are mentioned in the corporate governance report. The annual report of the CSR activities carried out during the financial year 2016-17 is given in Annexure-III.

PUBLIC DEPOSITS

During the financial year 2016-17, 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 a robust 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 under the guidance of the audit committee. Internal audit is conducted on a quarterly basis by a team of internal auditors and the reports together with the action taken reports are reviewed by the audit committee periodically. A system of management controls is also in place to ensure higher levels of productivity and efficiency and to keep the organisation ahead and competitive. Mr.V.Kalyanaraman had been appointed cost auditor of the company for the financial year 2016-17 and the cost audit report was filed. The financial statements are maintained in Oracle application and all transactions and approvals are routed through it and checks and controls are inbuilt in the system. 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 safe guard 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. 14, 18, 28, 48 and 13 of the notes to accounts of the Standalone Financial Statements. The company has invested \$8 million in the equity share capital of its wholly owned subsidiary AMTEC Precision Products Inc., USA (Amtec). This was invested in Amtec to enable Amtec to complete its financial restructuring and has resulted in the corporate guarantee given to Amtec by UFSL for its credit facilities being discharged.

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 interest of company at large during the financial year 2016-17 as per Section 188 of Companies Act, 2013. All transactions entered into with related parties were on arms length basis and in the ordinary course of business. Form AOC-2 as required under Section 134(3)(h) of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules 2014 is given in Annexure-VI and forms part of this report.

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 2016-17 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.

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 in 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 2016-17.

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 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.

ACKNOWLEDGEMENT

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

For and on behalf of the Board

Place: Chennai
Date: 31st August, 2017

JAYAKAR KRISHNAMURTHY
CHAIRMAN AND MANAGING DIRECTOR

ANNEXURE I TO BOARD'S REPORT

Form No.MR-3

SECRETARIAL AUDIT REPORT FINANCIAL YEAR ENDED 31st MARCH, 2017

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration 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, 2017 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, 2017 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 Bye-laws 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.

The company had made an application to the Central Government for approval to pay 7.50% of net profit as remuneration (including commission) to the Chairman and Managing Director. The approval from Central Government is awaited.

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. No changes in the composition of the Board of Directors took place during the period under review.

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)

P. Sriram & Associates

FCS No. 4862/CPNo: 3310

Place : Chennai

Date : 31st August, 2017

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:

(P.Sriram)

P. Sriram & Associates

FCSNo. 4862/CPNo: 3310

Place : Chennai

Date : 31st August, 2017

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)

Name of the Subsidiary company	UCAL POLYMER INDUSTRIES LIMITED	AMTEC PRECISION PRODUCTS, INC.
Reporting Period	March 31, 2017	March 31, 2017
Reporting Currency	INR	USD
Exchange Rate	-	64.84
Share Capital	163.52	20,840.33
Reserves & Surplus	2,937.90	(31,942.74)
Total Assets*	4,806.16	11,352.26
Total Liabilities#	1,704.74	22,454.67
Investments	-	-
Turnover	4,081.01	22,122.27
Profit before taxation	717.83	430.76
Provision for taxation	330.51	8.20
Profit after taxation	387.32	422.56
% 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, 2017.

REKHA RAGHUNATHAN

RAM RAMAMURTHY

JAYAKAR KRISHNAMURTHY

Place : Chennai

DIRECTOR AND
COMPANY SECRETARYWHOLE-TIME DIRECTOR AND
CHIEF FINANCIAL OFFICERCHAIRMAN AND
MANAGING DIRECTORDate : 31st August, 2017

ANNEXURE III TO BOARD'S REPORT

REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

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

The CSR vision of the company as enumerated in the previous financial years is "to be a responsible corporate citizen by contributing to the well being of the society at large keeping in mind the national vision of ensuring a healthy, educated and a poverty free India and to protect the culture and heritage of this great ancient land". Towards this end the company continues to support the developmental activities of Academy of Higher Education, Tiruchirapalli and Culture and Heritage Trust of Karuveli, Karuveli. Culture and Heritage Trust of Karuveli is involved in the conservation and restoration of heritage buildings and in improving places of public interest in and around Karuveli. Organic farming, palm oil cultivation, forest cultivation and implementation of new techniques in farming are being undertaken at the village thereby improving the quality of life of the villagers. The trust sponsors the education of some under privileged children also. Academy of Higher Education runs the National College and Sesha Iyengar Memorial Higher Secondary School in Tiruchirapalli. Infrastructure development is a priority for both these educational institutions. Most of the students studying in these two educational institutions are first generation students and require a huge support in terms of education, health care and sanitation. The CSR committee reiterated its intention to support the activities of Academy of Higher Education and Culture and Heritage Trust of Karuveli and decided that the company should not extend its corporate social responsibility activity beyond these two implementing agencies in order to do justice to their requirements.

During the year 2016-17, Academy of Higher Education had requested funds for various infrastructure projects in the area of sports and sanitation. The company has contributed towards this requirement.

This company has consciously restricted its CSR activities to the fields of education, sanitation, health care and preservation of Culture and Heritage through Culture and Heritage Trust of Karuveli and Academy of Higher Education, Tiruchirapalli which are its implementing agencies. The CSR policy is displayed in the website of the company www.ucalfuel.com, weblink:<http://www.ucalfuel.com/policy-csr.pdf>.

2. **The Composition of the CSR Committee:** Dr M.S. Ananth- Independent Director, Mr. Jayakar Krishnamurthy- Chairman and Managing Director and Mr. Ram Ramamurthy- Whole-time Director and Chief Financial Officer are the members of the CSR committee. Dr. M.S. Ananth is the Chairman of this committee
3. **Average net profit of the company for last three financial years – ₹2,271.35 lakhs**
4. **Prescribed CSR Expenditure (two percent of the amount as in item 3 above) - ₹45.43 lakhs**
5. **Details of CSR spent during the financial year; - ₹45.50 lakhs**

Total amount to be spent for the financial year; - ₹45.43 lakhs

Amount unspent ,if any; NIL

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

1	2	3	4	5	6	7	8
S. No.	CSR project or activity identified	Sector in which the project is covered	Projects or programs (1) Local Area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Subheads:	Cumulative expenditure up to the reporting period	Amount spent: Direct or through implementing agency*
					(1) Direct expenditure on projects or programs.		
					(2) Overheads:		
				(₹ Inlaks)			
1	Promotion of education, employment enhancing vocational skills, sanitation	Education/ Sanitation	Tamilnadu– Tiruchirapalli, Tiruchirapalli District	45.50	45.50	45.50	Implementing Agency– Academy of Higher Education, Tiruchirapalli
2	Promotion of rural sports and nationally recognized sports	Sports	Tamilnadu– Tiruchirapalli, Tiruchirapalli District				Implementing Agency– Academy Of Higher Education, Tiruchirapalli
TOTAL				45.50	45.50	45.50	

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

7. In case the company has failed to spend the two percent 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: 27th May, 2017

JAYAKAR KRISHNAMURTHY

CHAIRMAN AND MANAGING DIRECTOR

M.S ANANTH

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 2016-17 improvements were made in Energy Conservation in laboratory and office area air conditioning. Conventional duct type air conditioning systems were replaced with more efficient split Air Conditioners. This has resulted in a saving of 1.02 Lakhs units of power per annum. In addition to these activities efforts are on to reduce the energy consumption during heating of liquids by implementing heat pumps in place of the conventional low efficient heaters. The consumption of power will be reduced by 30 Lakhs units through this effort. Procurement of alternative power from other sources has resulted in a savings of about ₹91.17 Lakhs for the financial year 2016-17.

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

The proposal for installation of solar panels is in the advanced stages of negotiation with various suppliers and the company hopes to commence the project in 2017-18. The windmills operated efficiently in 2016-17 and generated 21.98 Lakhs units of power which is more by 7.21 Lakhs generated in 2015-16. The company's proposal to upgrade the windmills will be taken up for implementation in phased manner over a period of 2-3 years commencing from 2018-19.

c. The capital investments on energy conservation requirements

₹54 Lakhs was invested in Bawal plant for installation of dedicated energy feeder line. This has reduced the power cost by ₹15 Lakhs.

B. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

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

After fully absorbing the technologies in the domain areas of mechanical carburetors, air suction valves the company is continuously adapting these technologies to meet the demands of new customers and new products and offer solutions to the customer through further innovation. The focus on R&D has helped in expanding the product range thereby bringing in new businesses. The company's new technology and products are in compliance with environment regulations and suited for current market trends. The company has also developed technologies for vacuum pumps, oil pumps, electronic carburetors and fuel injection system. The company has fully absorbed the technologies in the electronic control system, four-stroke port injection and pumps and is further adapting it to varying customers requirements through product development.

The new developments through indefatigable efforts include,

- Fuel Rail assembly for a major four-wheeler manufacturer.
- Vacuum pump for a major four-wheeler manufacturer.
- Fuel filter for a major four-wheeler manufacturer.
- Oil pump for a export application for a major four-wheeler manufacturer.
- Constant Depression (CD) BS-IV carburetor for a premium segment (125cc engine) for a major two-wheeler manufacturer.
- Constant Depression (CD) BS-IV carburetor for a premium segment (150cc engine) for a major two-wheeler manufacturer.
- Constant Depression (CD) BS-IV carburetor for a motorcycle-cruising segment (160cc engine) for a major two-wheeler manufacturer.
- Constant Depression (CD) BS-IV carburetor for a motorcycle-cruising premium segment (180cc engine) for a major two-wheeler manufacturer.
- Constant Depression (CD) BS-IV carburetor for a motorcycle-cruising premium segment (220cc engine) for a major two-wheeler manufacturer.
- Constant Depression (CD) BS-IV carburetor for a motorcycle-cruising premium segment (150cc engine) for a major two-wheeler manufacturer.

- Constant Depression (CD) BS-IV carburetor for a motorcycle-cruising premium segment (135cc engine) for a major two-wheeler manufacturer.
- Constant Depression (CD) BS-IV carburetor for a motorcycle-cruising premium segment (200cc engine) for a major two-wheeler manufacturer.
- Variable Depression (VD) BS-IV carburetor for a commuter segment (125cc engine) for a major two-wheeler manufacturer.
- Variable Depression (VD) BS-IV carburetor for a major three-wheeler manufacturer.
- Variable Depression (VD) BS-IV carburetor for a premium segment (110cc engine) for a major two-wheeler manufacturer.
- Constant Depression (CD) BS-IV carburetor for a premium segment (350cc engine) for a major two-wheeler manufacturer.
- Air-suction valve (ASV) for the commuter segment (100cc - 220cc engines) for various two-wheeler manufacturers.
- Purge Valve for a premium segment (350cc engine) for a major two-wheeler manufacturer.
- Technologies for non automotive segments
- Technologies for products for defence sector
- Technologies for engineering and testing services.

2. Benefits derived as a result of the above efforts

- The company has been able to approach new customers and market segments with a good value performance for different applications.
- The company through its wide range of product portfolio, has been able to approach new markets and segments.
- The company has been able to provide innovative engineering solution to meet the customer expectations in terms of performance and emission targets.
- Offering technical assistance to the customers by demonstrating capability and addressing the market challenges has given rise to new business opportunities.
- Providing a range of products to suit varying customer demands.
- Development of products for existing customers for their new applications and new customers.
- Product cost reduction through validation of parts from new sources and value engineering.
- Improvements in manufacturing process and quality through product design changes.
- Building knowledge capital within organization.
- Development of suitable substitutes for materials and processes to meet end of life vehicle requirement to use ethanol blended petrol as required by some customer applications.

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	28.05
b. Revenue (recurring) includes amount transferred to Deferred revenue expenses	883.16
c. Total	911.21
d. Total R&D expenditure as a percentage of total turnover	1.62%

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

The earnings of foreign exchange was on account of export of carburetors, 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 2016-17, the total foreign exchange outgo was ₹ 2,158 lakhs while the foreign exchange earned was ₹ 1,018 lakhs resulting in a net foreign exchange outgo of ₹ 1,140 lakhs

For and on behalf of the Board

Place : Chennai
Date : 31st August, 2017

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 31.03.2017

[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	62.50%
2	Pumps	29301	20.25%

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, B-II 6 PIPDIC Industrial Estate, Mettupalayam Pudukcherry - 605 009	U25199PY1999PLC001488	Subsidiary	100%	Section 2(87) of Companies Act, 2013
3.	Amtec Precision Products Inc, USA 1875 Holmes Road, Elgin, IL 60123	Foreign company	Subsidiary	100%	Section 2(87) of Companies Act, 2013
4.	UPIL USA, Inc 225 N Columbus DR APT 7905 CHICAGO IL 60601	Foreign company	Subsidiary of Ucal Polymer Industries Limited	100%	Section 2(87) of Companies Act, 2013
5.	North American Acquisition Corporation 1875 Holmes Road, Elgin, IL 60123	Foreign company	Subsidiary of AMTEC Precision Products, 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 AMTEC Precision Products, Inc.,	100%	Section 2(87) of Companies Act, 2013

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

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	5,47,979		5,47,979	2.48	5,47,979		5,47,979	2.48	
b) Central Govt									
c) State Govt(s)									
d) Bodies Corp.	1,46,37,653		1,46,37,653	66.19	1,46,37,653		1,46,37,653	66.19	
e) Banks / FI									
f) Any Other									
Sub – total (A)(1):-	1,51,85,632		1,51,85,632	68.67	1,51,85,632		1,51,85,632	68.67	
(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	1,55,39,840		1,55,39,840	70.27	
B. Public									
1. Institutions									
a) Mutual Funds	1,120	5,900	7,020	0.03	1,120	5,900	7,020	0.03	-
b) Banks / FI	22,625		22,625	0.10	27,269		27,269	0.12	0.02
c) Central Govt									
d) State Govt(s)									
e) Venture Capital									
f) Insurance									
g) FIIs		400	400	-	16,027	400	16,427	0.08	0.08
h) Foreign Venture Capital Funds									
i) Others (specify)									
Sub-total (B)(1):-	23,745	6,300	30,045	0.13	44,416	6,300	50,716	0.23	0.10
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	8,35,495	7,421	8,42,916	3.81	9,85,335	7,421	9,92,756	4.49	0.68
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital up to ₹1 lakh	44,43,821	2,39,538	46,83,359	21.19	43,79,111	2,34,258	46,13,369	20.86	(0.33)

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	9,56,876		9,56,876	4.33	8,46,483	-	8,46,483	3.83	(0.50)
c) Others (specify)- Non Resident Indians	60,109	480	60,589	0.27	69,981	480	70,461	0.32	0.05
Sub-total (B)(2):-	62,96,301	2,47,439	65,43,740	29.60	62,80,910	2,42,159	65,23,069	29.50	0.10
Total Public Shareholding (B)=(B)(1)+ (B)(2)	63,20,046	2,53,739	65,73,785	29.73	63,25,326	2,48,459	65,73,785	29.73	
C. Shares held by Custodian for GDRs & ADRs									
Grand Total (A+B+C)	2,18,59,886	2,53,739	2,21,13,625	100.00	2,18,65,166	2,48,459	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 share-holding 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	1.47	1,13,20,089	51.19	27.47	
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		5,47,979	2.48		
7	Mr. Jayakar Krishnamurthy	3,54,208	1.60		3,54,208	1.60		
	Total	1,55,39,840	70.27	1.47	1,55,39,840	70.27	27.47	

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

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	1,55,39,840	70.27		
	Date wise increase/decrease in shareholding during the year Reason for increase/decrease in shareholding during the year	NIL			
	At the end of the year			1,55,39,840	70.27

iv) Shareholding Pattern of top ten Shareholders:

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

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year (as on 01.04.2016)		Cumulative Shareholding during the year (as on 31.03.2017)	
		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			91760	0.415
2	PRAYAS SECURITIES PVT LTD				
	PAN : AACCP2892C				
	At the beginning of the year	25,100	0.114		
	Date wise increase/decrease in shareholding during the year Reason for increase / decrease in shareholding during the year-Transfer	15/07/2016	-100	25,000	0.113
		02/09/2016	100	25,100	0.114
		09/09/2016	1150	26,250	0.119
		16/09/2016	-1,000	25,250	0.114
		21/09/2016	-250	25,000	0.113
		07/10/2016	5,000	30,000	0.136
		14/10/2016	-5,000	25,000	0.113
		21/10/2016	500	25,500	0.115
		28/10/2016	-100	25,400	0.115
		04/11/2016	750	26,150	0.118
		11/11/2016	-1,000	25,150	0.114
		02/12/2016	-150	25,000	0.113
		20/01/2017	15,000	40,000	0.181
		24/03/2017	30,000	70,000	0.317
	At the end of the year			70,000	0.317
3	S.GANESH				
	PAN :AAGPS5047M				
	At the beginning of the year	50,505	0.228		
	At the end of the year			50,505	0.228

Sl. No.	For Each of the Top 10 Shareholders		Shareholding at the beginning of the year (as on 01.04.2016)		Cumulative Shareholding during the year (as on 31.03.2017)	
			No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
4	ANIL BHAVANJI SHAH					
	PAN : AAKPS1665F					
	At the beginning of the year		-	-		
	Date wise increase/decrease in shareholding during the year	20/05/2016	50,000	0.226	50,000	0.226
	Reason for increase / decrease in shareholding during the year-Transfer					
	At the end of the year				50,000	0.226
5	SANJAY VINODCHANDRA BHAGAT					
	PAN : AAEPB3236F					
	At the beginning of the year		-	-		
	Date wise increase/decrease in shareholding during the year	21/10/2016	15,000	0.068	15,000	0.680
		04/11/2016	10,000	0.045	25,000	0.113
		11/11/2016	12,000	0.054	37,000	0.167
	Reason for increase / decrease in shareholding during the year-Transfer	06/01/2017	10,000	0.045	47,000	0.213
	At the end of the year				47,000	0.213
6	MOTILAL OSWAL SECURITIES LTD					
	PAN : AAACD3654Q					
	At the beginning of the year		6,612	0.030		
	Date wise increase/decrease in shareholding during the year Reason for increase / decrease in shareholding during the year-Transfer	08/04/2016	1,332	0.006	7,944	0.036
		15/04/2016	-789	-0.004	7,155	0.032
		22/04/2016	3,269	0.015	10,424	0.047
		29/04/2016	-2,721	-0.012	7,703	0.035
		06/05/2016	4,160	0.019	11,863	0.054
		13/05/2016	648	0.003	12,511	0.057
		20/05/2016	-2,217	-0.010	10,294	0.047
		27/05/2016	3,221	0.015	13,515	0.061
		03/06/2016	-4,554	-0.021	8,961	0.041
		10/06/2016	-3,299	-0.015	5,662	0.026
		17/06/2016	16,021	0.072	21,683	0.098
		24/06/2016	991	0.004	22,674	0.103
		30/06/2016	-4,457	-0.020	18,217	0.082
		01/07/2016	-35	0.000	18,182	0.082
		08/07/2016	2,070	0.009	20,252	0.092
		15/07/2016	-10,804	-0.049	9,448	0.043
		22/07/2016	-5,352	-0.024	4,096	0.019
		29/07/2016	4,218	0.019	8,314	0.038
		05/08/2016	-1,677	-0.008	6,637	0.030
		12/08/2016	8,260	0.037	14,897	0.067
		19/08/2016	2,423	0.011	17,320	0.078
		26/08/2016	-3,122	-0.014	14,198	0.064
		02/09/2016	1,336	0.006	15,534	0.070
		09/09/2016	-5,250	-0.024	10,284	0.047
		16/09/2016	-913	-0.004	9,371	0.042
		21/09/2016	1,048	0.005	10,419	0.047

Sl. No.	For Each of the Top 10 Shareholders		Shareholding at the beginning of the year (as on 01.04.2016)		Cumulative Shareholding during the year (as on 31.03.2017)	
			No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
	Date wise increase/decrease in shareholding during the year Reason for increase / decrease in shareholding during the year-Transfer	23/09/2016	-398	-0.002	10,021	0.045
		30/09/2016	-1,460	-0.007	8,561	0.039
		07/10/2016	-551	-0.002	8,010	0.036
		14/10/2016	14,376	0.065	22,386	0.101
		21/10/2016	896	0.004	23,282	0.105
		28/10/2016	-5,950	-0.027	17,332	0.078
		04/11/2016	-1,170	-0.005	16,162	0.073
		11/11/2016	-2,225	-0.010	13,937	0.063
		18/11/2016	-1,184	-0.005	12,753	0.058
		25/11/2016	472	0.002	13,225	0.060
		02/12/2016	-2,912	-0.013	10,313	0.047
		09/12/2016	4,915	0.022	15,228	0.069
		16/12/2016	-852	-0.004	14,376	0.065
		23/12/2016	1,333	0.006	15,709	0.071
		30/12/2016	1,598	0.007	17,307	0.078
		06/01/2017	4,850	0.022	22,157	0.100
		13/01/2017	10,641	0.048	32,798	0.148
		20/01/2017	-2,245	-0.010	30,553	0.138
		27/01/2017	5,171	0.023	35,724	0.162
		03/02/2017	-3,137	-0.014	32,587	0.147
		10/02/2017	1,219	0.006	33,806	0.153
		17/02/2017	-256	-0.001	33,550	0.152
		24/02/2017	103	0.000	33,653	0.152
		03/03/2017	-3,870	-0.018	29,783	0.135
		10/03/2017	-47	0.000	29,736	0.134
		17/03/2017	-3,085	-0.014	26,651	0.121
		24/03/2017	10,965	0.050	37,616	0.170
		31/03/2017	6,261	0.028	43,877	0.198
	At the end of the year				43,877	0.198
7	SANTOSH SITARAM GOENKA					
	PAN : AACPG6728R					
	At the beginning of the year		47,485	0.215		
	Date wise increase/decrease in shareholding during the year	03/06/2016	-4,371	-0.020	43,114	0.195
		17/06/2016	-33,114	-0.150	10,000	0.045
	Reason for increase / decrease in shareholding during the year-Transfer	08/07/2016	2,370	0.011	12,370	0.056
		21/09/2016	-528	-0.002	11,842	0.054
		07/10/2016	13,158	0.060	25,000	0.113
		28/10/2016	-2,424	-0.011	22,576	0.102
		16/12/2016	19,956	0.090	42,532	0.192
	At the end of the year				42,532	0.192
8	NARESH F GOVINDANI					
	PAN : AAFPG7269Q					
	At the beginning of the year		40,000	0.181		
	At the end of the year				40,000	0.181
9	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

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year (as on 01.04.2016)		Cumulative Shareholding during the year (as on 31.03.2017)	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
10	RAJESH MANIBHAI PATEL				
	PAN : AGBPP4824A				
	At the beginning of the year	38,791	0.175		
	13/05/2016	1,109	0.005	39,900	0.180
	03/06/2016	4,425	0.020	44,325	0.200
	10/06/2016	-840	-0.004	43,485	0.197
	17/06/2016	-300	-0.001	43,185	0.195
	30/06/2016	-515	-0.002	42,670	0.193
	29/07/2016	-600	-0.003	42,070	0.190
	05/08/2016	-50	0.000	42,020	0.190
	26/08/2016	-400	-0.002	41,620	0.188
	09/09/2016	477	0.002	42,097	0.190
	23/09/2016	2,238	0.010	44,335	0.200
	30/09/2016	-44,311	-0.200	24	0.000
	07/10/2016	41,006	0.185	41,030	0.186
	14/10/2016	-1,000	-0.005	40,030	0.181
	28/10/2016	35	0.000	40,065	0.181
	04/11/2016	-2,402	-0.011	37,663	0.170
	11/11/2016	7,918	0.036	45,581	0.206
	18/11/2016	-353	-0.002	45,228	0.205
	25/11/2016	-180	-0.001	45,048	0.204
	09/12/2016	-360	-0.002	44,688	0.202
	16/12/2016	-37	0.000	44,651	0.202
	23/12/2016	-14,650	-0.066	30,001	0.136
	17/02/2017	150	0.001	30,151	0.136
	24/02/2017	180	0.001	30,331	0.137
	17/03/2017	1,407	0.006	31,738	0.144
	24/03/2017	4,455	0.020	36,193	0.164
	31/03/2017	-650	-0.003	35,543	0.161
	At the end of the year			35,543	0.161

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	12,910.70	4,510.00		17,420.70
ii) Interest due but not paid	-	-		-
iii) Interest accrued but not due	27.53	-		27.53
Total (i+ii+iii)	12,938.23	4,510.00		17,448.23
Change in Indebtedness during the financial year				
* Addition	5,393.83	823.20		6,217.03
* Reduction	(3,775.30)	-		(3,775.30)
Net Change	1,618.53	823.20		2,441.73
Indebtedness at the end of the financial year				
i) Principal Amount	14,529.23	5,333.20		1,9862.43
ii) Interest due but not paid	-	-		-
iii) Interest accrued but not due	22.93	-		22.93
Total (i+ii+iii)	14,552.16	5,333.20		19,885.36

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-**A. Remuneration to Managing Director, Whole-time Directors and / or Manager:****In Rupees**

Sl. No.	Particulars of Remuneration	Name of MD / WTD / Manager		Total Amount
		Mr. Jayakar Krishnamurthy Chairman and Managing Director	Mr. Ram Ramamurthy* Whole-time Director & Chief Financial Officer	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1,82,10,838	18,90,000	2,01,00,838
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	13,57,670		13,57,670
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961			
2	Stock Option			
3	Sweat Equity			
4	Commission - as % of profit - others, specify...	1,04,14,800		1,04,14,800
5	Others,			
	Contribution to Provident Fund	9,62,000	2,26,800	11,88,800
	Contribution to Superannuation to the extent exempt under the Income Tax Act	1,00,000		1,00,000
	Total (A)	3,10,45,308**	21,16,800	3,31,62,108
	Ceiling as per the Act	1,99,55,840	1,99,55,840	3,99,11,680

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

** The company had made an application to the Central Government for approval to pay 7.5% of the net profit as remuneration (including commission) to the Chairman and Managing Director. The Central Government vide letter dated 12th July, 2017 had granted approval based on certain assumptions. The company has approached the Central Government for clarification in this regard and is awaiting the reply.

B. Remuneration to other directors
In Rupees

S No.	Particulars of Remuneration	Name of Directors			Total Amount
		Mr. S. Natarajan	Dr.M.S. Ananth	Dr.V. Sumantran	
1	Independent Directors				
	Fee for attending Board/ committee meetings	2,20,000	2,95,000	1,80,000	6,95,000
	Commission				
	Others, please specify				
	Total (1)	2,20,000	2,95,000	1,80,000	6,95,000
2	Other Non-Executive Directors				
	Fee for attending Board/ committee meetings				
	Commission				
	Others, please specify				
	Total (2)				
	Total (B)=(1+2)	2,20,000	2,95,000	1,80,000	6,95,000
	Total Managerial Remuneration (A)+(B)				3,38,57,108
	Overall Ceiling as per the Act				4,39,02,847

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

Sl. No	Particulars of Remuneration	Ms. Rekha Raghunathan* Director and Company Secretary
	Gross salary	
1	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	23,15,932
	(b) Value of perquisites u/s 17(2) Income- tax Act, 1961	40,000
	(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	86,112
	Total	24,42,044

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

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

ANNEXURE VI TO BOARD'S REPORT

FORM NO. AOC-2

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

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

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

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

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

Details of transactions with the related parties are provided in Note No. 47-I to the Accounts for the Financial year 2016-17

(b) Nature of contracts/arrangements/transactions

Details of transactions with the related parties are provided in Note No. 47-II to the Accounts for the Financial year 2016-17

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 2016-17 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, 2017

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	77.34
Mr. Ram Ramamurthy	5.27
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.	

(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	125.81%
Mr. Ram Ramamurthy - Whole-time Director and Chief Financial Officer	57.50%
Ms. Rekha Raghunathan - Director and Company Secretary	8.68%

(iii) The percentage increase in the median remuneration of employees in the financial year – 16.43%

(iv) The number of permanent employees on the rolls of company – 1,028

(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.

The average increase in remuneration of the employees other than managerial personnel was 16.64% as compared to the average increase in the managerial remuneration of 119.73%.

(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	₹3,10,45,308	₹1,24,77,086
(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)
		31 years experience	32 years experience
(v)	Date of commencement of employment;	01.09.2001	23.08.2013
(vi)	The age of such employee;	56 years	55 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.

1. BOARD OF DIRECTORS

a) Composition

The Board comprised of six directors as on 31st March, 2017. 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 2016-17. 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 2016-17 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. M.S.Ananth Dr. V. Sumantran

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 2016-17 is given below:-

Name of director	Category	Number of directorships in other companies		Number of committee memberships in other companies	
		Chairman	Member	Chairman	Member
Mr.Jayakar Krishnamurthy Chairman and Managing Director	Executive	1	1		
Mr.Ram Ramamurthy Whole-time Director and Chief Financial Officer	Executive		1		
Ms.Rekha Raghunathan Director and Company Secretary	Executive		2		2
Mr.S. Natarajan	Non-Executive & Independent		5		1
Dr.M.S.Ananth	Non-Executive & Independent		2		1
Dr.V.Sumantran	Non-Executive & Independent		1		1

Notes:

- a. Other directorships exclude foreign companies, private limited companies and companies registered under section 8 of the Companies Act.
- b. Only membership in audit committee and stakeholder relationship committee have been reckoned for other committee memberships.

b) Details of Directors appointment / re-appointment

Relevant details are furnished in the Notice convening the Annual General Meeting to be held on 28th September, 2017

c) Board Meetings and Attendance at Board Meetings

The Board met 4 times during the financial year 2016-17. 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	30.05.2016	6	5
2	12.08.2016	6	6
3	04.11.2016	6	6
4	11.02.2017	6	6

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 directors such as quarterly results, minutes of meetings of all committees of the board, foreign exchange exposures, etc. All the information required for decision making are incorporated in the agenda. Those that cannot be included in the agenda are tabled at the meeting. Presentations are made as and when deemed necessary. The Chairman and Managing Director appraises the Board on the overall performance of the company at every board meeting. Legal issues, write offs, provisions, purchase and disposal of capital assets are all brought to the notice of the Board. The Board reviews performance, approves capital expenditure, sets the strategy the company should follow and ensures financial stability. The effective execution of the decisions, suggestions and directions of the Board are followed up periodically. The minutes of the meeting of the audit committee and the other committees are placed before the Board. The Board also takes on record the actions taken by the company on all its decisions periodically. The Board takes 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. 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. Independent directors have 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>. The Board has done the performance evaluation of all independent directors and based on the evaluation has determined to continue the term of appointment of all independent directors who had been appointed by the company at the Annual General Meeting held on 29th September, 2014 for a fixed tenure of five years.

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 given a brief about the history of the company, its policies, customers, technological development and also briefed on the operations. Factory visits are arranged for the directors who wish to familiarize themselves with the manufacturing processes and operations of the company. The 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 personal, policy on related party transactions, policy on material subsidiaries, whistle blower policy and CSR policy. The familiarization programme to 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 re-appointment, the committee will evaluate the performance before recommending re-appointment.

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 which will be benchmarked. 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 / re-appointment 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	4	4	Present
2.	Mr. Ram Ramamurthy	4	4	Present
3.	Mr. S.Natarajan	4	4	Present
4.	Dr. M.S.Ananth	4	4	Present
5.	Dr. V.Sumantran	4	3	Present
6.	Ms. Rekha Raghunathan	4	4	Present

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/re-appointment. 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 analysis the financial health of the company and the results of its operations. The audit committee also 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 and the internal auditors were present at all the audit committee meetings. As on 31st March 2017 the committee comprised of three independent directors and one executive director, all of whom are financially literate and have relevant finance / audit exposure.

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

The Whole-time Director 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 28th September, 2016. The audit committee met four times during the year. The details are as follows:

S.No	Date	Committee Strength	No. of Directors present
1	30.05.2016	4	3
2	12.08.2016	4	4
3	04.11.2016	4	4
4	11.02.2017	4	4

Attendance of each Director at Audit Committee Meetings

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

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, 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 of non-executive and independent directors. Mr. S.Natarajan, is the chairman of the committee. Dr. M.S. Ananth and Dr. V. Sumantran are the other members. The company secretary is the secretary to the committee. During the financial year 2016-17 the committee met three times during the year. The committee meets as and when required. The details are as follows:

S.No	Date	Committee Strength	No. of Directors present
1	12.08.2016	3	3
2	04.11.2016	3	3
3	11.02.2017	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	3
Dr. M.S.Ananth	3
Dr. V.Sumantran	3

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 their area of 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 Stakeholder 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. Dr. M.S.Ananth, Mr.Jayakar Krishnamurthy and Mr. Ram Ramamurthy were the members of the committee as on 31st March, 2017. Dr. M.S.Ananth continues as Chairman of the committee. For administrative convenience the stakeholders relationship committee set up a share transfer committee with Ms. Rekha Raghunathan, Director and Company Secretary, Mr. R.Ramshankar, Deputy General Manager-IT and Mr.M.R. Shivakumar, Deputy General Manager - Finance 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. 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 2016-17 the share transfer committee met seven times and the stakeholder relationship committee met four times during the year. The details are as follows:

S.No	Date	Committee Strength	No. of Directors present
1	30.05.2016	3	3
2	12.08.2016	3	3
3	04.11.2016	3	3
4	11.02.2017	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	4
Mr. Jayakar Krishnamurthy	4
Mr. Ram Ramamurthy	4

Complaints received and redressed during the year 2016-17

S.No	Nature of Complaints	Number of Complaints
1	Regarding annual report	42
2	Revalidation of dividend warrant	31
3	Issue of duplicate share certificate	22
4	Procedure for transmission	5
5	General queries	6
6	Non receipt of dividend	22
7	Unclaimed dividend	2
8	Change of Address	5
	Total	135

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 2016-17 remuneration was paid to the executive directors. The remuneration payable to these directors is determined by the Board on the recommendation of the Nomination and Remuneration committee 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 2016-17

Name of the Director	Mr.Jayakar Krishnamurthy Chairman and Managing Director ₹	Mr.Ram Ramamurthy Whole-time Director and Chief Financial Officer ₹
Basic Salary	80,16,669	18,90,000
House Rent Allowance	30,50,000	
Other Allowances	60,41,669	
Other Perquisites	13,57,670	
Contribution to Provident Fund	9,62,000	2,26,800
Contribution to Super Annuation Fund	12,02,500	
Commission	1,04,14,800	
Total	3,10,45,308	21,16,800

b) Details of Sitting Fees paid to Non-Executive Directors during the financial year 2016-17

Name of the Director	Board meeting ₹	Audit Committee Meeting ₹	Nomination and Remuneration Committee Meeting ₹	Stake holders Relation ship committee meeting ₹	Corporate Social Responsibility Committee Meeting ₹	Total ₹
Mr. S.Natarajan	80,000	80,000	60,000	-	-	2,20,000
Dr. M.S.Ananth	80,000	80,000	60,000	60,000	15,000	2,95,000
Dr. V.Sumantran	60,000	60,000	60,000	-	-	1,80,000
Total	2,20,000	2,20,000	1,80,000	60,000	15,000	6,95,000

c) Details of shareholding of Directors as on 31st March 2017

Of the executive directors only Mr.Jayakar Krishnamurthy holds 3,54,208 equity shares in the company as on 31st March, 2017. The other independent directors do not hold any shares in the company.

6. CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

The Board in its meeting held on 30th August 2014 constituted the corporate social responsibility committee as required under section135 of the Companies Act,2013. During the year under review the committee met on 30th May 2016 and all the members attended the meeting. Dr. M.S. Ananth continues as chairman of the committee. Mr. Jayakar Krishnamurthy and Mr. Ram Ramamurthy continue as members of the committee. 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 decided to focus on education, sanitation, health care, sports and preservation of culture and heritage. The report on CSR activities undertaken during 2016-17 as approved by the committee and approved by the Board is given in Annexure-III to the Board's report.

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

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

Venue	Financial Year	Date & Time
Annual General Meeting		
Mini Hall, The Music Academy, Royapettah, Chennai	2013-14	September 29, 2014 – 12.15 p.m
Dynasty Hall, Hotel Ambassador Pallava Egmore, Chennai	2014-15	September 30, 2015 – 11.30 a.m
Dynasty Hall, Hotel Ambassador Pallava Egmore, Chennai	2015-16	September 28, 2016 – 10.00 a.m

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

AGM/EGM	Subject
AGM held on 29 th September, 2014	i) Special resolution passed for approving the borrowing limits of the company
	ii) Special resolution passed for creation of mortgages/charges/hypothecation of the movable and immovable properties of the company
	iii) Special resolution passed for amendment of the Articles of Association
	iv) Special resolution passed for appointment of Dr. V.Krishnamurthy, who is holding an office of profit, as Advisor
	v) Special resolution passed for appointment of Mr. Ram Ramamurthy, as whole-time Director and the remuneration payable to him.
AGM held on 30 th September, 2015	i) Special resolution passed for payment of remuneration to Mr. Jayakar Krishnamurthy, Managing Director

AGM held on 28 th September, 2016	i) Special resolution passed for re-appointment of Mr. Ram Ramamurthy as Whole-time Director and remuneration payable to him.
	ii) Special resolution passed for re-appointment of Mr. Jayakar Krishnamurthy as Managing Director and remuneration payable to him.
	iii) Special resolution passed for re-appointment of Dr. V.Krishnamurthy, who is holding an office of profit, as Advisor

No special resolutions were required to be passed by the shareholders of the company through postal ballot during the year 2016-17. The e-voting option was extended to all shareholders for the Annual General Meeting held on 28th September, 2016 and resolutions were passed on that basis. No EGM was held in the last three years.

8. SUBSIDIARY COMPANIES

The financials of the subsidiary companies viz., Ucal Polymer Industries Limited and AMTEC Precision Products Inc., USA have been duly reviewed by the audit committee and the Board of the holding company. The board minutes of the unlisted subsidiary companies have been placed before the Board of the holding company. The holding company's Board is also periodically informed about all significant transactions and arrangements entered into by the subsidiary companies. The company has a material subsidiary policy and the same is disclosed in the website of the company www.ucalfuel.com, weblink:<http://www.ucalfuel.com/policy-msp.pdf>

9. RISK MANAGEMENT

The company has devised a suitable frame work to identify and evaluate risks. Periodic assessments to identify the risk are carried out and management is briefed on the risks in advance to enable the company to control the risk through a properly defined plan. The risks are classified as financial risks, operational risks, 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 under write 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 2016-17 were at arms length basis and were in the normal course of business. None of the transactions have a potential conflict with the interests of the company at large. All related party transactions with the company's promoters, directors, management, subsidiaries or relatives have been brought to the notice of the board and audit committee which have approved the same. The company has a policy on related party transactions and the same has been uploaded in the website of the company www.ucalfuel.com, weblink: <http://www.ucalfuel.com/policy-rpp.pdf>. The necessary information regarding the transactions are given in Note no. 47-I and II 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 whistle blower policy has been communicated to all employees across all locations of the company. The policy lays down the procedure to be followed for dealing with complaints and in exceptional cases provides direct appeal to the chairman of the audit committee. The audit committee oversees the vigil mechanism. The company affirms that no personnel has been denied access to the audit committee. The policy has been disclosed in the website of the company www.ucalfuel.com, 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 practicing company secretary in their Secretarial Audit report for the financial year 2016-17

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

- a. The unaudited quarterly results of the company are published in leading newspapers such as Financial Express and Malai Sudar. These are not sent individually to the shareholders.
- b. The company's website address is :www.ucalfuel.com. The website contains basic information about the company and such other details as required under the 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.
- c. 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](http://listing.bse.in) within the time frame prescribed in this regard.
- d. No presentations have been made to institutional investors or to analysts.
- e. The company website contains all relevant information and complies with Regulation 46 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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 2016-17. 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. The annual certificate given by the Chairman and Managing Director and Whole-time Director and Chief Financial Officer forms part of this report.

16. GENERAL SHAREHOLDER INFORMATION:

a) Annual General Meeting

Date and time	28 th September 2017 at 9.30 a.m
Venue	Tag Centre, No.69, T.T.K. Road, Alwarpet, Chennai 600 018
Book Closure Date	22 nd September 2017 to 28 th September 2017
Financial Year	1 st April 2016 to 31 st March 2017

b) Financial Calendar 2016-17 (tentative)

The Board meeting for the approval of	2017-18 (Tentative Calendar)
Unaudited results for Quarter ended June 30, 2017	Between 1 st July and 14 th September 2017
Unaudited results for Quarter ending September 30, 2017	Between 1 st October and 14 th December 2017
Unaudited results for Quarter ending December 31, 2017	Between 1 st January 2017 to 14 th February 2017
Audited Results for the year ending March 31, 2018	Before 31 st May 2018

The unaudited financial results for the quarter ended 30th June 2017 and 30th September 2017 will be considered and approved on or before 14th September 2017 and 14th December 2017 respectively as the company is in the process of adoption of Companies (Indian Accounting Standards) Rules, 2015 (Ind-AS Rules) from the first quarter of 2017-18, and has availed the relaxation in time given to listed entities for adoption of unaudited financial results during the first year of Ind-AS implementation.

c) Particulars of Dividend for the year ended 31st March, 2016

Date of declaration	28 th September, 2016
Rate of dividend	35%
Book Closure Date	22 nd September, 2016 to 28 th September, 2016
Date of Payment of dividend	14 th October, 2016
Amount of dividend paid	₹7,73,97,687.50
Share Capital	2,21,13,625 Equity Shares of ₹10/- each

d) Listing of Shares

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

(Note: Annual Listing fees for the year 2017-18 were duly paid to the above stock exchanges)

e) Stock Market Data

Month	BSE Limited			National Stock Exchange of India Limited		
	Month's High Price ₹	Month's Low Price ₹	Total volume of shares transacted	Month's High Price ₹	Month's Low Price ₹	Total volume of shares transacted
APR 2016	112.80	98.50	2,31,610	113.00	98.00	7,34,521
MAY 2016	117.80	103.40	2,24,098	117.80	102.80	8,18,743
JUN 2016	122.70	103.00	4,72,238	123.50	102.00	14,28,370
JUL 2016	123.05	111.25	2,78,715	123.20	110.00	6,71,257
AUG 2016	164.25	112.10	22,00,618	164.45	112.20	61,48,189
SEP 2016	185.80	148.00	18,11,525	186.00	142.20	48,61,804
OCT 2016	228.90	163.00	24,22,094	229.00	162.05	78,93,097
NOV 2016	235.80	147.30	14,38,142	235.60	147.00	34,79,305
DEC 2016	185.15	154.40	7,63,705	185.25	155.00	19,55,974
JAN 2017	196.00	162.65	7,87,701	196.00	161.40	22,09,834
FEB 2017	202.00	173.00	4,64,707	201.80	177.45	14,32,177
MAR 2017	242.45	175.10	13,70,969	242.00	175.00	52,43,175

f) Shareholding Pattern as on 31st March 2017

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	-	9,02,187	9,02,187	4.08
Public Shareholding					
I. Institutions					
a. Mutual Funds/UTI	9	5,900	1,120	7,020	0.03
b. Financial Institutions/Banks	3	-	27,269	27,269	0.12
c. Foreign Institutional Investors	3	400	16,027	16,427	0.08
II. Non Institutions					
a. Bodies Corporate	668	7,421	9,85,335	9,92,756	4.49
b. Individuals	17,909	2,34,258	52,25,594	54,59,852	24.69
c. Non Resident Indians	195	480	69,981	70,461	0.32
Total	18,794	2,48,459	2,18,65,166	2,21,13,625	100.00

g) Distribution of Shareholding as on 31st March 2017

Number of Equity Shares held	Number of Shareholders	% of Shareholders	Number of Shares	% of Capital
Upto 500	16,863	89.73	21,57,605	9.76
501-1000	1,012	5.38	8,28,473	3.75
1001-2000	469	2.50	7,06,985	3.20
2001-3000	151	0.80	3,87,857	1.75
3001-4000	69	0.37	2,41,459	1.09
4001-5000	65	0.35	3,07,076	1.39
5001-10000	158	0.84	19,44,330	8.79
10001 AND ABOVE	7	0.04	1,55,39,840	70.27
Total	18,794	100.00	2,21,13,625	100.00

h) 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.

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

Under the provisions of the Companies Act, 2013 dividends that remain unclaimed for a period of seven years from the date of declaration are required to be transferred to the Investor Education and Protection Fund (IEPF) administered by the Central Government. The unclaimed dividend as on March 31, 2017 is as follows:

Financial Year	Unpaid/Unclaimed dividend as on 31 st March, 2017 (₹)	Date of declaration	Date of transfer to IEPF
2009-10	7,24,927	30.09.2010	05.11.2017
2010-11	23,22,596	30.09.2011	05.11.2018
2011-12	8,59,944	28.09.2012	03.11.2019
2012-13	2,49,605	30.09.2013	05.11.2020
2013-14	2,39,552	29.09.2014	04.11.2021
2014-15	4,37,196	30.09.2015	05.11.2022
2015-16	7,53,148	28.09.2016	03.11.2023

- 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.

j) Request to Investors

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

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

k) Reconciliation of Share Capital Audit

A quarterly audit was conducted by a practising company secretary, reconciling the issued and listed capital of the company with the aggregate of the number of shares held by 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, 2017 there was no difference between the issued and listed capital and the aggregate of shares held by shareholders in both physical form and in electronic form with the depositories. 2,18,65,166 equity shares representing 98.88% of the paid up equity capital have been dematerialized as on 31st March, 2017.

l) Information to Shareholders

A brief resume of the directors appointed/reappointed together with the nature of their experience and details of the other directorships held by them is annexed to the Notice convening the Annual General Meeting.

m) Green Initiative in Corporate Governance

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

Accordingly the Annual Report for 2016-17, Notice for AGM etc., are being sent in electronic mode to such of the shareholders whose email addresses are available and registered with the Registrar and Transfer Agents/DPs. For those whose e-mail addresses are not available, the Annual Report, Notice of AGM etc. ,are being sent in physical form.

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

n) Plant Locations

The company has manufacturing plants in the following locations

E9-E12 Industrial Complex, Maraimalai Nagar – 603 209
Kanchipuram 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, Pondicherry – 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

E-16, Industrial Complex, Maraimalai Nagar,
Kancheepuram, Tamil Nadu – 603 209, India
Tel.No:044-47400573/75
E-mail: ufsl.pl8@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 Officem
Chengapattu – 603002, Tamilnadu
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

o) Address for Correspondence

To contact Registrars & Share Transfer Agents for matters relating to shares	M/s.Integrated Registry Management Services Private Limited 2 nd Floor, Kences towers, No.1 Ramakrishna Stret North Usman Road, T.Nagar, Chennai 600 017 Tel : 91-44-28140801/03 Fax : 91-44-28142479 E-mail: corpserv@iepindia.com
For any other general matters or in case of any difficulties/grievance	Ms.Rekha Raghunathan 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

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

I, hereby declare that to the best of my knowledge and information, all the Board Members, Key Managerial Personnel and Senior Management Personnel have affirmed compliance with the code of conduct for the year ended 31st March, 2017.

Place : Chennai
Date : 31st August, 2017

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, 2017 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, 2017

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. G BALU ASSOCIATES LLP
Chartered Accountants

"Jammi Building",
No. 123, Royapettah High Road,
Mylapore, Chennai 600 004

To
The shareholders 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 2017, 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, 2017.
- 8) 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.

For M/s. G BALU ASSOCIATES LLP
Chartered Accountants
FRN: 000376S/S200073

Place : Chennai
Date : 31st August, 2017

RAJA GOPALAN B
PARTNER
Membership No: 217187

ANNEXURE X TO BOARD'S REPORT

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

1. GENERAL OVERVIEW

Despite the challenges of demonetisation and uncertainty in Goods and Service Tax (GST) implementation, vehicle production remained buoyant and the auto component industry posted an encouraging performance in 2016-17 recording a growth of 14.3% over that of the previous year largely influenced by the increased aftermarket sales. The growth in the two wheeler segment was largely visible in the moped and scooter segment wherein the company's share of business is comparatively low and the company is slowly making inroads. In the passenger car segment the company has been able to retain its market share. The impending implementation of GST from July 2017 and the Government's stress on domestic manufacturing through its "Make in India" program and other incentives, its increased focus on infrastructure, the change in labour laws, the ease of doing business and the increased thrust on exports are expected to generate higher levels of demand in the auto and auto component industry during 2017-18. The Government's continued thrust on rural development may also fuel a demand in the two wheeler segment in the current financial year thereby resulting in newer opportunities for the company. However, faced with the prospect of stricter vehicle emission norms from the financial year 2020 and with the Original Equipment Manufacturers (OEMs) likely to move away from the conventional carburettor to fuel injection system the company is faced with the formidable task of establishing itself as a credible manufacturer of Fuel Injection systems and is continuously working in this direction. The rising operating costs and the difficulty in securing corresponding increases from the OEMs continue to cause concern. The new models being introduced by Original Equipment Manufacturers (OEMs) have made the two wheeler environment very competitive and the company understands that its success depends on its ability to deliver cost effective solutions for the newer models of vehicles which the OEMs keep churning out at regular intervals to attract the customers and its R&D is continuously working towards this end. The company's foray into newer areas like defence, aerospace and electronic components continue and these activities can be expected to yield results in a few years from now.

2. FUTURE BUSINESS STRATEGY

The company believes that a technological transformation of the automotive industry is imminent which therefore calls upon the component industry to invest more in R&D, create intellectual property and acquire and develop relevant technologies at a much faster pace to remain ahead and competitive. R&D efforts in the carburettor segment continue to cater to the newer models of two wheelers being introduced by the OEMs from time to time. The financial year 2020 vehicle emission norms have made it imperative for the company to improve the design of the existing conventional carburettor and the company is now ready with a carburettor incorporating electronic features meeting the 2020 vehicle emission norms. The company is also working with select OEMs for developing appropriate fuel injection systems for their vehicles. Thus the company is working towards establishing itself as a supplier of mechanical and electronic carburettors and fuel injection systems by the year 2020.

Leap frogging a generation of technology in just three years is a formidable task and calls for sizable investments in technology acquisition and absorption and also in skilling of people and the company is preparing itself for this graduation from BSIV to BSVI vehicle emission norms.

The company's long term vision is to become an one-stop shop solution provider for all engine management requirements of the two wheeler industry and a major supplier of vacuum and oil pumps for the four wheeler industry and efforts are continuing towards achieving this objective. With the existing dealer network for spares market proposed to be expanded and the products profile for spares market proposed to be enlarged, the company hopes to perform well in this segment in the current financial year also. The company's efforts to further enlarge its customer portfolio by bringing other major two / four wheeler players into its fold continue.

3. ANALYSIS OF SALES 2016-17 AND OF UCAL FUEL SYSTEMS LIMITED (UFSL) Vis-à-vis INDUSTRY

The company performed well in the first three quarters of 2016-17 as compared to that of 2015-16. However in the fourth quarter the performance was comparatively lower due to the OEMs liquidating their BS-III compliant stock to meet the deadline of March 2017 and due to challenges of demonetization. However the company ended 2016-17 with a 12% increase in turnover as compared to 2015-16. This was because of an increase in the sale of carburettors and air suction valves as compared to that of the previous year due to a change in the market dynamics and a quantum jump

of about 53% in OEM spares offtake in the year 2016-17 keeping with the market trends. The oil pump and vacuum pump segment witnessed a marginal increase in 2016-17 as compared to 2015-16 due to increased customer offtake. In fact the after market segment was the silver lining for the auto component industry in the financial year 2016-17. Vis-a-Vis the industry, the market share of carburettors increased marginally in financial year 2016-17 followed by a substantial increase in the air suction valve. The market share in the pump segment also increased marginally in the financial year 2016-17.

4 SWOT ANALYSIS

STRENGTHS

- UCAL brand name
- R&D Facilities certified by Government of India.
- Technology in carburettor (mechanical and electronic), fuel injection systems, air suction valves and pumps.
- Electronic design, development and manufacturing capability.
- Facilities in pressure die castings, plastic and rubber moulding.
- Capability in frugal engineering.
- Well trained and disciplined work force.
- Good work culture.
- Customer retention and satisfaction

WEAKNESSES

- Low IT penetration.
- Slow growth in export business.
- Slow rate of modernization.
- Limited products for the diesel segment.
- High employee cost.

OPPORTUNITIES

- Large scope for exports for all existing products.
- Untapped domestic customers for existing products.
- Huge domestic market for spares which is yet to be fully exploited
- Entry into Commercial and Tractor segments and electric mobility vehicles

THREATS

- Limited time frame to develop BSVI compliant technologies
- Competitive pressure on pricing.
- New competitors in the domestic market
- Counterfeit parts in spares market at a very competitive price.
- Rising input cost in one hand and OEM pressure for cost reduction on the other.
- Increased emphasis on electric mobility vehicle

5. RESEARCH AND DEVELOPMENT (R&D)

The R&D is vigorously working on developing new technologies and products to meet the stringent vehicle emission norms and to cater to the existing and futuristic customer demands. The R&D activities are aligned with the objective of the company to be a Global Engineering Service provider in power train system and a one-stop shop for all engine management systems for the two wheeler industry.

R&D activities encompasses change in designs, specifications and development of newer add-ons to the existing carburettors to meet the varying customer models and stricter emission norms. In the financial year 2016-17, the R&D team has introduced the purge valve to meet the evaporative emissions and special air suction valve for Nox controls. Further the variable displacement oil pumps, solenoid operated EGR and electronic throttle valve for four wheeler diesel applications were developed and tested. R&D projects also include those related to cost reduction, import substitution and safety in manufacture.

The R&D is gearing up to meet the BS VI vehicle emission norms by adopting Electronic Fuel Management system for two-wheelers. Advanced level of activities are accomplished in the field of electronic control of carburetor to meet BS VI norms. Other development activities include plastic fuel rail, fuel filter, solenoid operated Purge valve & Air suction valve and electronic throttle valve. The NABL accreditation for the R&D lab for testing and validation has been further renewed for another two years.

The R&D continues to enjoy the recognition from Department of Scientific Research, Ministry of Science and Technology. R&D Engineers also publish papers in various National and International conferences.

6. MANUFACTURING CAPABILITIES, FACILITIES AND OPERATIONS

During 2016-17, to cater to the increased customer demand in the two wheeler segment new facilities were added in machining, assembly and testing processes. CNC machines which provide the flexibility to suit any new product / variant were used in creating the new facilities

With BS IV norms having come into effect from April 2017 the carburettor design had been enhanced to meet the BSIV requirement. To cater to this change in vehicle emission norms, facilities have been added and improvements made in existing facilities. Timely support on this significant change has been appreciated by the customers.

There has been a continued focus on quality and productivity. TPM and TQM activities were strengthened across all plants to achieve the targets and objectives. Knowledge sharing among various plants about best practices followed and new initiatives taken was actively encouraged to ensure better deployment of workforce. As a result of TPM and TQM improved production, reduced costs, improved quality and reduced wastages were achieved.

With a view to contain administrative cost of managing various units in the same location, it was decided to consolidate the manufacturing plants based on feasibility and operational convenience. The casting operations in Chennai were all consolidated in two plants in Maraimalai Nagar. This has helped in improving the productivity and quality of the operations. Certain uneconomical operations were subcontracted to increase profitability. Rationalisation of vendors is a continuing process and the company is constantly working in this direction.

7. HUMAN RESOURCES AND INDUSTRIAL RELATIONS

The company is well aware of the contribution and criticality of its human resources. Human resources has played an important role in the growth of this company and the company recognizes the value of a happy workforce.

In line with the past trend, continued focus was given to employee development and their welfare. During the year, cordial relations were maintained by the company with the workers and different trade unions. Long term settlements were signed amicably with Maraimalai Nagar and Pondicherry plants.

Compensation revision was effected to White Collar employees to keep pace with cost of living trend and also to reward high performers differently. Performance Appraisal system was followed and the inputs for compensation revision were taken based on the individual's performance assessment.

Company's short-term and medium-term goals were arrived at by way of conducting workshops for senior management to create "Competitiveness Achievement Plan" (CAP). Term and performance goals and other initiatives were derived from the CAP. Policy Deployment tool was used for Goal setting purpose for the year 2017-18.

The company continued its focus on Total Employee Involvement (TEI) and towards this, the Suggestion Scheme was re-launched across the plants to motivate employees to participate in improvement initiatives. Employees were also sponsored and encouraged to take part in external forums to showcase their Quality Circle achievements and also to gather best practices across industries.

Training and Development continued to be a prime focus area and all categories of employees were imparted training. Attitudinal Engineering, Customer Handling, IATF Internal Audit training programme, GST awareness workshops, etc., were conducted among other programmes. In addition, LEAN Leadership Programme was conducted for Senior Management Team. R&D employees were put through rigorous modules of training through professional bodies like MMA, SAE India, etc., to enable them to develop futuristic products in line with company's long term objectives. Plant Operators were put through training on 7QC Tools, 5S, Safety, SPC, etc., in addition to providing them inputs on soft skills. Apprentices were given both class room training as well as On-The-Job training and the company can boast of enhancing employability of a large number of youth for their long term sustenance.

Communication to employees assumed greater significance during the year and formal monthly communication meetings have been initiated for Operators as well as Management Staff across locations.

Company's focus will continue to remain on attracting, retaining and developing talent to achieve its short-term and long-term objectives.

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 have been given emphasis to.

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.

**INDEPENDENT AUDITORS REPORT
TO THE MEMBERS OF M/S. UCAL FUEL SYSTEMS LIMITED****Report on the standalone Financial Statements**

We have audited the accompanying standalone financial statements of M/s. **UCAL FUEL SYSTEMS LIMITED** ("the company") which comprises the Balance sheet as at 31st March 2017, the statement of Profit and loss, the Cash Flow Statement for the year ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The company's Board of Directors is responsible for the matters stated in Section 134(5) of the companies Act, 2013 ("the Act") with respect to preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flow of the company in accordance with the Accounting principles generally accepted in India, including the standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2017, and its profit and its cash flows for the year ended on that date.

Emphasis of Matter

Without qualifying our opinion,

- a) We draw attention to Note 29 forming part of financial statements for the year, in respect of impairment of investment in the foreign wholly owned subsidiary M/s. Amtec precision products Inc. USA. Being technical matter, subject to uncertainty, we have relied on the estimates and assumptions made by the company and duly considered by the lenders of the subsidiary company at the time of refinancing from considering any provision for Impairment/diminution as at 31st March 2017.

- b) We also draw attention to Note 30 forming part of the financial results for the year, in respect of receivables of ₹ 15,296.32 Lakhs (₹ 15,778.34 Lakhs, previous year) from the same subsidiary company, classified as short term. There is no reduction in the receivables for the past three years. Being a technical matter, subject to uncertainty, we have relied on the assumptions and negotiations the company had represented to have had with the Bankers for the early realisation of the dues from M/s Amtec Precision Products Inc. USA

Report on Other Legal and Regulatory Requirements

- (1) As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of the powers conferred by subsection (11) of section 143 of the Companies Act, 2013, we give in the "Annexure-A", a statement on the matters specified in paragraph 3 and 4 of the Order.
- (2) As required by Section 143 (3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of accounts.
 - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e) On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
 - f) With respect to adequacy of the Internal Financials control over Financial Reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure – B", and
 - g) With respect to 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 financial statements – Refer note 28 to the financial statements
 - ii. The company 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 Company.
 - iv. The company had provided requisite disclosures in its financial statements (Note No.46) as to holdings as well as dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the November 8, 2016 of the Ministry of Finance, during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures performed by us and the representations provided to us by the management, we report that the disclosures are in accordance with the books of accounts maintained by the company.

For G BALU ASSOCIATES,
Chartered Accountants
FRN: 000376S

RAJA GOPALAN B
PARTNER
M.No: 217187

Place : Chennai
Date : 30th May, 2017

"ANNEXURE A" TO THE INDEPENDENT AUDITORS' REPORT**The Annexure referred to in our report to the members of UCAL FUEL SYSTEMS LIMITED ('the Company') for the year ended 31st March 2017.**

- i. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

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

According to the information and explanations given to us on the basis of our examination of the records of the Company, 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 book stocks were not material and have been properly dealt with in books of accounts.

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

- iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act in respect of grant of loans, making investments and providing guarantees and securities.

- v. In our opinion and according to the information and explanations given to us, the company has not accepted any deposits from the public and hence compliance with directives issued by the Reserve Bank of India and the provisions of Section 73 to 76 or any other relevant provisions of the Act and the rules framed there under are not applicable.

- vi. As per the books and records produced to us and explanations offered thereon, we are of the opinion that, prima facie, the cost records and accounts prescribed by the Central Government under Sec 148 of the Companies Act, 2013, have been made and maintained. However, we are not required and have not made any detailed examination of the said records, with a view to determine whether they are accurate or complete.

- vii. According to the records produced, the company is generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Value added Tax, Service Tax, Customs Duty, Excise Duty and Cess and any other statutory dues to appropriate authorities. According to information and explanation given to us, no undisputed amount payable in respect of Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Value added Tax, Service Tax, Customs Duty, Excise Duty and Cess were in arrears as at 31st March, 2017 for a period of more than six months from the date they became payable.

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

Name of statute	Nature of Due	Amount (₹ In lakhs)	Forum where dispute is pending
Income Tax Act	Income Tax -AY-2000-01	3.59	High court of Madras
Income Tax Act	Income Tax -AY-2003-04	146.58	CIT (Appeals) – Chennai
Central Excise Act	Central Excise - FY 2008-09	16.80	Commissioner of central excise –Puducherry
Central Excise Act	Central Excise – (August 2003 – June 2004)	1.83	Assistant commissioner of central excise – Tambaram division
Central Excise Act	Central Excise – FY 2002 – 03	44.14	Commissioner Appeals – Gurgaon
Central Sales Tax Act	CST – FY 2006-07 – Plant 8	4.77	Additional deputy commissioner (Appellate), Chennai
Indian stamp Act	Stamp Duty	24.88	Inspector general of registration (Appeals) Chennai, Tamilnadu

- 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 borrowings to Financial Institutions / Banks. The Company has not raised any monies against issue of debentures.
- 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. The Company has not raised monies by way of initial public offer or further public offer (including debt instruments) during the year.
- x. Based upon the audit procedures performed and on the basis of the information and explanations given to us, no fraud on or by the company, by its officers or employees has been noticed or reported during the year.
- xi. The company has paid or provided Managerial remuneration in accordance with the required approvals from shareholders as mandated by the provisions of Section 197 read with Schedule V of the Act. However, the Central Government approval is awaited under section 197(3) for the excess managerial remuneration provided over and above the limits specified, for a sum of ₹ 99.77 lakhs to Mr. Jayakar Krishnamurthy, in respect of financial year 2016-17. The excess amount so provided is yet to be paid by the company.
- With respect to the excess managerial remuneration paid during the years 2009 -10, 2014-15 and 2015-16, have been fully recovered.
- 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 (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 the related parties are in compliance with sections 177 and 188 of the act, where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv. According to the information and explanations given to us and based on our examination of the 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. Hence reporting under clause (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 the records of the company, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the order not applicable.
- xvi. The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For G BALU ASSOCIATES,
Chartered Accountants
FRN: 000376S

RAJA GOPALAN B
PARTNER
M.No: 217187

Place : Chennai
Date : 30th May, 2017

"ANNEXURE B" TO THE INDEPENDENT AUDITORS' REPORT

The Annexure referred to in our report to the member of UCAL FUEL SYSTEMS LIMITED ('the Company') for the year ended 31st March 2017.

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 M/S. UCAL FUEL SYSTEMS LIMITED ("the Company") as of March 31st, 2017 in conjunction with our audit of the standalone 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 the Institute of Chartered Accountants of India. 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 auditor's 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 (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) 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 (3) 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 control system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, 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.

For G BALU ASSOCIATES,
Chartered Accountants
FRN: 000376S

RAJA GOPALAN B
PARTNER
M.No: 217187

Place : Chennai
Date : 30th May, 2017

BALANCE SHEET AS AT 31ST MARCH 2017

(All Amounts in ₹ Lakhs unless otherwise stated)

	Note	As at 31 st March 2017	As at 31 st March 2016
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share capital	2	2,211.36	2,211.36
Reserves & Surplus	3	32,838.07	30,345.06
Non-Current Liabilities			
Long-Term Borrowings	4	6,898.48	4,488.71
Deferred Tax Liabilities (Net)	5	402.31	571.14
Other Long Term Liabilities	6	1,027.78	1,201.09
Long-Term Provisions	7	277.40	156.87
Current liabilities			
Short-Term Borrowings	8	10,440.81	9,309.85
Trade Payables	9	10,321.70	8,945.19
Other Current Liabilities	10	5,482.50	5,987.42
Short-Term Provisions	11	1,056.94	1,539.64
TOTAL		70,957.35	64,756.33
ASSETS			
Non-Current Assets			
Property, Plant & Equipment	12	15,521.05	17,108.96
Intangible Assets		733.33	34.30
Capital Work-In-Progress		651.04	192.27
Non-Current Investments	13	21,454.20	16,069.40
Long-Term Loans & Advances	14	459.87	501.41
Current Assets			
Inventories	15	4,262.82	4,249.19
Trade Receivables	16	11,361.07	10,348.65
Cash and Cash Equivalents	17	393.35	228.08
Short-Term Loans & Advances	18	16,120.62	16,024.07
TOTAL		70,957.35	64,756.33
Summary of significant accounting policies	1		

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

For and on behalf of the Board of Directors

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

RAJAGOPALAN B
PARTNER
Membership. No.217187

JAYAKAR KRISHNAMURTHY
CHAIRMAN AND MANAGING DIRECTOR

Place : Chennai
Date : 30th May 2017

REKHA RAGHUNATHAN
DIRECTOR AND
COMPANY SECRETARY

RAM RAMAMURTHY
WHOLE -TIME DIRECTOR AND
CHIEF FINANCIAL OFFICER

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2017

(All Amounts in ₹ Lakhs unless otherwise stated)

	Note	Year ended 31 st March 2017	Year ended 31 st March 2016
Revenue From Operations	19	64,074.61	57,196.44
Less: Excise Duty		7,676.99	6,891.77
		56,397.62	50,304.67
Other Income	20	588.64	347.70
Total Revenue		56,986.26	50,652.37
Expenses:			
Cost of Material Consumed	21	28,575.96	26,521.50
Changes in Inventories of Finished Goods and Work-in-progress	22	53.29	75.01
Employees Cost and Benefits	23	8,095.55	6,585.62
Finance Costs	24	2,292.02	2,168.62
Depreciation and Amortization Expense	25	2,223.49	2,305.09
Other Expenses	26	12,087.75	10,627.74
Total Expenses		53,328.06	48,283.58
Profit Before Exceptional Item		3,658.20	2,368.79
Exceptional Items		-	-
Profit Before Tax		3,658.20	2,368.79
Add / (Less) Tax Expense:			
Current tax		(1,334.00)	(822.00)
Deferred tax		168.82	264.65
Profit (Loss) for the year		2,493.02	1,811.44
Earnings per equity share:			
Basic & Diluted	27	11.27	8.19
Summary of significant accounting policies	1		

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

For and on behalf of the Board of Directors

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

RAJAGOPALAN B
PARTNER
Membership. No.217187

JAYAKAR KRISHNAMURTHY
CHAIRMAN AND MANAGING DIRECTOR

Place : Chennai
Date : 30th May, 2017

REKHA RAGHUNATHAN
DIRECTOR AND
COMPANY SECRETARY

RAM RAMAMURTHY
WHOLE -TIME DIRECTOR AND
CHIEF FINANCIAL OFFICER

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2017

	(All Amounts in ₹ Lakhs unless otherwise stated)	
	For the year ended 31 st March, 2017	For the year ended 31 st March, 2016
A. Cash flow from operating activities		
Net Profit / (Loss) before extraordinary items and tax	3,658.19	2,368.79
<i>Adjustments for:</i>		
Depreciation and amortisation	2,223.49	2,305.09
(Profit) / loss on sale / write off of assets	10.82	-
Finance costs	2,292.02	2,168.62
Interest income	(15.39)	(16.69)
Dividend income	(66.31)	(25.89)
Liabilities / provisions no longer required written back	(134.83)	-
Net unrealised exchange (gain) / loss	101.37	(266.93)
	<u>4,411.17</u>	<u>4,164.20</u>
Operating profit / (loss) before working capital changes	8,069.36	6,532.99
<i>Changes in working capital:</i>		
<i>Adjustments for (increase) / decrease in operating assets:</i>		
Inventories	(155.26)	246.51
Trade receivables	(1,474.87)	854.29
Short-term loans and advances	(96.55)	(69.58)
Long-term loans and advances	41.54	66.53
<i>Adjustments for increase / (decrease) in operating liabilities:</i>		
Trade payables	1,376.53	36.24
Other current liabilities	589.57	46.05
Other long-term liabilities	(13.87)	55.37
Short-term provisions	435.53	42.73
Long-term provisions	120.53	64.99
	<u>823.15</u>	<u>1,343.13</u>
	<u>8,892.51</u>	<u>7,876.12</u>
Cash flow from extraordinary items	-	-
Cash generated from operations	8,892.51	7,876.12
Net income tax (paid) / refunds	(994.24)	(968.41)
Net cash flow from / (used in) operating activities (A)	<u>7,898.27</u>	<u>6,907.71</u>
B. Cash flow from investing activities		
Capital expenditure on fixed assets, including capital advances	(1,837.68)	(1,207.80)
Proceeds from sale of fixed assets	44.64	20.49
Interest received		
- Others	15.39	16.69
Dividend received		
- Subsidiaries	65.41	25.00
- Others	0.90	0.89
	<u>(1,711.34)</u>	<u>(1,144.73)</u>
Cash flow from extraordinary items-Investment in subsidiaries	(5384.80)	-
	<u>(7,096.14)</u>	<u>(1,144.73)</u>
Net income tax (paid) / refunds	-	-
Net cash flow from / (used in) investing activities (B)	<u>(7,096.14)</u>	<u>(1,144.73)</u>

(All Amounts in ₹ Lakhs unless otherwise stated)

	For the year ended 31 st March, 2017	For the year ended 31 st March, 2016
C. Cash flow from financing activities		
Proceeds from long-term borrowings	5,000.00	-
Repayment of long-term borrowings	(3,613.43)	(3,676.33)
Proceeds from other short-term borrowings	1,130.96	610.26
Repayment of other short-term borrowings	-	-
Finance cost	(2,292.02)	(2,168.62)
Dividends paid	(718.11)	(443.79)
Tax on dividend	(144.25)	(84.95)
	<u>(636.85)</u>	<u>(5,763.43)</u>
Cash flow from extraordinary items	-	-
Net cash flow from / (used in) financing activities (C)	<u>(636.85)</u>	<u>(5,763.43)</u>
Net increase / (decrease) in Cash and cash equivalents (A+B+C)	165.28	(0.45)
Cash and cash equivalents at the beginning of the year	<u>228.08</u>	<u>228.53</u>
Cash and cash equivalents at the end of the year	<u>393.35</u>	<u>228.08</u>
Cash and cash equivalents Comprises of:		
Cash on hand	9.32	13.53
Balances with banks		
In current accounts	323.69	84.47
In deposit accounts with original maturity of less than 3 months	4.47	81.43
In unpaid Dividend Account	55.87	48.65
	<u>393.35</u>	<u>228.08</u>

Notes:

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

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

For and on behalf of the Board of Directors

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

RAJAGOPALAN B
PARTNER
Membership. No.217187

JAYAKAR KRISHNAMURTHY
CHAIRMAN AND MANAGING DIRECTOR

Place : Chennai
Date : 30th May, 2017

REKHA RAGHUNATHAN
DIRECTOR AND
COMPANY SECRETARY

RAM RAMAMURTHY
WHOLE -TIME DIRECTOR AND
CHIEF FINANCIAL OFFICER

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017**Note. 1. SIGNIFICANT ACCOUNTING POLICIES****a. Basis of accounting and preparation of financial statements**

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under the provisions of section 133 of the Companies Act, 2013 read with Rule-7 of the Companies (Accounts) Rules, 2016 and the relevant provisions of Companies Act, 2013 as applicable. The financial statements have been prepared on going concern basis under the historical cost convention on accrual basis of accounting. The accounting policies adopted in the preparation of financial statements are consistent with those followed in the previous year.

b. Use of estimates

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

c. Method of Accounting

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

d. Fixed Assets and Depreciation

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

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

No provisions are made in respect of leasehold land.

e. Assets acquired under Lease

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

f. Revenue Recognition

The Company recognises revenue from the sale of goods, net of trade discount, when the goods are dispatched, based on purchase orders/delivery schedules received from customers and as per the arrangements entered into with the customers. Sale of products is presented gross of excise duty where applicable and excludes other indirect taxes.

g. Borrowing Costs

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

h. Investments

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

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017 (CONTD)

i. Subsidy

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

j. Sundry Debtors and Loans & Advances

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

k. Inventories

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

l. Foreign Currency Transactions

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

m. Research & Development

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

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

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

n. Retirement Benefits

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

o. Miscellaneous Expenditure

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

p. Taxation

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

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

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

q. Operating Cycle

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

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017 (CONTD)

(All Amounts in ₹ Lakhs unless otherwise stated)

	As at 31 st March 2017	As at 31 st March 2016
Note 2		
Share Capital		
Authorised Capital		
7,50,00,000 (7,50,00,000) Equity Shares of ₹ 10 each	7,500.00	7,500.00
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

(a) Reconciliation of Number of Shares:

Equity Shares:

	As at 31 st March 2017		As at 31 st March 2016	
	No. of Shares	Amount	No. of Shares	Amount
Balance as at the Beginning of the Year	22,113,625	2,211.36	22,113,625	2,211.36
Balance as at the End of the Year	22,113,625	2,211.36	22,113,625	2,211.36

(b) Rights and restrictions attached to shares

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

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

Name of the Shareholder	As at 31 st March 2017		As at 31 st March 2016	
	No of shares	%	No of shares	%
Carburettors Limited	11,320,089	51.19%	11,320,089	51.19%
Southern Ceramics Private Limited	1,558,515	7.05%	1,558,515	7.05%
Minica Real Estates Private Limited	1,341,882	6.07%	1,341,882	6.07%

(d) Details of Shares allotted as fully paid up by way of bonus shares (during 5 yrs immediately preceding 31.03.2017) - Nil

Note 3

	As at 31 st March 2016	Additions	Deductions	As at 31 st March 2017
Reserves & Surplus				
(a) Capital Reserve	160.00	-	-	160.00
(b) Special State Capital Subsidy	282.85	-	-	282.85
(c) General Reserves	16,571.82	-	-	16,571.82
(d) Securities Premium Account	2,165.34	-	-	2,165.34
	19,180.01	-	-	19,180.01

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017 (CONTD)

(All Amounts in ₹ Lakhs unless otherwise stated)

(e) Surplus in Statement of Profit and Loss	As at 31st March 2017	As at 31st March 2016
Balance as at Beginning of the Year	11,165.05	10,271.83
(+) Net Profit/(Net Loss) For the current year	2,493.01	1,811.44
(+) Transfer from Reserves	-	-
(-) Proposed Dividends	-	773.98
(-) Tax on Proposed Dividends	-	144.25
(-) Interim Dividends	-	-
(-) Transfer to Reserves	-	-
Balance as at End of the Year	13,658.06	11,165.05
Total Reserves and Surplus	32,838.07	30,345.06

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

	As at 31st March 2017	As at 31st March 2016
On Equity Shares of ₹ 10/-each		
Amount of Dividend proposed	1,105.68	773.98
Dividend per equity share	₹ 5 per share	₹ 3.50 per share

Note 4

Long Term Borrowings

(i) Secured

Term Loans From Banks

(ii) UnSecured

Inter Corporate Deposits

-From Related Parties

Total

	6,465.48	4,055.71
	433.00	433.00
	6,898.48	4,488.71

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

NATURE OF SECURITY	TERMS OF REPAYMENT
Loan amount outstanding of ₹ 297.01 lakhs is secured by first charge on fixed Assets (present & future) on pari passu basis with other term lenders except those assets specifically charged.	Repayable in quarterly instalments of ₹ 100 lakhs each. The period of maturity with reference to Balance Sheet date is 1 year(3 instalments). Rate of Interest-11.05%
Loan amount outstanding of ₹ 153.37 lakhs is secured by first charge by way of hypothecation over all moveable fixed assets and mortgage of all immovable properties of UCAL, both present & future.	Repayable in quarterly instalments of ₹ 150 lakhs each. The period of maturity with reference to Balance Sheet date is 3 months (1 instalment). Rate of interest-12.2%
OIF Term loan of USD 4.30 million is secured by Paripassu first charge on the entire moveable & immovable fixed assets of UCAL, present & future, except those assets specifically charged.	Repayable in 28 step-up quarterly instalments commencing from 2012-13. The period of maturity with reference to Balance Sheet date is 2.5 years.(10 instalments). Rate of conversion as on 31.03.2017- 1\$=₹ 64.8386.
Loan amount outstanding of ₹ 750 lakhs is secured by paripassu first charge on the land at Bawal and exclusive charge on the Building ,Plant & Machinery at Bawal.	Repayable in monthly instalments of ₹ 50 lakhs each. The period of maturity with reference to Balance Sheet date is 15 months. Rate of interest-13.45%

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

i) Inter Corporate Deposits - Not secured	Inter Corporate Deposit is repayable after one year. Rate of interest-12%
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NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017 (CONTD)

(All Amounts in ₹ Lakhs unless otherwise stated)

	As at 31 st March 2017	As at 31 st March 2016
Note 5		
Deferred Tax Liabilities (Net)		
Deferred Tax Liabilities		
Depreciation	516.91	649.45
Deferred Tax Asset		
Provision For Employee benefits	(114.60)	(78.31)
Total	402.31	571.14
Deferred tax assets and deferred tax liabilities have been offset as they relate to the same governing taxation law.		
Note 6		
Other Long Term Liabilities		
(a) Trade Payables		
Payable for Material Purchase	601.79	800.72
(b) Others		
Advance From Customers	9.77	13.41
Other Liabilities	416.22	386.96
Total	1,027.78	1,201.09
Note 7		
Long-Term Provisions		
(a) Provision For Employee Benefits		
Gratuity Fund Payable	213.76	109.72
Provision For Leave Encashment	63.64	47.15
Total	277.40	156.87
Note 8		
Short Term Borrowings		
(i) Secured		
Short Term Borrowings	-	86.07
Cash Credit from banks	5,540.61	5,146.78
(ii) UnSecured		
Short Term Loan From Banks	3737.14	3,338.13
Short Term Loan From Others	1,163.06	738.87
Total	10,440.81	9,309.85

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017 (CONTD)

(All Amounts in ₹ Lakhs unless otherwise stated)

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

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

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

i) Short Term loans from banks - Not secured	Short term loan is repayable within one year. Rate of interest-10.50% /8.90%
ii) Short Term loans from others - Not secured	Short term loan is repayable within one year. Rate of interest-10.50%

	As at 31 st March 2017	As at 31 st March 2016
Note 9		
(a) Trade Payables		
Payable for Material Purchase		
Related Parties	1,442.20	939.95
Others	8,879.50	8,005.24
Total	10,321.70	8,945.19

Note 10

Other Current Liabilities

Current maturities of Long Term Debts	2,523.14	3,622.14
Advances From Customers	4.50	-
Interest Accrued but not Due	22.93	27.53
Unclaimed Dividend	55.87	48.65
Other Liabilities	2,876.06	2,289.10
Total	5,482.50	5,987.42

Note 11

Short-Term Provisions

(a) Provision For Employee Benefits

Gratuity Fund Payable	47.76	-
Provision For Leave Encashment	5.18	14.41

(b) Others

Provision for Tax (Net of Advance Tax)	1,004.00	607.00
Provision for Proposed Dividend	-	773.98
Provision for Tax on Dividend	-	144.25
Total	1,056.94	1,539.64

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017 (CONTD)

Note 12 Fixed assets

(All Amounts in ₹ Lakhs unless otherwise stated)

	GROSS BLOCK			DEPRECIATION/AMORTISATION				NET BLOCK	
	As at 1 April, 2016	Additions	Deductions	As at 31 st March, 2017	For the year	Deductions	Up to 31 st March, 2017	As at 31 st March, 2017	As at 31 st March, 2016
Tangible assets									
(a) Land									
Freehold	551.34	-	-	551.34	-	-	-	551.34	551.34
Leasehold	3,288.85	-	-	3,288.85	-	-	-	3,288.85	3,288.85
(b) Buildings	6,428.62	6.50	-	6,435.12	211.69	-	1,872.71	4,562.40	4,767.61
(c) Plant and Equipment	32,265.32	573.80	583.26	32,255.87	1,913.14	539.37	25,373.75	6,882.12	8,265.34
(d) Furniture and Fixtures	594.01	9.73	-	603.74	28.61	-	515.32	88.42	107.30
(e) Vehicles	246.88	49.58	7.57	288.89	23.23	7.19	192.85	96.04	70.06
(f) Office equipment	309.01	11.19	0.82	319.39	17.74	0.78	267.51	51.88	58.46
Total Tangible Assets - A	43,684.03	650.80	591.64	43,743.19	2,194.41	547.34	28,222.14	15,521.05	17,108.96
Previous year	42,320.32	1,439.85	76.14	43,684.03	2,276.01	62.97	26,575.07		
Intangible Assets:									
Technical Know How	2,326.62	728.11	-	3,054.73	29.08	-	2,321.40	733.33	34.30
Total Intangible Assets - B	2,326.62	728.11	-	3,054.73	29.08	-	2,321.40	733.33	34.30
Previous year	2,326.62	-	-	2,326.62	29.08	-	2,292.32		
Total Fixed Assets - C=(A+B)	46,010.65	1,378.91	591.64	46,797.92	2,223.49	547.34	30,543.54	16,254.38	17,143.26
Previous year	44,646.94	1,439.85	76.14	46,010.65	2,305.09	62.97	28,867.39		
Capital Work - In - Progress								651.04	192.27
Total								16,905.42	17,335.53

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017 (CONTD)

(All Amounts in ₹ Lakhs unless otherwise stated)

	As at 31 st March 2017	As at 31 st March 2016
Note 13		
Non Current Investments		
OTHER INVESTMENTS		
TRADE-QUOTED		
1,900 (Previous Year 1,900) Fully paid up Equity Shares of ₹ 10/-each of HDFC Bank Ltd	0.19	0.19
3,367 (Previous Year 3,367) equity shares of ₹ 10/- each of The Karnataka Bank Limited fully paid	1.47	1.47
15,578 (Previous Year 15,578) Fully paid up Equity Shares of ₹ 10/-each of Industrial development Bank of India Ltd.	2.70	2.70
200 (Previous Year 200) Fully paid up Equity Shares of ₹ 10/-each of Corporation Bank	0.16	0.16
	<u>4.52</u>	<u>4.52</u>
TRADE-UNQUOTED		
16,35,217 (Previous Year 16,35,217) Equity Shares of Ucal Polymer Industries Limited	571.59	571.59
1,000 (Previous Year 1,000) Equity Shares of Amtec Precision Products Inc of USD 0.01/- each (**)	10,086.90	10,086.90
Additional Investment on Conversion of Loans in to Equity Shares (**)	5,405.58	5,405.58
Additional investment in Amtec Precision Products Inc., (**)	5,384.80	-
600 (Previous year 600) Equity shares of ₹ 10 each of Suryadev Alloys and Power Private Limited	0.81	0.81
	<u>21,449.68</u>	<u>16,064.88</u>
(**) - Investments in Subsidiary Companies		
Total Investments	<u>21,454.20</u>	<u>16,069.40</u>
Aggregate amount of quoted investments	4.52	4.52
Market Value of quoted investments	43.95	34.70
Aggregate amount of unquoted investments	21,449.68	16,064.88
Aggregate provision for diminution in value of investments	NIL	NIL
Note 14		
Long-Term Loans & Advances		
Considered Good		
Security Deposits	459.87	501.41
Total	<u>459.87</u>	<u>501.41</u>
Note 15		
Inventories (Refer note 1(k))		
(As certified by the management)		
Spares	80.49	103.64
Tools & Consumables	1,589.36	1,420.27
Raw Materials and Components	1,529.55	1,608.57
Work-in-progress	567.02	706.17
Finished goods	496.40	410.54
Total	<u>4,262.82</u>	<u>4,249.19</u>

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017 (CONTD)

(All Amounts in ₹ Lakhs unless otherwise stated)

	As at 31 st March 2017	As at 31 st March 2016
Note 16		
Trade Receivables		
Unsecured, considered good		
Trade receivables outstanding for a period less than six months from the date they are due for payment	11,243.42	10,170.21
Trade receivables outstanding for a period exceeding six months from the date they are due for payment	183.65	178.44
Less: Provisions for bad and doubtful debts	(66.00)	-
Total	11,361.07	10,348.65
Note 17		
Cash and Cash Equivalents		
(a) Cash on hand	9.32	13.53
(b) Bank Balances		
In Current Account	323.69	84.47
Fixed Deposit(**)	4.47	81.43
(c) Other Bank Balances		
Unpaid Dividend Account	55.87	48.65
Total	393.35	228.08
(**) Held under lien by bank as margin Money		
Note 18		
Short-Term Loans & Advances		
Considered Good		
(a) Loans and advances	566.95	570.77
(b) Loans & Advances to related party	14,501.58	14,606.18
(c) Advance Income Tax and TDS Receivable (Net of Provisions)	659.70	560.70
(d) Balance with government authorities	392.39	286.42
Total	16,120.62	16,024.07
Note 19		
Revenue From Operations		
(a) Sale of Products		
Gross Sales	64,074.61	57,196.44
Less : Excise Duty	7,676.99	6,891.77
Total	56,397.62	50,304.67

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017 (CONTD)

(All Amounts in ₹ Lakhs unless otherwise stated)

	Year ended 31 st March 2017	Year ended 31 st March 2016
Note 20		
Other Income		
Interest Received	15.39	16.69
Rent received	106.80	97.73
Miscellaneous Income	390.40	239.53
Profit on sale of Assets	10.94	7.32
Dividends : From Subsidiaries	65.41	25.00
: From Others	0.90	0.89
Gain on Exchange Fluctuation	(1.20)	(39.46)
Total	588.64	347.70
Note 21		
Cost of Material Consumed		
Opening Stock		
Raw Materials	238.44	230.40
Components	1,370.13	1,347.46
	1,608.57	1,577.86
(+) Purchases		
Raw Materials	6,024.85	5,821.93
Components	18,471.80	17,345.74
Outworks	4,000.30	3,384.53
	28,496.95	26,552.20
(-) Closing Stock		
Raw Materials	301.48	238.44
Components	1,228.07	1,370.13
	1,529.55	1,608.57
Total	28,575.96	26,521.50
Note 22		
Changes in inventories of finished goods and Work in Progress		
Opening Stock		
Finished Goods	410.54	402.98
Work-in-progress	706.17	788.74
	1,116.71	1,191.72
(-) Closing Stock		
Finished Goods	496.40	410.54
Work-in-progress	567.02	706.17
	1,063.42	1,116.71
(Increase) / Decrease in Finished Goods and Work-in-progress	53.29	75.01
Note 23		
Employees Cost & Benefits		
Salaries,Wages & Bonus	6,847.27	5,574.37
Contribution to Provident Fund & Other Funds	655.24	464.27
Staff Welfare Expenses	593.04	546.98
Total	8,095.55	6,585.62

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017 (CONTD)

(All Amounts in ₹ Lakhs unless otherwise stated)

	Year ended 31 st March 2017	Year ended 31 st March 2016
Note 24		
Finance Costs		
Interest Expenses on		
Term Loans	1,003.59	962.72
Other Borrowing costs	1,288.43	1,205.90
Total	2,292.02	2,168.62
Note 25		
Depreciation and Amortisation Expense		
Depreciation for tangible assets (Note No. 12)	2,194.41	2,283.28
Amortisation for intangible assets (Note No. 12)	29.08	21.81
Total	2,223.49	2,305.09
Note 26		
Other Expenses		
Tools and stores consumed	2,918.28	2,867.49
Power & Fuel	2,055.42	2,200.64
Repairs & Maintainance		
- Building	17.26	3.73
- Plant & Machinery	272.41	218.22
- Others	288.06	229.12
Postage, Telephone, Fax, etc.	68.66	66.55
Insurance	61.81	49.48
Rates and Taxes	117.37	70.90
Rent	198.67	208.64
Directors Sitting Fees	6.95	8.55
Auditors Remuneration		
- For Audit Fees	17.50	17.50
- For Taxation matters	0.60	1.65
- For Certificates	5.02	4.45
- For other services	0.92	0.10
- For out of pocket expenses	0.57	0.34
Travelling Expenses - Others	466.48	303.86
Discount Allowed	102.53	109.86
Packing Charges	521.35	458.00
Carriage Inwards	222.66	214.69
Sub Contract Charges	350.89	340.77
Carriage Outwards	851.67	811.88
Professional Charges	605.62	275.94
CSR expenditure	45.50	42.00
Research & Development Expenses	883.16	819.55
Other Expenses	1,791.62	1,553.86
Exchange Loss	206.17	(266.93)
Loss on Sale of Fixed Assets	10.60	-
Fixed Assets Discarded	-	16.90
Total	12,087.75	10,627.74

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017 (CONTD)

(All Amounts in ₹ Lakhs unless otherwise stated)

Note 27

Earnings per share (EPS) calculation (Basic and diluted) :

	Unit	2016-17	2015-16
a) Amount used as the numerator			
Profit after taxation	₹ In lakhs	2,493.01	1,811.44
b) Weighted average number of equity shares used as denominator	Number	22,113,625	22,113,625
c) Nominal value of shares	₹ In lakhs	2,211.36	2,211.36
d) Earnings per share	₹	11.27	8.19

	As at 31 st March 2017	As at 31 st March 2016
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Note 28

Contingent Liabilities, Guarantees and Commitment

Contingent Liabilities

Claims against the company not acknowledged as debts :-

i) Sales Tax	4.77	88.88
ii) Excise Duty	62.77	221.69
iii) Service Tax	-	1.23
iv) Income Tax	150.17	1,627.93
vi) Stamp Duty	24.88	31.37

Other moneys for which the company is contingently liable

i) In respect of Letter of Credits Outstanding	194.10	387.09
ii) Guarantees given by the company to the banks, with regard to credit facilities extended to M/s. Amtec Precision Products Inc., USA, a wholly owned subsidiary	-	10,547.66
iii) Guarantees given by the company to the banks, with regard to credit facilities extended to M/s. Ucal Polymer Industries Ltd, a wholly owned subsidiary	134.70	-
iv) Guarantees given by Banks on behalf of the company	155.06	193.39

Commitment

Estimated amount of contracts remaining to be executed on capital account, net of advances, not provided for :

253.17	445.41
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Note 29

The company has equity investment aggregating to ₹ 20,877.28 lakhs in Amtec Precision Products Inc., a wholly owned subsidiary. The subsidiary has made net profit during the previous year ended 31st march 2017, based on the audited accounts. It has restructured its loan, improved fund availability and enhanced its operational performance. Accordingly no provision is considered necessary in respect of diminution in value of investments

Note 30

The company has interest free advance of ₹ 12401.58 lakhs (Previous Year ₹ 12,506.18 lakhs) and sundry debtors of ₹ 2,894.74 lakhs (Previous Year 3,272.16 lakhs) The whole of this outstanding due from subsidiary is subordinated to the bankers of the subsidiary. The subsidiary has made significant improvement in its financial performance during the current financial year. The company and its subsidiary have made representations to the bankers according to which these amounts are expected to be realised at the earliest. Hence these outstanding dues have been classified as short term dues

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017 (CONTD)

(All Amounts in ₹ Lakhs unless otherwise stated)

Note 31

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

Particulars	As at 31 st March 2017	As at 31 st March 2016
a. Principal amount	37.59	15.40
b. Interest due and payable for the period of delay in payment	4.51	1.85
c. Interest accrued and remaining unpaid	Nil	Nil

Note 32

The balances outstanding as on 31st March 2017 in respect of Sundry Debtors, Loans and Advances and Sundry Creditors, wherever not confirmed by them, in so far as they have not been subsequently recovered or adjusted are subject to confirmation or reconciliation.

Note 33

Subject to the observation in Note 32 above, in the opinion of the Board, Current Assets, Loans and Advances have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated. The provision for depreciation and for all other known liabilities is considered adequate and are not in excess of the amount reasonably necessary.

Note 34**Research and Development expenditure incurred**

Particulars	Financial Year	
	2016-17	2015-16
Capital Expenses	28.05	28.54
Revenue Expenses	883.16	819.55

Research and Development expenditure (Revenue) includes salaries, wages and bonus amounting to ₹ 383.54 lakhs (previous year ₹ 336.21 lakhs), travel expenses ₹ 27.33 Lakhs (Previous year ₹ 30.62 lakhs) and Rent ₹ 236.20 Lakhs (Previous year ₹ 233.23 Lakhs)

Note 35

Electricity charges debited to Profit & Loss account is net of ₹ 126.42 lakhs (previous year ₹ 84.94 lakhs) being the electricity generated through company owned Wind Turbine Generators.

Note 36

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

A. Defined contribution plan:	2016-17	2015-16
Contribution to defined contribution plans are charged in the Profit & Loss Account for the year:		
Employers Contribution to Provident Fund	261.36	197.79
Employers Contribution to Pension Scheme	106.19	79.28
Employers Contribution to Superannuation Scheme	45.37	28.93

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017 (CONTD)

(All Amounts in ₹ Lakhs unless otherwise stated)

B. Defined Benefit Plan:

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

Disclosures for defined benefit plans based on actuarial reports as on 31st March 2017

Description	Funded		Non-Funded	
	Gratuity		Leave Encashment	
	2016-17	2015-16	2016-17	2015-16
(i) Change in defined benefit obligation				
Opening defined benefit obligation	693.25	574.04	53.56	134.20
Current Service cost	48.27	39.65	7.23	2.45
Interest Cost	56.40	45.92	3.80	10.42
Actuarial loss / (gain)	103.66	65.22	14.04	(92.32)
Benefits paid	(47.76)	(31.58)	(9.81)	(1.19)
Closing defined benefit obligation	853.82	693.25	68.81	53.56
(ii) Change in fair value of assets				
Opening fair value of plan assets	583.53	553.30	-	-
Expected return on plan assets	46.56	45.29	-	-
Actuarial gain / (loss)	9.98	-	-	-
Contributions by employer	-	16.51	-	-
Benefits paid	(47.76)	(31.57)	-	-
Closing fair value of plan assets	592.30	583.53	-	-
(iii) Amount recognized in the Balance Sheet				
Present value of obligations as at year end	853.82	693.25	68.81	53.56
Fair value of plan assets as at year end	592.30	583.53	-	-
Amount not recognized as assets	-	-	-	-
Net asset / (liability) recognized as on 31.03.17	(261.52)	(109.72)	(68.81)	(53.56)
(iv) Expenses recognized in the profit & loss account				
Current service cost	48.27	39.65	7.23	2.45
Interest on defined benefit obligation	56.40	45.92	3.80	10.42
Expected return on plan assets	(46.56)	(45.29)	-	-
Net actuarial loss / (gain) recognized in the current year	103.66	65.22	14.04	(92.32)
Total Expense recognized in P&L Account	161.77	105.50	25.06	(79.45)
(v) Principal actuarial assumptions used				
Discount rate (p.a)	8%	8%	7.00%	7.80%
Expected rate of return on plan assets (p.a)	8%	8%	-	-
Salary Escalation (p.a)	5%	5%	6%	6%
Attrition rate (p.a)	1-3%	1-3%	-	-

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017 (CONTD)

(All Amounts in ₹ Lakhs unless otherwise stated)

Note 37

The excess managerial remuneration paid during the years ending 31st March 2015 and 31st March 2016 amounting to ₹ 69.26 lakhs has been received in full from Mr. Jayakar Krishnamoorthy as per the relevant provisions of the Companies Act 2013. Managerial Remuneration provided/ paid for the year ended 31st March 2017 based on the approval of the shareholders in the AGM held on 28th September, 2016 stands at ₹ 310.45 lakhs (including a commission of ₹ 104.15 lakhs provided and yet to be paid) The said amount of ₹ 310.45 lakhs is in excess of the limits specified under section 197 of the Companies Act, 2013 by an amount of ₹ 99.77 lakhs for which necessary approval is sought from the Central Government and the approval is awaited.

Note 38

Closing Stock Values of Finished Goods and Work-in-progress and Sales Value			
Class of Goods	Amount in ₹ Lakhs		
	Sales Value	Closing Stock Value	WIP Value
AUTO PARTS	56,198.61 (50,189.06)	445.27 (398.83)	567.02 (706.17)
OTHERS	199.01 (115.61)	51.13 (11.71)	- -

Note 39

Raw Materials and Components Consumed		Year ended 31.03.2017	Year ended 31.03.2016
A) Raw material			
Aluminium Alloy		5,679.79	4,862.97
Zinc		282.01	882.42
B) Other components and raw materials (which do not individually account for more than 10% of the total consumption)		22,614.16	20,776.10
Total		28,575.96	26,521.50

Note 40**Raw Materials and Components Consumed**

Item	YEAR ENDED 31.03.2017				YEAR ENDED 31.03.2016			
	RAW MATERIALS	%	COMPONENTS	%	RAW MATERIALS	%	COMPONENTS	%
IMPORTED	163.71	2.75	712.46	3.15	949.41	14.06	1,503.82	7.61
INDIGENOUS	5,798.09	97.25	21,901.70	96.85	5,802.65	85.94	18,265.62	92.39
Total	5,961.80	100.00	22,614.16	100.00	6,752.06	100.00	19,769.44	100.00

Note 41

	Year ended 31.03.2017	Year ended 31.03.2016
VALUE OF CIF IMPORTS		
Raw materials	252.79	690.94
Components and Spares	1,256.74	1,695.96
Capital goods	136.42	162.91
Total	1,645.95	2,549.81

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017 (CONTD)

(All Amounts in ₹ Lakhs unless otherwise stated)

	As at 31 st March 2017	As at 31 st March 2016
Note 42		
Earnings in Foreign Exchange		
Exports	1,017.62	1,516.68
Total	1,017.62	1,516.68
Note 43		
Expenditure in Foreign currency		
Foreign Travel	293.26	179.47
Interest	218.94	221.43
Export Consultancy	-	3.64
Total	512.20	404.54
Note 44		
Dividends remitted in foreign currency		
a. Number of non-resident shareholders	195	151
b. Number of shares held (Equity shares of ₹ 10 each)	70,461	60,589
c. Amount remitted (₹ In thousands)	Nil	Nil
d. Year to which dividend relates	Nil	Nil

Note 45

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

Note -46

Details of specified Bank notes held and transacted during the period from 8th November, 2016 to 30th December, 2016 as provided in the Table below :-

Particulars	Specified bank Notes	Other denomination notes-Indian Currency	Total
Closing cash in hand as on 08.11.2016	4.02	12.50	16.52
Add : Permitted receipts	0.16	19.65	19.81
Less : Permitted payments	0.50	22.04	22.54
Less : Amount deposited in bank	3.69	0.13	3.82
Closing cash in hand as on 30.12.2016	-	9.98	9.98

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017 (CONTD)

(All Amounts in ₹ Lakhs unless otherwise stated)

Note 47

Related Party Disclosures

I NAME OF THE RELATED PARTIES AND RELATIONSHIP

(i) HOLDING COMPANY

- a. Carburettors Limited

(ii) SUBSIDIARIES OF THE COMPANY

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

(iii) KEY MANAGEMENT PERSONNEL

- a. Mr. Jayakar Krishnamurthy - Chairman and Managing Director
- b. Mr. Ram Ramamurthy -Whole-time Director and Chief Financial Officer
- c. Ms. Rekha Raghunathan - Director and Company Secretary

(iv) OTHER RELATED ENTERPRISES

- a. Bharat Technologies Auto Components Limited
- b. Minica Real Estates Private Limited
- c. Minica Services Private Limited.
- d. Southern Ceramics Private Limited
- e. Sujo Land and Properties Private Limited
- f. Magnetic Meter Systems (India) Limited
- g. Bangalore Union Services Private Limited
- h. Culture and Heritage Trust of Karuveli
- i. Academy of Higher Education, National College, Trichy
- j. UCAL-JAP Systems Limited
- k. RD Electrocircuits Pvt Ltd

(v) RELATIVES OF KEY MANAGEMENT PERSONNEL

Dr. V Krishnamurthy

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

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017 (CONTD)

(All Amounts in ₹ Lakhs unless otherwise stated)

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

	HOLDING COMPANY	SUBSIDIARIES	OTHER RELATED ENTERPRISES	KEY MNGT PERSONNEL	RELATIVES OF KEY MNGT PERSONNEL
Transactions during the year 2016-17					
Investments		5384.80 (443.00)			
Purchase of materials		4,029.32 (3,293.71)	302.74 (441.79)		
Purchase of Intangible assets			572.86 (NIL)		
Consultancy charges paid					69.50 (60.00)
Rent Received		1.20 (1.20)			
Rent paid			415.26 (390.48)		
Managerial Remuneration (Directors)				331.62 (150.92)	
Remuneration to key managerial personnel other than directors				24.42 (40.29)	
Interest Paid			51.96 (48.35)		
Sale of goods		94.34 (58.62)	2.64 (1.01)		
Sale of Fixed Assets			17.04 (NIL)		
CSR Expenditure			45.50 (42.00)		
Dividend paid	396.20 (216.40)		116.11 (76.36)	12.40 (7.08)	19.18 (10.96)
Balances as on 31.03.2017					
Outstanding payables,	21.57 (21.57)	1,398.10 (937.63)	579.82 (134.22)	104.15 (NIL)	
Outstanding receivables		15,242.08 (15,778.34)	2,140.98 (2,144.95)	NIL (69.26)	
Guarantees given		134.70 (10,547.66)			

Figures in brackets represent corresponding amount of previous year

- 1) There are no transactions exceeding or equal to 10 % with respect to one related party that are not disclosed.
- 2) #Refer Note 37 for Managerial remuneration (Directors)

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017 (CONTD)

(All Amounts in ₹ Lakhs unless otherwise stated)

Note -48

Disclosure made in terms of Regulation 34(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015					
Sl. No.	Particulars	Name of the Company		Amount Outstanding As at 31 st March, 2017	Amount Outstanding As at 31 st March, 2016
1	Loans and Advances: Loans and Advances in the nature of Advances made to subsidiary company	Amtec Precision Products Inc., USA		12,401.58	12,506.18
		Maximum amount due at any time during the year	12,401.58		
		Maximum amount due at any time during the previous year	12,506.18		
2	Loans and Advances: Loans and Advances in the nature of Advances made to a company in which a Director is Interested	Bharat Technologies Auto Components Limited		2,100.00	2,100.00
		Maximum amount due at any time during the year	2,100.00		
		Maximum amount due at any time during the previous year	2,100.00		

Note 49

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

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

For and on behalf of the board of directors

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

RAJAGOPALAN B
PARTNER
Membership. No.217187

JAYAKAR KRISHNAMURTHY
CHAIRMAN AND MANAGING DIRECTOR

Place : Chennai
Date : 30th May 2017

REKHA RAGHUNATHAN
DIRECTOR AND
COMPANY SECRETARY

RAM RAMAMURTHY
WHOLE -TIME DIRECTOR AND
CHIEF FINANCIAL OFFICER

INDEPENDENT AUDITORS REPORT
TO THE MEMBERS OF M/S. UCAL FUEL SYSTEMS LIMITED

We have audited the accompanying Consolidated financial statements of **UCAL FUEL SYSTEMS LIMITED** (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") which comprise the consolidated Balance Sheet as at 31st March 2017, the consolidated Statement of Profit and Loss, consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements.

The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Holding Company has an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls.

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, its associates and jointly controlled entities as at 31st March, 2017, and their consolidated profit and their consolidated cash flows for the year ended on that date.

Emphasis of Matter

Without qualifying our opinion,

We draw attention to Note no.30, wherein the figures for the previous year ended 31st March, 2016, in respect of foreign subsidiary M/s Amtec Precision Products Inc, USA, have now been restated as per the audited financials for that year made available now, as against the figures in the financials approved by the management and adopted while finalising the previous year's (31st March 2016) accounts.

The Current Year's Consolidated Profit and Loss Account does not therefore include the sum of ₹ 3,402 lakhs (USD 5,435,145), being the Subsidiary's net loss relating to the previous year, which has now been adjusted against the General Reserve as at 31st March 2016.

Other Matter

The Financial Statements of subsidiaries, M/s. Amtec Precision Products Inc., USA (Including its subsidiary) and M/s. Ucal Polymer Industries Limited, has not been audited by us. The financial statements of these subsidiaries have been considered by us for consolidation solely based on the Audited financial statements as on that date.

The financial statements not audited by us, considered for consolidation, reflect total assets of ₹ 16,158.41 lakhs as at 31st March 2017, total revenue of ₹ 26,728.75 lakhs for the year ended 31st March 2017 and cash flows of ₹ 104.72 lakhs for the year ended 31st March 2017. These financial statements are being furnished to us, by the management and our opinion on the consolidated financial statements, in so far as it related to the amounts and the disclosures included in respect of these subsidiaries and our report in terms of sub section (3) and (11) of Section 143 of the Companies Act, in so far as it relates to the aforesaid subsidiaries.

Report on Other Legal and Regulatory Requirements

1. As required by the section 143 of the Companies Act, 2013, we report that, based on our audit and on the consideration of report of the other auditors on separate financial statements of a subsidiary company as noted in the 'Other Matter' paragraph, we report to the extent applicable
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of aforesaid consolidated financial statements;
 - b) In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept by the Company so far as it appears from our examination of those books;
 - c) The consolidated Balance sheet, the statement of profit and loss and the cash flow statement dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements.
 - d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013
 - e) On the basis of the relevant assertion contained in the audit reports on standalone financial statements of each subsidiary report which are incorporated in India, written representations received from the directors as on 31st March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2017 from being appointed as a director in terms of Section 164 (2) of the Act; and

- f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our Report in "Annexure ", which is based on our audit of the Holding and the consideration of the report of the other auditors on the financial information of the amalgamating company referred in the Other Matters paragraph above, the auditors' reports of subsidiary companies. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Holding's/ such subsidiary company's internal financial controls over financial reporting.
- 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 Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of subsidiary , as noted in the Other Matter paragraph:
- the Consolidated financial statements disclose the impact of pending litigations on the holding company, its subsidiary company incorporated in India.-Refer Note 30 to the financial statements;
 - the Group did not have any material foreseeable losses on long term contracts including derivative contracts;
 - there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the holding company, its subsidiary company.

For G BALU ASSOCIATES,
Chartered Accountants
FRN: 000376S

RAJA GOPALAN B
PARTNER
M.No: 217187

Place : Chennai
Date : 30th May, 2017

ANNEXURE TO THE AUDITORS' REPORT

The Annexure referred to in our report to the member of UCAL FUEL SYSTEMS LIMITED ('the Company') for the year ended 31st March 2017.

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 M/S. UCAL FUEL SYSTEMS LIMITED ("the Company") as of March 31, 2017 in conjunction with our audit of the consolidated financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Board of Directors of the Holding Company are responsible for establishing and maintaining internal financial controls based on internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance note on Audit of Internal Financial Controls over Financial Reporting issued by 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 the company's business, including adherence to the company's policies, the safeguarding of the company's 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 Act.

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 the Institute of Chartered Accountants of India. 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 auditor's 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 (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) 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 (3) 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.

Other Matters

Our aforesaid reports under Section 143(3) of the Companies Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting, insofar as it relates to a subsidiary company M/s Ucal Polymer Industries Private Limited, which is a company incorporated in India, is based on the corresponding report of the auditors of such company incorporated in India.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial control system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31st, 2017, 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.

For G BALU ASSOCIATES,
Chartered Accountants
FRN: 000376S

RAJA GOPALAN B
PARTNER
M.No: 217187

Place : Chennai
Date : 30th May, 2017

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2017

(All Amounts in ₹ Lakhs, unless otherwise stated)

	Note	As at 31 st March 2017	As at 31 st March 2016
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share capital	2	2,211.36	2,211.36
Reserves & Surplus	3	3,419.41	928.52
Non-Current Liabilities			
Long-Term Borrowings	4	9,856.38	7,929.14
Deferred Tax Liabilities (Net)	5	499.41	641.92
Other Long Term Liabilities	6	1,027.78	1,201.09
Long-Term Provisions	7	277.40	156.87
Current liabilities			
Short-Term Borrowings	8	12,879.23	12,043.82
Trade Payables	9	10,812.40	10,079.31
Other Current Liabilities	10	6,712.73	12,732.41
Short-Term Provisions	11	1,072.77	1,657.11
TOTAL		48,768.87	49,581.55
ASSETS			
Non-Current Assets			
Property, Plant & Equipment	12	23,100.90	25,422.03
Intangible Assets		764.52	65.49
Capital Work-In-Progress		651.04	192.27
Non-Current Investments	13	5.33	5.33
Long-Term Loans & Advances	14	1,080.87	1,118.82
Current Assets			
Inventories	15	7,520.21	7,813.62
Trade Receivables	16	11,533.26	10,217.90
Cash and Cash Equivalents	17	530.45	260.45
Short-Term Loans & Advances	18	3,582.29	4,485.64
TOTAL		48,768.87	49,581.55
Summary of significant accounting policies	1		

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

For and on behalf of the Board of Directors

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

RAJAGOPALAN B
PARTNER
Membership. No.217187

JAYAKAR KRISHNAMURTHY
CHAIRMAN AND MANAGING DIRECTOR

Place : Chennai
Date : 30th May 2017

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 2017

(All Amounts in ₹ Lakhs, unless otherwise stated)

	Note	Year Ended 31 st March 2017	Year Ended 31 st March 2016
Revenue From Operations	19	86,780.15	79,751.05
Less: Excise duty		8,302.90	7,385.71
		<u>78,477.25</u>	<u>72,365.34</u>
Other Income	20	1,112.91	783.80
Total Revenue		<u>79,590.16</u>	<u>73,149.14</u>
Expenses:			
Cost of Material Consumed	21	31,984.65	31,041.09
Changes in Inventories of Finished Goods and work in progress	22	292.46	(151.09)
Employees Cost & Benefits	23	16,637.36	15,400.40
Finance Costs	24	2,679.23	2,722.54
Depreciation and Amortization Expense	25	3,228.82	3,349.69
Other Expenses	26	19,960.85	18,453.80
Total Expenses		<u>74,783.37</u>	<u>70,816.43</u>
Profit Before Exceptional Item		4,806.79	2,332.71
Exceptional Items		-	-
Profit Before Tax		4,806.79	2,332.71
Add / (Less) Tax Expense:			
Current tax		(1,636.50)	(1,036.98)
Excess /Short provision for tax relating to earlier years		(9.89)	(11.33)
Deferred tax		142.50	272.64
Profit (Loss) for the Year		<u>3,302.90</u>	<u>1,557.04</u>
Earnings per equity share:			
Basic & Diluted	27	14.94	7.04
Summary of significant accounting policies	1		

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

For and on behalf of the Board of Directors

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

RAJAGOPALAN B
PARTNER
Membership. No.217187

JAYAKAR KRISHNAMURTHY
CHAIRMAN AND MANAGING DIRECTOR

Place : Chennai
Date : 30th May 2017

REKHA RAGHUNATHAN
DIRECTOR AND
COMPANY SECRETARY

RAM RAMAMURTHY
WHOLE -TIME DIRECTOR AND
CHIEF FINANCIAL OFFICER

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2017

(All Amounts in ₹ Lakhs unless otherwise stated)

	For the year ended 31 st March, 2017	For the year ended 31 st March, 2016
A. Cash flow from operating activities		
Net Profit / (Loss) before extraordinary items and tax	4,806.79	2,332.71
<i>Adjustments for:</i>		
Depreciation and amortisation	3,228.82	3,349.69
Finance costs	2,679.23	2,722.54
Interest income	(20.47)	(19.16)
Dividend income	(66.31)	(25.89)
Net unrealised exchange (gain) / loss	(715.94)	(111.33)
	<u>5,105.33</u>	<u>5,915.85</u>
Operating profit / (loss) before working capital changes	9,912.12	8,248.56
<i>Changes in working capital:</i>		
<i>Adjustments for (increase) / decrease in operating assets:</i>		
Inventories	151.75	(173.03)
Trade receivables	(1,618.36)	930.06
Short-term loans and advances	903.35	(16.12)
Long-term loans and advances	37.95	(79.51)
Other non-current assets	-	74.07
<i>Adjustments for increase / (decrease) in operating liabilities:</i>		
Trade payables	733.09	(235.21)
Other current liabilities	282.37	292.34
Other long-term liabilities	(173.31)	55.37
Short-term provisions	42.34	66.38
Long-term provisions	120.53	64.99
	<u>479.75</u>	<u>979.34</u>
	<u>10,391.87</u>	<u>9,227.90</u>
Cash flow from extraordinary items	-	-
Cash generated from operations	10,391.87	9,227.90
Net income tax (paid) / refunds	(1,338.03)	(1,165.95)
Net cash flow from / (used in) operating activities (A)	<u>9,053.84</u>	<u>8,061.95</u>
B. Cash flow from investing activities		
Capital expenditure on fixed assets, including capital advances	(2,108.68)	(1,469.60)
Proceeds from sale of fixed assets	44.64	20.49
Purchase of long-term investments		
- Others	-	-
Interest received		
- Others	20.47	19.16
Dividend received	66.31	25.89
	<u>(1,977.26)</u>	<u>(1,404.06)</u>
Net cash flow from / (used in) investing activities(B)	<u>(1,977.26)</u>	<u>(1,404.06)</u>

(All Amounts in ₹ Lakhs unless otherwise stated)

	For the year ended 31 st March, 2017	For the year ended 31 st March, 2016
C. Cash flow from financing activities		
Proceeds from long-term borrowings	8,393.51	-
Repayment of long-term borrowings	(12,514.81)	(3,929.99)
Proceeds from other short-term borrowings	1,130.96	-
Repayment of other short-term borrowings	(274.65)	497.79
Finance cost	(2,679.23)	(2,722.54)
Dividends paid	(718.11)	(443.79)
Tax on dividend	(144.25)	(84.95)
	(6,806.58)	(6,683.48)
Net cash flow from / (used in) financing activities (C)	(6,806.57)	(6,683.48)
Net increase / (decrease) in Cash and cash equivalents (A+B+C)	270.00	(25.59)
Cash and cash equivalents at the beginning of the year	260.45	286.04
Cash and cash equivalents at the end of the year	530.45	260.45
Cash and cash equivalents at the end of the year comprises of :		
Cash on hand	11.59	15.84
Balances with banks		
In current accounts	451.64	107.72
In deposit accounts with original maturity of less than 3 months	11.35	88.25
In Unpaid Dividend Account	55.87	48.65
	530.45	260.45

Notes:

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

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

For and on behalf of the Board of Directors

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

RAJAGOPALAN B
PARTNER
Membership. No.217187

JAYAKAR KRISHNAMURTHY
CHAIRMAN AND MANAGING DIRECTOR

Place : Chennai
Date : 30th May 2017

REKHA RAGHUNATHAN
DIRECTOR AND
COMPANY SECRETARY

RAM RAMAMURTHY
WHOLE -TIME DIRECTOR AND
CHIEF FINANCIAL OFFICER

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 (CONTD)

(All Amounts in ₹ Lakhs unless otherwise stated)

Note 1**a. List of Subsidiaries**

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

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

The Financial year of Amtec is from 1st April to 31st March. The accounts of all overseas subsidiaries have been drawn up for the period 1st April 2016 to 31st March 2017. This has been incorporated in the consolidated financial statement for the year.

b. Basis of preparation

The consolidated financial statements have been prepared in accordance with Accounting Standard 21 (AS-21) "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India. These statements have been prepared using uniform accounting policies in accordance with generally accepted accounting principles. The effects of inter-company transactions between the consolidated companies are eliminated in consolidation. The consolidation of foreign subsidiary has been done by translating the financial statements of Amtec in accordance with Accounting Standard 11 (AS-11) "The effects of changes in foreign exchange rates" as per the following procedures:

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

c. Significant Accounting Policies**i) Revenue recognition**

The Company recognises revenue from the sale of goods, net of trade discount, when the goods are dispatched, based on purchase orders/delivery schedules received from customers and as per the arrangements entered into with the customers. Sale of products is presented gross of excise duty where applicable and excludes other indirect taxes.

ii) Borrowing cost

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

iii) Subsidy

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

iv) Retirement Benefit

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

v) Impairment of Assets

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the Profit and Loss Account in the year in which an asset is identified as impaired, after considering adjustment if any already carried out.

vi) Earnings per Share

The earnings considered in ascertaining earnings per share comprises of the net profit after tax before exceptional items. The number of shares used in computing earnings per share is the weighted average number of shares outstanding during the year. Diluted earning per share comprises of weighted average share considered for deriving basic earnings per share as well as dilutively potential equity shares.

vii) Taxes on Income

Tax expense comprises of current tax and deferred tax. Current income tax is provided on the taxable income for the period as per the provision of Income tax Act 1961. Deferred tax is recognized, subject to consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and is capable of reversal in one or more subsequent periods. Deferred tax assets are not recognized unless there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised

viii) Depreciation

Depreciation in respect of assets of Indian Companies has been provided on the straight line method, based on the useful life of the assets as prescribed in Schedule II to the Companies Act, 2013 except in case of certain assets, where a higher rate is charged having regard to their useful economic life as mentioned in the notes to accounts of UFSL standalone. Depreciation in respect of assets of foreign subsidiaries are provided as per the practice prevailing in the respective country.

ix) Inventories

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

x) Goodwill / Capital Reserve

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

xi) Other significant accounting policies are set out in the notes to accounts under "Accounting Policies" of the financial Statements of UFSL standalone.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 (CONTD)

(All Amounts in ₹ Lakhs unless otherwise stated)

	As At 31 st March 2017	As At 31 st March 2016
Note 2		
Share Capital		
Authorised Capital	7,500.00	7,500.00
7,50,00,000 (7,50,00,000) Equity Shares of ₹ 10 each	<u>7,500.00</u>	<u>7,500.00</u>
Issued, Subscribed and Paid Up Capital		
2,21,13,625 (2,21,13,625) Equity Shares of ₹ 10 each fully paid	<u>2,211.36</u>	<u>2,211.36</u>
Total	<u>2,211.36</u>	<u>2,211.36</u>

Note 3

Reserves & Surplus	As at 31 st March 2016	Additions	Deductions	As at 31 st March 2017
(a) Capital Reserve	160.00	-	-	160.00
(b) Special State Capital Subsidy	282.85	-	-	282.85
(c) General Reserves	16,692.82	-	-	16,692.82
(d) Securities Premium Account	2,165.34	-	-	2,165.34
(e) Foreign Currency Monetary Items Translation Difference Account	309.29	-	103.11	206.18
(f) Foreign Currency Translation Reserve	(2,576.16)	-	708.90	(3,285.06)
	<u>17,034.14</u>	-	<u>812.01</u>	<u>16,222.13</u>

	As At 31 st March 2017	As At 31 st March 2016
(g) Surplus in Statement of Profit and Loss	-	-
Balance as at Beginning of the Year	(16,105.62)	(13,221.28)
(+) Net Profit/(Net Loss) For the current year	3,302.90	1,557.02
(-) Prior period adjustment	-	(3,444.41)
(+) Transfer from Reserves	-	-
(+) FBT & Income Tax Provision Return Back	-	-
(-) Depreciation transferred to retained earnings	-	-
(-) Proposed Dividends	-	839.39
(-) Tax on Proposed Dividends	-	157.56
(-) Interim Dividends	-	-
(-) Transfer to Reserves	-	-
Balance as at End of the Year	<u>(12,802.72)</u>	<u>(16,105.62)</u>
Total Reserves and Surplus	<u>3,419.41</u>	<u>928.52</u>

Subsidy:

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

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 (CONTD)

(All Amounts in ₹ Lakhs unless otherwise stated)

	As At 31 st March 2017	As At 31 st March 2016
Note 4		
Long Term Borrowings		
(i) Secured		
Term Loans From Banks	9,091.12	7,183.57
Term Loans From Others	114.22	-
(ii) Un secured		
Inter Corporate Deposits	433.00	433.00
Term Loans From Others	218.04	312.57
Total	9,856.38	7,929.14

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

UCAL Fuel Systems Limited - See Note 4(a) and (b) of Standalone Balance Sheet -Notes to Accounts

Ucal Polymer Industries Limited

"Term loan from Bank:- Term Loan from Central Bank of India is secured by Equitable mortgage of land of a related party. It is additionally secured by an equitable mortgage of the land and building of the factory situated at Puducherry. The loan is repayable in 20 quarterly installments of ₹ 63,00,000/- The said Term Loan has been closed in June 2016.

Term loan from Others:- The Company has been sanctioned a loan of ₹ 750 lacs by Sundaram Finance Limited for purchase of asset from time to time. As at 31st March 2017, the company had availed a loan of ₹ 1,34,70,000. The loan carries an interest rate of 12.50% p.a and is repayable in 48 monthly installments. The loan is secured by corporate guarantee given by M/s. UCAL Fuel Systems Limited

Amtec Precision Products Inc.,

Term loans amounting to USD 10.73 million, USD 1.06 million and Working Capital Term Loan USD 1.13 million were due on 31.03.2016. All these term loans were refinanced on July,6,2016 and the company entered into a new credit agreement with another financial institution, whereby machinery and equipment term loan is not to exceed : of the lesser of USD 5 million or either 85% of the hard cost of the eligible new Capex Equipment or 85% of the new Orderly liquidation value of the company's eligible equipment as defined in the bank credit agreement. Payable in monthly installments of \$59,524 plus interest at 2.75% above 3 month LIBOR (an effective rate of 3.90% at 31.03.2017), due in August, 2023. The machinery and equipment term loan is collateralized with a security interest in the subject property.

	As At 31 st March 2017	As At 31 st March 2016
Note 5		
Deferred Tax Liabilities (Net)		
Deferred Tax Liabilities		
Depreciation	620.00	724.86
Deferred Tax Asset		
Provision For Employee benefits	(120.59)	(82.94)
Total	499.41	641.92

(a) Deferred tax assets and deferred tax liabilities have been offset as they relate to the same governing taxation law.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 (CONTD)

(All Amounts in ₹ Lakhs unless otherwise stated)

	As At 31 st March 2017	As At 31 st March 2016
Note 6		
Other Long Term Liabilities		
(a) Trade Payables		
Payable for Material Purchase	601.79	800.72
(b) Others		
Advance From Customers	9.77	13.41
Other Liabilities	416.22	386.96
Total	1,027.78	1,201.09
Note 7		
Long - Term Provisions		
(a) Provision For Employee Benefits		
Gratuity Fund Payable	213.76	109.72
Provision For Leave Encashment	63.64	47.15
Total	277.40	156.87
Note 8		
Short Term Borrowings		
(i) Secured		
Short Term Borrowings	2,039.71	2,366.45
Cash Credit from banks	5,939.32	5,600.37
(ii) UnSecured		
Short Term Loan From Banks	3,737.14	3,338.13
Short Term Loan From Others	1,163.06	738.87
Total	12,879.23	12,043.82

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

UCAL Fuel Systems Limited - See Note 8(a) and (b) of Standalone Balance Sheet -Notes to Accounts

Ucal Polymer Industries Limited

Cash credit from banks is secured by Hypothecation of Domestic Trade Receivables with age up to 90days due from the Holding Company viz., M/s. UCAL Fuel Systems Limited and currently carries an interest rate of 12.68% p.a

Amtec Precision Products Inc.,

As at 31st March, 2016, the company had a revolving line of credit facility amounting to USD 3.00 million. On July, 6, 2016 the company refinanced this facility and entered into a new credit agreement with another financial institution, for a line of credit facility of USD 10 million. which expires in July, 2019. As at 31.03.2017, the outstanding borrowings under this facility amounts to USD 2.90 million. Rate of interest for this facility is bank's prime rate plus 1% or daily three month LIBOR plus 2% (an effective rate of 3.15% as of 31.03.2017). Borrowings under these facilities are collateralized by substantially all of the company's assets. As of 31.03.2017, the company was in compliance with the financial covenants related to this facility.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 (CONTD)

(All Amounts in ₹ Lakhs unless otherwise stated)

	As At 31 st March 2017	As At 31 st March 2016
Note 9		
Trade Payables		
Payable for material purchase		
Related Parties	44.10	-
Others	10,768.30	10,079.31
Total	10,812.40	10,079.31
Note 10		
Other Current Liabilities		
Current maturities of Long Term Debts	3,128.49	9,430.55
Advances From Customers	4.50	-
Interest Accrued but not Due	23.30	29.02
Unclaimed Dividend	55.87	48.65
Other Current Liabilities	3,500.57	3,224.19
Total	6,712.73	12,732.41
Note 11		
Short-Term Provisions		
(a) Provision For Employee Benefits		
Gratuity Fund Payable	55.39	3.82
Provision For Leave Encashment	5.18	14.41
	60.57	18.23
(a) Others		
Provision for Tax (net of Advance Tax)	1,012.20	641.92
Provision for Proposed Dividend	-	839.39
Provision for Tax on Proposed Dividend	-	157.57
	1,012.20	1638.88
Total	1,072.77	1,657.11

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 (CONT'D)

Note 12 Fixed Assets

(All Amounts in ₹ Lakhs unless otherwise stated)

	GROSS BLOCK			DEPRECIATION/AMORTISATION				NET BLOCK	
	As at 1 April, 2016	Additions	Deductions	As at 31 March, 2017	As at 1 April, 2016	For the year	Deductions 31 March, 2017	As at 31 March, 2017	As at 31 March, 2016
Tangible assets									
(a) Land									
Freehold	551.34	-	-	551.34	-	-	-	551.34	551.34
Leasehold	3,304.83	-	-	3,304.83	-	-	-	3,304.83	3,304.83
(b) Buildings	9,017.15	21.72	-	9,038.87	2,406.30	243.89	-	6,388.69	6,610.86
(c) Plant and Equipment	50,536.23	722.26	602.80	50,655.69	35,798.87	2,872.68	539.40	12,523.53	14,622.22
(d) Furniture and Fixtures	662.35	9.73	-	672.08	548.92	29.41	-	93.76	113.44
(e) Vehicles	317.45	73.69	20.77	370.37	218.98	31.88	7.19	126.69	98.46
(f) Office equipment	682.80	13.12	0.82	695.11	561.91	38.89	17.75	112.06	120.88
Total Tangible Assets - A	65,072.15	840.52	624.38	65,288.29	39,534.98	3,216.74	564.34	23,100.90	25,422.03
Previous year	63,530.15	1,791.25	364.39	64,957.01	36,544.37	3,320.61	330.00	39,534.98	
Intangible Assets:									
Technical Know How	2,339.23	728.11	-	3,067.34	2,304.93	29.08	-	733.33	34.30
Good Will	31.19	-	-	31.19	-	-	-	31.19	31.19
Total Intangible Assets - B	2,370.42	728.11	-	3,098.53	2,304.93	29.08	-	764.52	65.49
Previous year	2,370.42	-	-	2,370.42	2,275.85	29.08	-	2,304.93	
Total Fixed Assets - C (A+B)	67,442.58	1,568.63	624.38	68,386.82	41,839.91	3,245.83	564.34	23,865.42	25,487.52
Previous year	65,900.57	1,791.26	364.39	67,327.43	38,820.22	3,349.69	330.00	41,839.91	
Capital Work - In - Progress								651.04	192.27
Total								24,516.46	25,679.79

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 (CONTD)

(All Amounts in ₹ Lakhs unless otherwise stated)

	As At 31 st March 2017	As At 31 st March 2016
Note 13		
Non Current Investments		
OTHER INVESTMENTS		
TRADE-QUOTED		
1,900 (Previous Year 1,900) Fully paid up Equity Shares of ₹ 10/-each of HDFC Bank Ltd	0.19	0.19
3,367 (Previous Year 3,367) equity shares of ₹ 10/- each of The Karnataka Bank Limited fully paid	1.47	1.47
15,578 (Previous Year 15,578) Fully paid up Equity Shares of ₹ 10/-each of Industrial development Bank of India Ltd.	2.70	2.70
200 (Previous Year 200) Fully paid up Equity Shares of ₹ 10/-each of Corporation Bank	0.16	0.16
	<u>4.52</u>	<u>4.52</u>
NON TRADE-UNQUOTED		
600 (Previous year 600) Equity shares of ₹ 10/- each of Suryadev Alloys and Power Private Limited	0.81	0.81
Total	<u>5.33</u>	<u>5.33</u>
Aggregate amount of quoted investments	4.52	4.52
Market Value of quoted investments	43.95	34.70
Note 14		
Long-Term Loans & Advances		
Considered Good		
(a) Security Deposits	479.43	518.62
(b) Other Loans & Advances	601.44	600.20
Total	<u>1,080.87</u>	<u>1,118.82</u>
Note 15		
Inventories		
(As certified by the management)		
Spares	1,406.39	1,442.42
Tools & Consumables	1,993.18	1,792.33
Raw Materials and Components	1,965.89	2,129.04
Work-in-progress	1,416.09	1,753.03
Finished goods	737.76	693.27
Goods in Transit	0.90	3.53
Total	<u>7,520.21</u>	<u>7,813.62</u>
Note 16		
Trade Receivables		
Unsecured, considered good		
Trade receivables outstanding for a period less than six months from the date they are due for payment	11,414.46	10,032.90
Trade receivables outstanding for a period exceeding six months from the date they are due for payment	184.80	185.00
Less: Provision for Doubtful Debts	(66.00)	-
Total	<u>11,533.26</u>	<u>10,217.90</u>

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 (CONTD)

(All Amounts in ₹ Lakhs unless otherwise stated)

	As At 31 st March 2017	As At 31 st March 2016
Note 17		
Cash and Cash Equivalents		
(a) Cash on hand	11.59	15.84
(b) Bank Balances		
In Current Account	451.64	107.71
Fixed Deposit(**)	11.35	88.25
(c) Other Bank Balances		
Unpaid Dividend Account	55.87	48.65
Total	530.45	260.45
(**) Held under lien by bank as margin Money		
Note 18		
Short-Term Loans & Advances		
Considered Good		
Loans and advances	2,502.74	3,635.20
Advance Income Tax and TDS Receivable (Net of Provisions)	659.70	560.70
Balance with Government Authorities	419.85	289.74
Total	3,582.29	4,485.64
Note 19		
Revenue From Operations		
Gross Sales	86,780.15	79,751.05
Less : Excise Duty	8,302.90	7,385.71
Total	78,477.25	72,365.34
Note 20		
Other Income		
Interest Received	20.47	19.16
Rent received	106.80	97.72
Miscellaneous Income	806.48	570.06
Profit on sale of Assets	10.94	7.32
Dividends : From Subsidiaries	65.41	25.00
: From Others	0.90	0.89
Amortisation of Currency Translation difference account	103.11	103.11
Gain on Exchange Fluctuation	(1.20)	(39.46)
Total	1,112.91	783.80

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 (CONTD)

(All Amounts in ₹ Lakhs unless otherwise stated)

	Year Ended 31 st March 2017	Year Ended 31 st March 2016
Note 21		
Cost of Material Consumed		
Opening Stock		
Raw Materials	758.92	815.33
Components	1,370.12	1,347.46
	2,129.04	2,162.79
(+) Purchases		
Raw Materials	8,862.27	9,977.38
Components	18,471.80	17,345.73
Outworks	4,487.43	3,684.22
	31,821.50	31,007.32
(-) Closing Stock		
Raw Materials	737.82	758.92
Components	1,228.07	1,370.12
	1,965.89	2,129.04
Total	31,984.65	31,041.09
Note 22		
Changes in inventories of Finished goods and Work in Progress		
Opening Stock		
Finished Goods	693.27	559.85
Work-in-progress	1,753.03	1,735.37
	2,446.31	2,295.22
(-) Closing Stock		
Finished Goods	737.76	693.27
Work-in-progress	1,416.09	1,753.03
	2,153.85	2,446.31
(Increase) / Decrease in Finished goods and Work in Progress	292.46	(151.09)
Note 23		
Employees Cost & Benefits		
Salaries, Wages & Bonus	11,933.14	10,431.11
Contribution to Provident Fund & Other Funds	1,562.07	1,736.25
Staff Welfare Expenses	3,142.15	3,233.04
Total	16,637.36	15,400.40
Note 24		
Finance Costs		
Interest Expenses on		
Term Loans	1,383.47	1,513.50
Other Borrowing costs	1,295.76	1,209.04
Total	2,679.23	2,722.54

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 (CONTD)

(All Amounts in ₹ Lakhs unless otherwise stated)

	Year Ended 31 st March 2017	Year Ended 31 st March 2016	
Note 25			
Depreciation and amortisation expense			
Depreciation for tangible assets	3,199.74	3,327.88	
Amortisation for intangible assets	29.08	21.81	
Total	3,228.82	3,349.69	
Note 26			
Other Expenses			
Tools and stores consumed	5,798.74	5,847.40	
Power & Fuel	2,468.04	2,615.48	
Repairs & Maintainance			
- Building	95.88	98.21	
- Plant & Machinery	955.12	893.49	
- Others	355.28	295.67	
Postage, Telephone, Fax, etc.	134.73	144.92	
Insurance	204.34	165.26	
Rates and Taxes	332.81	220.81	
Rent	1,142.15	1,025.71	
Directors Sitting Fees	6.95	8.55	
Auditors Remuneration			
- For Audit Fees	19.50	19.50	
- For Tax Audit	1.10	2.15	
- For Certificates	5.02	4.45	
- For other services	0.92	0.10	
- For out of pocket expenses	0.57	0.34	
Travelling Expenses - Others	485.24	340.17	
Discount Allowed	102.53	109.86	
Packing Charges	689.35	637.61	
CSR Expenditure	156.50	63.50	
Research & Development Expenses	883.16	819.55	
Other Expenses	5,906.15	5,391.10	
Deferred Revenue Exp			
Exchange (Gain)/Loss	206.17	(266.93)	
Loss on Sale of Fixed Assets	10.60	-	
Fixed Assets Discarded	-	16.90	
Total	19,960.85	18,453.80	
Note 27			
Earnings per share (EPS) calculation (basic and diluted) :	Unit	2016-17	2015-16
a) Amount used as the numerator			
Profit after taxation	₹ In lakhs	3,302.90	1,557.04
b) Weighted average number of equity shares used as denominator	Number	22,113,625	22,113,625
c) Nominal value of shares	₹ In lakhs	2,211.36	2,211.36
d) Earnings per share	₹	14.94	7.04

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 (CONTD)

(All Amounts in ₹ Lakhs unless otherwise stated)

	Year Ended 31 st March 2017	Year Ended 31 st March 2016
Note 28		
Contingent Liabilities, Guarantees and Commitment		
Contingent Liabilities		
Claims against the company not acknowledged as debts :-		
i) Sales Tax	4.77	88.88
ii) Excise Duty	166.14	303.62
iii) Service Tax	-	1.23
iv) Income Tax	337.13	1,770.36
v) ESI / PF	14.47	14.47
vi) Stamp Duty	24.88	31.37
Other moneys for which the company is contingently liable		
i) In respect of Letter of Credits Outstanding / Buyers Credit	194.10	387.09
ii) Guarantees given by Banks on behalf of the company	155.06	193.39
Commitment		
Estimated amount of contracts remaining to be executed on capital account, net of advances, not provided for :	253.17	700.41

Note 29

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

Note 30

One of the wholly owned Subsidiary M/s Amtec Precision Products Inc., has in its audited financials for the financial year 2015-16, made the following adjustments :

- Amtec has written off 3 notes due from parties amounting in all to USD 4,92,147. This write off is effected as a prior period item .
- At the time of acquisition of Amtec in 2005, the company had deferred tax asset worth USD 44, 83,000. The auditors of the subsidiary has thought it fit to write off this asset, based on the fact that Amtec has made continual losses till 2015. This has also been effected as a prior period adjustment as on 01.04.2015 increasing the accumulated deficit by this amount.
- In accordance with US-GAAP, the auditor has created a liability against operating lease rentals recognizing the rent on a straight line basis .instead of on the actual payment terms, as a prior period adjustment as on 01.04.2015 for an amount of USD 4,59,998

All the 3 adjustments stated above have resulted in increasing the accumulated deficit by USD 54,35,145 (INR- ₹ 34.02 crores) based on a conversion rate of ₹ 62.59 /dollar being the RBI reference rate as on 31.03.2015.

- The notes payable due from the subsidiary company M/s Amtec Precision Products Inc. USA as on 31st March 2016 and 31st March 2017 stands at a balance of USD 23,372,097, is non-interest bearing and has no fixed repayment terms. Also, the accounts payable due from the subsidiary company M/s Amtec Precision Products Inc. USA as on 31st March 2016 is at USD 4,416,700 and USD 4,464,532 for 31st March 2017. The whole of these outstanding dues are subordinated to the bankers of the subsidiary. The bank debt agreement expires in July 2019. Both the notes and accounts payable to UCAL Fuel systems Limited (UFSL) is classified by the subsidiary as other long-term liabilities. The subsidiary and the Holding company M/s UFSL have made representations to the bankers according to which these amounts are expected to be realised at the earliest.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 (CONTD)

(All Amounts in ₹ Lakhs unless otherwise stated)

Note 31**UCAL Fuel Systems Ltd**

The excess managerial remuneration paid during the years ending 31st March 2015 and 31st March 2016 amounting to ₹ 69.26 lakhs has been received in full from Mr. Jayakar Krishnamoorthy as per the relevant provisions of the Companies Act 2013. Managerial Remuneration provided/ paid for the year ended 31st March 2017 based on the approval of the shareholders in the AGM held on 28th September, 2016 stands at ₹ 310.45 lakhs (including a commission of ₹ 104.15 lakhs provided and yet to be paid) The said amount of ₹ 310.45 lakhs is in excess of the limits specified under section 197 of the Companies Act, 2013 by an amount of ₹ 99.77 lakhs for which necessary approval is sought from the Central Government and the approval is awaited.

Note 32**Related Party Disclosures****I Name of the related parties and Relationship****(i) Holding Company**

- a. Carburettors Limited

(ii) Key Management Personnel

- a. Mr. Jayakar Krishnamurthy (Chairman and Managing Director)
- b. Mr. Ram Ramamurthy -Whole-time Director and Chief Financial Officer
- c. Ms. Rekha Raghunathan -Director and Company Secretary

(iii) OTHER RELATED ENTERPRISES

- a. Bharat Technologies Auto Components Limited
- b. Minica Real Estates Private Limited
- c. Minica Services Private Limited
- d. Southern Ceramics Private Limited.
- e. Sujo Land and Properties Private Limited
- f. Magnetic Meter Systems (India) Limited
- g. Bangalore Union Services Private Limited
- h. Culture and Heritage Trust of Karuveli
- i. Academy of Higher Education ,National College ,Trichy
- j. UCAL-JAP Systems Limited

(iv) RELATIVES OF KEY MANAGEMENT PERSONNEL

Dr. V. Krishnamurthy

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

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 (CONTD)

(All Amounts in ₹ Lakhs unless otherwise stated)

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

	HOLDING COMPANY	OTHER RELATED ENTERPRISES	KEY MANAGEMENT PERSONNEL	RELATIVES OF KEY MANAGEMENT PERSONNEL
Transactions during the year 2016-17				
Purchase of materials		302.74 (441.79)		
Purchase of Intangible assets		572.86 (NIL)		
Labour charges paid		271.11 (116.27)		
Professional Charges				103.79 (60.00)
Rent paid		819.62 (626.48)		
Managerial Remuneration (Directors)			331.62 (150.92)	
Remuneration to Key Managerial Personnel other than Directors			24.42 (40.29)	
Interest Paid		51.96 (48.35)		
Sale of goods		2.64 (1.01)		
Sale of Fixed Assets		17.04 NIL		
CSR Expenditure		45.50 (42.00)		
Dividend paid	396.20 (216.40)	116.11 (76.36)	12.40 (7.08)	19.18 (10.96)
Balances as on 31.03.2017				
Outstanding payables	21.57 (21.57)	876.01 (275.30)	104.15 (NIL)	
Outstanding receivables		2,140.98 (2,144.95)		

Figures in brackets represent corresponding amount of previous year

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

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017 (CONTD)

(All Amounts in ₹ Lakhs unless otherwise stated)

Note 33

The dues of the subsidiary company M/s Amtec Precision Products Inc., USA to the Holding Company amounting to ₹ 15296.32 lakhs is shown in the parent company financial statements as short term, in view of the deferred payment plan being worked out by the Holding company in consultation with the subsidiary company.

Note 34

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

The accompanying notes are an integral part of these financial statements

As per our Report Attached of even date

For and on behalf of the Board of Directors

For M/s G Balu Associates

Chartered Accountants

FRN : 000376S

RAJAGOPALAN B

PARTNER

Membership. No.217187

JAYAKAR KRISHNAMURTHY

CHAIRMAN AND MANAGING DIRECTOR

Place : Chennai

Date : 30th May 2017

REKHA RAGHUNATHAN

DIRECTOR AND
COMPANY SECRETARY

RAM RAMAMURTHY

WHOLE -TIME DIRECTOR AND
CHIEF FINANCIAL OFFICER

FINANCIAL HIGHLIGHTS

(₹ in Lakhs)

Particulars	2016-17	2015-16	2014-15	2013-14	2012-13
1. Sales	56,397.62	50,304.67	53,077.92	46,563.18	50,434.62
2. Other Income	588.64	347.70	294.37	100.37	123.57
3. Total Income	56,986.26	50,652.37	53,372.29	46,663.55	50,558.19
4. Total Expenditure	48,812.55	43,809.87	45,709.24	40,750.63	44,172.83
5. Profit before Interest and Depreciation	8,173.71	6,842.50	7,663.05	5,912.92	6,385.36
6. Interest	2,292.02	2,168.62	2,617.37	2,983.26	3,197.17
7. Depreciation	2,223.49	2,305.09	2,397.95	1,922.88	1,925.05
8. Profit before Tax	3,658.20	2,368.79	2,647.73	1,006.78	1,263.14
9. Profit after Tax	2,493.02	1,811.44	1,979.42	822.12	957.95
10. Share Capital	2,211.36	2,211.36	2,211.36	2,211.36	2,211.36
11. Reserves and Surplus	32,838.07	30,345.06	29,451.84	28,362.99	27,795.35
12. Net Worth	35,049.43	32,556.42	31,663.20	30,574.35	30,006.71
13. Long Term loans from banks/ Financial Institutions	8,988.62	7,677.85	11,182.56	14,428.48	17,246.62
14. Fixed Assets	16,905.42	17,335.53	18,403.10	20,881.64	22,314.38
15. Dividend Rate (%)	50	35	20	10	10
16. Earnings per Share (₹)	11.27	8.19	8.95	3.72	4.33
17. Debt Equity Ratio	0.26 : 1	0.24 : 1	0.35 : 1	0.47 : 1	0.57 : 1

Notes

[illegible]



UCAL FUEL SYSTEMS LIMITED

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