



UCAL FUEL SYSTEMS LIMITED

Ref: 074/RR/RL/SEC
4th October 2018

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 2017-18 approved and adopted in the Annual General Meeting of the company held on Saturday, the 29th September 2018 at 10.45 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 blue ink that reads "Rekha Raghunathan".

REKHA RAGHUNATHAN
DIRECTOR AND COMPANY SECRETARY

Encl: as above



NOTICE

Notice is hereby given that the 32nd Annual General Meeting (“AGM”) of the shareholders of UCAL FUEL SYSTEMS LIMITED (“company”), Corporate Identification Number - L31900TN1985PLC012343 will be held on Saturday, September 29, 2018 at 10.45 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 2018 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 2018 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 ₹10 (Rupees ten only) per equity share as recommended by the Board of Directors of the company be and is hereby declared out of the accumulated profits of the company on the 2,21,13,625 equity shares of face value of ₹10 each for the year ended 31st March 2018 thereby absorbing a sum of ₹2,649.11 lakhs (including dividend distribution tax and cess thereon) and the dividend be paid to those shareholders whose names appear in the register of members as on 21st September 2018.

- Item No 3: To appoint a director in place of Ms. Rekha Raghunathan who retires by rotation and being eligible offers herself for reappointment**

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

“Resolved that Ms. Rekha Raghunathan (DIN: 00057774) who retires by rotation and being eligible for reappointment be and is hereby reappointed as Director of the company.”

SPECIAL BUSINESS:

- Item No 4: To appoint Mr. Sundaram Balasubramanian (DIN: 02849971) as an Independent Director of the company**

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

“RESOLVED that pursuant to the provisions of sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (Act) and the Rules framed thereunder, read with Schedule IV to the Act, as amended from time to time, and as per Regulation 17(1A) of SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, Mr. Sundaram Balasubramanian (DIN: 02849971), who was appointed Additional Director in the non-executive Independent category by the Board of Directors in their meeting held on 21st May 2018 subject to the appointment being approved by the shareholders at the ensuing Annual General Meeting by a special resolution and who had submitted a declaration that he meets the criteria for independence as provided in section 149(6) of the Act, SEBI (Listing Obligations and Disclosure Requirements), 2015 and who is eligible for appointment as an Independent Director, be and is hereby appointed as an Independent Director of the company with effect from 21st May 2018 up to 20th May 2023 notwithstanding the fact that he has already attained the age of Seventy Five years.”

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

5. Item No 5: To approve the reappointment of and the remuneration payable to Mr. Ram Ramamurthy as Whole-time Director.

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

“RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V to the Companies Act, 2013 and subject to the approval of the Central Government wherever necessary and subject to SEBI (Listing Obligations and Disclosure Requirements), 2015, and as recommended by the Nomination and Remuneration Committee, Audit Committee and approved by the Board of Directors, the consent of the Shareholders, be and is hereby accorded to the reappointment of Mr. Ram Ramamurthy (DIN: 06955444) as Whole-time Director of the company for a period of two years from 4th September 2018 to 3rd September 2020 (both days inclusive), whose office shall be liable to determination of retirement by rotation of directors and who fulfills all the conditions specified under Schedule V to the Companies Act, 2013 including Part I and Part II of Schedule V, on a remuneration of ₹3,00,000 per month (excluding reimbursement of travelling and other actual expenses incurred for the purpose of the company’s business) and subject to the condition that the overall total managerial remuneration including salary, perquisites and commission shall not exceed the limits specified under Sections 197 and 198 read with Schedule V of the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof.”

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

“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 resolutions.”

6. Item No.6: To approve the reappointment of and the remuneration payable to Dr. V. Krishnamurthy, who will be holding an office of profit, as Advisor.

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

“RESOLVED THAT pursuant to the provisions of section 188(f) of the Companies Act, 2013 read with Rule 15 of Companies (Meetings of Board and its Powers) Rules, 2014 (including any statutory modification(s) or reenactment(s) thereof for the time being in force) and subject to the approval of the Central Government, if any, and as recommended by the Nomination and Remuneration Committee, Audit Committee and approved by the Board of Directors, the approval of the shareholders of the company be and is hereby accorded to the appointment of Dr. V. Krishnamurthy, relative of Mr. Jayakar Krishnamurthy Chairman and Managing Director of the company, to hold an office or place of profit as Advisor to the company on a monthly remuneration of ₹8,50,000/- (Rupees eight lakh fifty thousand only) (excluding reimbursement of travelling and other actual expenses incurred for the purpose of the company’s business) for a period of two years with effect from 21st September, 2018 to 20th September, 2020 (both days inclusive).”

“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.”

7. Item No 7: To ratify the remuneration to be paid to Cost Auditor

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

“RESOLVED THAT the company do hereby confirm and ratify in terms of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 including any statutory modification(s) or reenactment thereof, for the time being in force, the remuneration approved by the Board of Directors on the recommendation of the Audit Committee payable to Mr. V. Kalyanaraman, Cost Accountant (Sole

Proprietor Number 100006), for conducting the audit of the cost records of the company for the financial year 2018-2019, at ₹5,00,000 per annum (Rupees five lakh only) 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 : 29th August 2018

REKHA RAGHUNATHAN
DIRECTOR AND COMPANY SECRETARY

NOTES

1. A shareholder entitled to attend and vote at the Annual General Meeting (AGM) is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a shareholder of the company.
2. The instrument appointing the proxy, in order to be effective, must be deposited at the company's registered office, duly completed and signed, not less than FORTY-EIGHT HOURS before the commencement of the meeting. Proxies submitted on behalf of limited companies, societies, etc., must be supported by appropriate resolutions/authority, as applicable.
3. A person can act as proxy on behalf of shareholders not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the company. In case a proxy is proposed to be appointed by a shareholder holding more than 10% of the total share capital of the company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.
4. The explanatory statement pursuant to Section 102 of the Companies Act, 2013, in respect of Items No.4, 5, 6 and 7 which sets out the details with respect to the special business to be transacted at the meeting is annexed hereto.
5. Pursuant to Provisions of Section 91 of the Companies Act, 2013, the register of members and share transfer books of the company will remain closed from Saturday, 22nd September 2018 to Saturday, 29th September 2018 (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 2018. The company also offers the facility of voting through polling at the Annual General Meeting. The shareholders can vote under any one of the options mentioned herein.
7. As per the provisions of section 72 of the Companies Act, 2013 and Rule 19(1) of the Companies (Share Capital and Debentures) Rules 2014 shareholders holding shares in physical form may file nomination form in the prescribed SH-13 with the company's Registrar and Transfer Agent. In respect of shares held in demat form, the nomination form may be filed with the respective Depository Participant (DP).
8. Shareholders are requested to hand over the enclosed Attendance Slip, duly signed in accordance with their specimen signature(s) registered with the company for admission to the meeting hall. Shareholders who hold shares in dematerialised form are requested to bring their Client ID and DP ID numbers for identification. In case of joint holders attending the AGM, only such joint holder who is higher in the order of names will be entitled to vote.
9. Corporate shareholders intending to send their authorised representatives to attend the AGM are requested to send to the company a certified copy of the board resolution authorising their representative to attend and vote on their behalf at the AGM.

10. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Shareholders holding shares in electronic form are therefore requested to submit their PAN to their Depository Participant with whom they are maintaining their dematerialised accounts. Shareholders holding shares in physical form can submit their PAN details to the company's Registrar and Transfer Agent (RTA) M/s. Integrated Registry Management Services Private Limited. (Integrated).
11. Shareholders holding shares in electronic form are requested to intimate immediately any change in their address to their Depository Participant with whom they are maintaining their demat accounts. Shareholders holding shares in physical form are requested to advise any change in their address immediately to Integrated.
12. Shareholders holding shares in physical form are requested to consider converting their holding to dematerialised form to eliminate all risks associated with physical shares and for ease in portfolio management. Shareholders can contact the company or Integrated for assistance in this regard.
13. Shareholders who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names are requested to send the share certificates to Integrated for consolidation into a single folio.
14. Details pertaining to Directors seeking appointment/reappointment are provided in the Explanatory Statement to this notice.
15. Pursuant to the provisions of Section 205A of the Companies Act, 1956 and Section 125 of Companies Act, 2013, the company has transferred the unpaid or unclaimed dividends for the financial years upto 2009-10 from time to time on due dates, to the Investor Education and Protection Fund (the IEPF) established by the Central Government. Pursuant to the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012 the company has uploaded the details of unpaid and unclaimed amounts lying with the company as on 28th September 2017 (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 2010-11, 2011-12, 2012-13, 2013-14, 2014-15, 2015-16 and 2016-17 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) of the annual report for 2017-18 sent to them by email upon receipt of a request from them anytime as a shareholder of the company.
18. Shareholders holding shares in electronic mode are requested to keep their email addresses updated with the Depository Participants. Shareholders holding shares in physical mode are also requested to update their email addresses by writing to Integrated Registry Management Services Private Limited, at 2nd Floor, Kences Towers, No. 1 Ramakrishna Street, off. North Usman Road, T. Nagar, Chennai 600 017 quoting their folio number(s).
19. All documents referred to in the Notice and the explanatory statement are available for inspection at the Registered Office of the company during normal business hours on all days except on Sundays and Public holidays up to and including the date of the Annual General Meeting.
20. Shareholders may note that the Notice to the 32nd Annual General Meeting of the company and the Annual Report for 2017-18 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 26th September 2018 at 9.00 a.m. and shall close on 28th September 2018 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 28th September 2018 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 to the Frequently Asked Questions (FAQs) for shareholders and e-voting user manual for shareholders available at the downloads section of www.evoting.nsdl.com
- III. If you are already registered with NSDL for remote e-voting then you can use your existing user ID and password/PIN for casting your vote.
- IV. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- V. The remote e-voting period commences on 26th September 2018 (9.00 a.m.) and ends on 28th September 2018 (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 2018, 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 2018.
- VII. Mr. P. Sriram, Practising Company Secretary (Membership No. 4862) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- VIII. The Scrutinizer shall, immediately after the conclusion of the voting at the AGM, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two(2) witnesses not in the employment of the company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman and Managing Director of the company within the prescribed time period.
- IX. The voting results of the AGM will be declared and communicated to the stock exchanges and will be displayed on the company's website as well as on the website of NSDL within the prescribed time limit.

By Order of the Board
For UCAL FUEL SYSTEMS LIMITED

Place: Chennai
Date : 29th August 2018

REKHA RAGHUNATHAN
DIRECTOR AND COMPANY SECRETARY

Explanatory Statement

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

The following explanatory statement sets out all material facts relating to the business mentioned under item No. 4, 5, 6 and 7 of the accompanying Notice:

Item No. 4

Mr. S. Balasubramanian (DIN: 02849971), was appointed additional director in the non-executive independent category at the Board Meeting held on May 21, 2018 subject to the appointment being approved by the shareholders in the ensuing Annual General Meeting. A Declaration had been received from him as per the Sections 149(6) and 160 of the Companies Act, 2013 for his appointment as an Independent Director.

Regulation 17(1A) of SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 prescribes that no listed entity shall appoint a person or continue the directorship of any person as a non-executive director who has attained the age of seventy five years unless a special resolution is passed to that effect. As Mr. S. Balasubramanian has already attained 75 years of age, his appointment will be through a special resolution. The Nomination and Remuneration Committee, Audit Committee and the Board have recommended his appointment as an Independent Director for the period from 21st May 2018 to 20th May 2023.

Mr. S. Balasubramanian was former Chairman of Company Law Board. He is a Commerce and Law Graduate and also an Associate Member of the Institute of Chartered Accountants of India, Company Secretaries of India and Management Accountants of India. He is also a member of the Delhi Bar Council. Initially, on the basis of Civil Service Examination, he joined Indian Postal Service in 1966 and left the service in 1991 to join the Company Law Board on its initial constitution on 31st May 1991. He retired from the Company Law Board in November 2009. He was the Chairman of the Company Law Board for 12 years and has dealt with more than 3000 cases. He has more than 600 reported cases to his credit. One of the landmark cases dealt with by him was Satyam Computers Ltd, which due to his pro-active timely decisions/orders was put on track within a short period of 6 months. He is the General Editor of Ramaiya's Guide to Companies Act 2013. Presently, he is practising as a consultant in Corporate Laws. In addition he has also been functioning as an Arbitrator. The Board after considering the skill, knowledge, immense experience and expertise in his respective field and the fulfillment of the conditions specified in the Act and the Rules framed thereunder and based on the recommendations of Nomination and Remuneration Committee and Audit Committee has recommended the resolution for approval of shareholders by way of a special resolution.

Mr. S. Balasubramanian does not hold any shares in the company. He is not related to any other director of the company. The terms and conditions of appointment of Mr. S. Balasubramanian as Independent Director would be available for inspection by the shareholders at the Registered Office of the company during normal business hours on any working day.

Except Mr. S. Balasubramanian, none of the other Directors or Key Managerial Personnel of the company or their relatives are, in any way, concerned or interested, financially or otherwise, in this resolution.

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

Item No. 5

The Board of Directors in the meeting held on 12.08.2016 had appointed Mr. Ram Ramamurthy as Whole-time Director of the company with effect from 4th September 2016 for a period of two years. His term expires on 3rd September 2018. He was also Whole-time Director of the company during the period 4.09.2014 to 3.09.2016. He is the Chief Financial Officer of the company from 12th November 2015 onwards.

Further the Board of Directors in the meeting held on 29th August 2018 have reappointed Mr. Ram Ramamurthy as Whole-time Director of the company with effect from 4th September 2018 for a further period of two years on a remuneration as detailed in the resolution.

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

During the last four years he has closely monitored various new projects from the initial stages and ensured their success. The internal control systems in the company have been strengthened under his supervision and strict norms and process have been adopted. Keeping in mind the work done by him in the last few years and in view of his experience and knowledge the board is of the opinion that the reappointment of Mr. Ram Ramamurthy as Whole-time Director is appropriate and in the best interests of the company.

Taking into account the following factors i.e., financial position of the company, trend in the industry, qualification and experience of the appointee, past performance and past remuneration of the appointee, the Nomination and Remuneration Committee, Audit Committee and the Board of Directors of the company have passed necessary resolutions on 29th August 2018 under the provisions of Companies Act, 2013 for the reappointment and payment of remuneration, as set out in the Notice, to Mr. Ram Ramamurthy as Whole-time Director of the company for the period from 4th September 2018 to 3rd September 2020.

A copy of the letter of appointment of Mr. Ram Ramamurthy as Whole-time Director setting out the terms and conditions is available for inspection by the shareholders at the company's registered office during normal business hours on any working day.

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

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

None of the directors, key managerial personnel or their relatives other than Mr. Ram Ramamurthy to whom this resolution relates are concerned or interested financial or otherwise in the resolution set out in Item No. 5 of the notice.

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

Item No. 6

Dr. V. Krishnamurthy was reappointed as Advisor for a period of two years from 21st September 2016. His tenure expires on 20th September 2018. Dr. V. Krishnamurthy is the father of Mr. Jayakar Krishnamurthy, Chairman and Managing Director of the company and thus holds an office of profit under Section 188 of the Companies Act, 2013. He has been advisor from 21.09.2004 onwards. The Board of Directors at their meeting held on 29th August 2018, reappointed him Advisor for a further period of two years with effect from 21st September 2018 on a remuneration as detailed in the Notice to the ensuing Annual General Meeting.

Dr. V. Krishnamurthy is a Chartered Engineer and holds a Doctorate in Economics from Soviet Academy of Sciences, a Doctorate in Sciences from Banaras Hindu University and a Doctorate in Letters from Pondicherry University. He is the President of Dr. V. Krishnamurthy Educational Foundation, Tiruchirapalli which manages the National College at Tiruchirapalli. Dr. V. Krishnamurthy was the Chairman of the National Manufacturing Competitiveness Council (NMCC), holding the rank of a Cabinet Minister in the Government of India between 2004 to 2014. During this period he was also a member of the Prime Minister's Council on Trade and Industry, Prime Minister's Trade Economic Relations Committee, Prime Minister's Energy Coordination Committee, Prime Minister's High Level Committee on Manufacturing and a High

Level Advisory Group on Climate Change. He was the Chairman of the group set up by the Prime Minister for design and manufacture of civilian aircraft in India and the Co-Chairman of the Empowered Committee for setting up FAB facilities in India.

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

He has been Chairman of IIM Bangalore and Ahmedabad, IIT- New Delhi, Xavier Institute of Management Bhubaneswar, Centre for Organization Development Hyderabad and Chairman of the Technology Information, Forecasting Assessment Council. He was the Vice-Chancellor of Central University, Tiruvarur and The Indian Maritime University, Chennai.

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

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

He has penned his memoirs titled "AT THE HELM" which was released by Harper Collins in June 2014. "SIGARAM PESUGIRATHU", another book covering his life and career in Tamil has been recently released.

Dr. V. Krishnamurthy has been associated with UCAL Fuel Systems Limited for over 17 years now in an advisory capacity. Dr. V. Krishnamurthy is instrumental in establishing best management practices across the organisation. His guidance has enabled the company to improve its profitability, work culture and financial stability. Dr. V. Krishnamurthy is the pioneer of the quality movement in India and he has ensured that the quality culture has seeped in at all levels in the organisation. Another area where Dr. V. Krishnamurthy's guidance has greatly benefited the company is R&D. An avid supporter of innovation and new technology, Dr. V. Krishnamurthy has ensured that the company focused on R&D much before many of its contemporaries did and hence the company is today in a strong position to meet the various technological challenges arising out of the changes in the models of OEMs and is able to confidently approach the changeover to BSVI norms. The Board is of the opinion that his continued association as an Advisor to the company will be most advantageous and beneficial to the company especially during this critical juncture where the company has to become BSVI compliant. Therefore the Board proposes his appointment as Advisor to the company for further period of two years from 21st September, 2018 to 20th September, 2020 on a remuneration as set out in the Resolution. The Nomination and Remuneration Committee, Audit Committee and the Board of Directors have passed the necessary resolutions for the re- appointment and payment of remuneration to Dr. V. Krishnamurthy as set out in the Notice.

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

Name of the Related party	Name of the director or key managerial personnel who is related, if any	Nature of relationship	Nature, material terms, monetary value and particulars of the contract or arrangement	Amount
Dr. V. Krishnamurthy	Mr. Jayakar Krishnamurthy	Father/Son	Advisor to the company for a period of 2 years from 21 st September 2018 to 20 th September 2020	₹8,50,000 per month

The above said transaction falls under Related Party Transactions in terms of Section 188 (f) of the Companies Act, 2013 read with Rule 15 of the Companies (Meetings of Board its Powers) Rules, 2014, and requires the approval of the Shareholders by passing an ordinary resolution.

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

Except Mr. Jayakar Krishnamurthy, none of the other Directors or key managerial personnel of the company or their relatives are, in any way, concerned or interested, financial or otherwise, in the resolution set out in Item No. 6 of the Notice.

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

Item No. 7

The Board, on the recommendation of the audit committee, has approved the appointment of Mr. V. Kalyanaraman, Cost Accountant (Sole Proprietor Number 100006) as the cost auditor to conduct the audit of the cost records of the company for the financial year 2018-2019 at a remuneration of ₹5,00,000 per annum (Rupees five lakh per annum) excluding applicable taxes and out of pocket expenses, if any.

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the cost auditor has to be ratified by the shareholders of the company. The Board recommends the resolution set forth in Item No. 7 for the ratification of the shareholders.

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

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

By Order of the Board
For UCAL FUEL SYSTEMS LIMITED

Place: Chennai
Date : 29th August 2018

REKHA RAGHUNATHAN
DIRECTOR AND COMPANY SECRETARY

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

Ms. Rekha Raghunathan (DIN: 00057774)

Born on 29th November 1970 Ms. Rekha Raghunathan, aged 47 is the daughter of Mr. K. Raghunathan. She is an Associate Member of the Institute of the Company Secretaries of India and also holds a Master's degree in Corporate Secretaryship. She has been the company Secretary of Cauvery Palm Oil Limited and Bharat Technologies Auto Components Limited before joining the company and has over 17 years of experience in this field. She has also been assisting the Chairman and Managing Director of the company and Dr. V. Krishnamurthy on various special assignments over the years. She does not draw any remuneration as Director in the company. The remuneration last drawn by her is as laid down in Form No. MGT-9 Annexure V to the Board's report. She has attended all the seven board meetings held during the financial year 2017-18.

A copy of the letter of appointment of Ms. Rekha Raghunathan, Director and Company Secretary setting out the terms and conditions is available for inspection by the shareholders at the company's registered office during normal business hours on working days. She does not hold any shares in the company. She is not related to any other director of the company. Details of her other directorships and membership/chairmanship of committees are given below:

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

Mr. Ram Ramamurthy (DIN: 06955444)

Born on 22nd May, 1948, Mr. Ram Ramamurthy, aged 70 years is the son of Mr. V. Vaidyanathan. He 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 has shifted to India after working with Citigroup and its associates for ten years in various capacities.

He has been Whole-time Director of the company since September 2014 and has been appointed Chief Financial Officer with effect from 12th November 2015. He does not draw any remuneration as Chief Financial Officer in the company. The remuneration last drawn by him is as laid down in Form No. MGT-9 Annexure V to Board's report. He has attended all the seven board meetings held during the financial year 2017-18. A copy of the letter of appointment of Mr. Ram Ramamurthy as Whole-time Director setting out the terms and conditions is available for inspection by the shareholders at the company's registered office during normal business hours on working days.

He 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	-
R.D. Electro Circuits Private Limited	Director	-

Mr. Sundaram Balasubramanian (DIN: 02849971)

Born on 03rd November, 1942, Mr. S. Balasubramanian, aged 75years is the son of Mr. Ramakrisanan Sundaram. He is a Commerce and Law Graduate and an Associate Member of the Institutes of Chartered Accountants of India, Company Secretaries of India and Management Accountants of India and member of Delhi Bar Council. He joined Indian Postal Service in 1966 and left the service in 1991 to join the Company Law Board on its initial constitution on 31st May 1991 and retired in November 2009. He was the Chairman of the Company Law Board for 12 years and had dealt with more than 3000 cases. He has more than 600 reported cases to his credit. He is the General Editor of Ramaiya's Guide to Companies Act 2013. Presently, he is practising as a consultant in Corporate Laws. In addition he has also been functioning as an Arbitrator.

Mr. S. Balasubramanian does not draw any remuneration from the company except sitting fees for attending the meetings of the board. A copy of the letter of appointment of Mr. S. Balasubramanian as Independent Director setting out the terms and conditions is available for inspection by the shareholders at the company's registered office during normal business hours on working days. He 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
1. Sanghi Industries Limited	Director	-
2. Emami Paper Mills Limited	Director	Member - Audit Committee Member - Nomination and Remuneration Committee
3. TTK Healthcare Limited	Director	Member - Audit Committee
4. Machino Plastics Limited	Director	Member - Audit Committee Member - Stakeholders Committee
5. Jaypee Infratech Limited	Director	-
6. GVK Power Infrastructure Limited	Director	Member - Audit Committee
7. Malnad Projects Private Limited	Director	-
8. Peerless Hotels Ltd.	Director	Member - Audit Committee

By Order of the Board
For UCAL FUEL SYSTEMS LIMITED

Place: Chennai
Date : 29th August 2018

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]

32nd Annual General Meeting - September 29, 2018.

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 32nd Annual General Meeting of the company to be held on Saturday, 29th day of September 2018 at 10.45 a.m. at Tag Centre, 69, T.T.K. Road, Alwarpet, Chennai 600 018 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Description of Resolution	Special / Ordinary	Optional	
			For	Against
1.	To approve and adopt the audited financial statements including consolidated financial statements of the company along with the directors and auditors report for the year ended 31 st March 2018.	Ordinary		
2.	To approve the dividend for the year ended 31 st March 2018.	Ordinary		
3.	To approve the re-appointment of Ms. Rekha Raghunathan as Director who retires by rotation and being eligible offers herself for re-appointment.	Ordinary		
	Special Business:			
4.	To approve the appointment of Mr. Sundaram Balasubramanian as an Independent Director	Special		
5.	To approve the re-appointment of and the remuneration payable to Mr. Ram Ramamurthy as Whole-time Director for a period of 2 years from 4.9.2018 to 3.9.2020.	Special		
6.	To approve the re-appointment and the remuneration payable to Dr. V. Krishnamurthy, who will be holding an office of profit, as advisor and also remuneration payable to him for a period of 2 years from 21.9.2018 to 20.9.2020.	Ordinary		
7.	To ratify the remuneration to be paid to Cost Auditor.	Ordinary		

Signed this day of2018.

Signature of the shareholder

Affix ₹ 1
Revenue
Stamp

Signature of Proxyholder(s)

Note:

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

Board of Directors

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

Audit Committee

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

Chief Executive Officer

Mr. P.H. Narayanan

Statutory Auditor

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

Internal Auditor

M/s. P. Chandrasekar, Chartered Accountants,
FRN: 000580S/S200066
Flat - 4A, 4th Floor,
Dixit Graha Apartments,
10 - 11, Nyniappan Street, R.A. Puram,
Chennai - 600 028

Secretarial Auditor

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

Cost Auditor

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

Bankers

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

Registered Office

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

Manufacturing Plants

Tamil Nadu, Puducherry and Haryana

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BOARD'S REPORT

The Directors hereby present the 32nd Annual Report together with the audited accounts of the company for the year ended 31st March 2018.

FINANCIAL HIGHLIGHTS

The performance of the company for the year ended 31st March 2018 is as follows: (₹ in lakhs)

Particulars	For the year ended	
	31.03.2018	31.03.2017
Revenue from operations (Gross)	59,455.45	64,391.95
Net Revenue (Excluding Excise Duty)	57,761.53	56,714.96
Total Expenditure	47,935.00	48,882.29
Operating Income	9,826.53	7,832.67
Other Income	456.40	627.34
Profit before Interest, Depreciation, Tax and Exceptional items	10,282.93	8,460.01
Interest	2,220.90	2,433.12
Depreciation	1,838.15	2,255.00
Profit before Tax & Exceptional items	6,223.88	3,771.89
Exceptional items	15,191.85	-
Profit/(Loss) before Tax	(8,967.97)	3,771.89
Tax Expense/(credit)	(3,035.70)	1,202.46
Profit/(Loss) after Tax	(5,932.27)	2,569.43
Balance of profit brought forward from last year	27,408.25	25,827.49
Amount available for appropriations	21,475.98	28,396.92
Appropriations		
Transfer to general reserve	-	-
Dividend paid during the year	(1,105.68)	(773.97)
Tax on dividend	(225.09)	(144.25)
Other comprehensive Income/(Loss)	(85.02)	(70.45)
Balance profit carried to Balance Sheet	20,060.19	27,408.25

The company has adopted "Ind AS" with effect from April 1, 2017. Financial statements for the year ended March 31 2017 have been re-stated to conform to Ind AS.

DIVIDEND

The Profit after Tax is negative due to the exceptional item of ₹15,191.85 lakhs which is the write-off of advances and receivables due from Amtec Precision Products Inc., USA (Amtec) the wholly owned subsidiary of the company. The Board of Directors was of the view that the shareholders should not be denied the benefit of an improved performance and hence have considered and recommended a dividend of ₹10 per equity share on the 2,21,13,625 equity shares of face value of ₹10 each out of the accumulated profits of the company, for the approval of the shareholders at the ensuing Annual General Meeting. The total dividend amount inclusive of distribution tax and surcharge thereon would be ₹2,649.11 lakhs. The dividend, if approved by the shareholders, will be paid within the due date to all the eligible shareholders whose names appear in the register of members of the company as on the record date fixed for this purpose. The dividend declared is as per the dividend policy of the company. The dividend policy is disclosed in the website of the company www.ucalfuel.com, weblink:<http://www.ucalfuel.com/policy-dividend.pdf>.

SHARE CAPITAL

The paid-up equity share capital of the company as on 31st March 2018 was ₹22,11,36,250. The company has not issued any share nor granted stock options or sweat equity during the financial year 2017-18.

FINANCIAL PERFORMANCE

The revenue from operations of the company (net of excise duty) stood at ₹57,761.53 lakhs in the financial year 2017-18 as against ₹56,714.96 lakhs in the financial year 2016-17 resulting in an increased turnover of 2%. The increase in revenue can be attributed majorly to the increased offtake of Air Suction Valve (ASV). The earnings before Interest, Tax and Depreciation (EBITDA) stood at ₹10,282.93 lakhs in the financial year 2017-18 as against ₹8,460.01 lakhs in the financial year 2016-17. The increase in revenue combined with an improvement in operational efficiency has led to this improved EBITDA.

The exports stood at ₹1,263 lakhs in the financial year 2017-18 as compared to ₹1,018 lakhs in the financial year 2016-17. Though the company is EURO VI compliant, the exports did not increase as anticipated due to a change in market requirements. However, the company is reaching out to many manufacturers in Europe and hopes to improve its exports in the current financial year. The spares sales of the company in the financial year 2017-18 stood at ₹5,470 lakhs as against ₹6,328 lakhs in the previous financial year. While there has been a marginal improvement in the offtake of spares by dealers, the offtake by the OEMs had reduced thereby affecting the total spares revenue. The company is constantly striving to increase the spares revenue by extending the dealer network.

The Profit/(Loss) After Tax (PAT) for the financial year 2017-18 stood at (₹5,932.27 lakhs) as against ₹2,569.43 lakhs of the previous financial year. The Company's earning per share is "Nil" for the financial year 2017-18 due to the exceptional items of ₹15,191.85 lakhs which is the write-off of advances and receivables due from Amtec. However, the consolidated financial statements of the company show a profit of ₹10,122 lakhs with an earning per share of ₹45.77 as the write-off of advances and receivables from Amtec gets offset in the consolidated financial statements.

To augment its capacity to meet the specific needs of certain customers, the company spent ₹3,182 lakhs in capital investments in the financial year 2017-18 as compared to ₹1,837 lakhs spent in the financial year 2016-17. The company continues to lay emphasis on R&D and has spent ₹1,167 lakhs in the financial year 2017-18 as against an amount of ₹911 lakhs spent in the previous financial year.

DIRECTORS

Mr. Ram Ramamurthy's (DIN: 06955444) term as Whole-time Director ends on 3rd September 2018. It is proposed to reappoint him as Whole-time Director for a further period of two years from 4th September 2018 to 3rd September 2020 on a remuneration as set out in the Notice convening the ensuing Annual General Meeting. The Board recommends the reappointment of Mr. Ram Ramamurthy as Whole-time Director as per the terms and conditions laid down in the Notice to the ensuing Annual General Meeting. Appropriate resolutions for the reappointment and remuneration have been set out in detail in the Notice convening the ensuing Annual General Meeting.

Mr. S. Balasubramanian (DIN: 02849971) was appointed Additional Director (non-executive and Independent category) in the Board meeting held on 21st May 2018, subject to the appointment being approved by the shareholders at the ensuing Annual General Meeting. Appropriate resolutions for the appointment has been set out in detail in the Notice convening the ensuing Annual General Meeting. The Board recommends his appointment as Independent Director.

Ms. Rekha Raghunathan (DIN: 00057774) retires by rotation at the ensuing Annual General Meeting and being eligible offers herself for reappointment. Necessary resolution for her re-appointment has been set out in detail in the Notice convening the ensuing Annual General Meeting. The Board recommends her reappointment 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 Directors who are to be appointed/reappointed as mentioned herein has been furnished along with the explanatory statement in the Notice convening the ensuing Annual General Meeting.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- (a) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to any material departures;
- (b) Such accounting policies have been selected and applied consistently and such judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year 31st March 2018 and of the profit and loss of the company for the year ended 31st March 2018.
- (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. V. Sumantran, Dr. M.S. Ananth and Mr. Jayakar Krishnamurthy continue as members of the Audit Committee. Mr. S. Natarajan continues as the Chairman of the Audit committee. The committee met seven times during the year. Detailed disclosure on the terms of reference and meetings are mentioned in the corporate governance report.

STATUTORY AUDITORS

M/s R. Subramanian and Company LLP, Chartered Accountants, Chennai (Registration Number: 004137S/S200041) were appointed statutory auditors of the company for a period of 5 consecutive years commencing from the conclusion of the 31st Annual General Meeting held on 28th September 2017 till the conclusion of the 36th Annual General meeting subject to ratification of their appointment by the shareholders at the Annual General Meeting every year. However, as per the amendment in Section 40 of the Companies Amendment Act 2017, the ratification of the appointment of statutory auditor at the Annual General Meeting every year is not required. Hence the company has not put forth the resolution for the ratification of the appointment of Statutory Auditor in the notice to the ensuing Annual General Meeting.

The emphasis of matter specified in the Independent auditor's report on the Standalone Financial Statements has been explained in Note No. 37(c) and 32 of the notes to accounts.

SECRETARIAL AUDITOR

Pursuant to the provisions of section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, the company had appointed M/s. P. Sriram & Associates, a firm of practising company secretaries as secretarial auditor of the company to undertake secretarial audit of the company for the financial year 2017-18. 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

M/s. P. Chandrasekar, Chartered Accountants, are the 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 2017-18 by Mr. V. Kalyanaraman who was appointed as Cost Auditor for the financial year 2017-18. Mr. V. Kalyanaraman was reappointed as cost auditor for the financial year 2018-19 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 2018-19.

SUBSIDIARY COMPANIES

The company has two wholly-owned subsidiaries.

Ucal Polymer Industries Limited (UPIL)-UPIL has recorded an increased revenue from operations of ₹4,972 lakhs in the financial year 2017-18 as against ₹4,085 lakhs in the financial year 2016-17. The increased revenue can be attributed to the increased offtake by the company which continues to be the major customer of UPIL. The net profit after tax stood at ₹602 lakhs in the financial year 2017-18 mainly due to this increased offtake and an improvement in operations. A dividend of 50% has been declared by UPIL, for the financial year 2017-18. Transfer of business from other vendors of the company to UPIL is a continuing process and has provided the company an advantage in terms of prices, quality and timeliness of supplies.

Amtec - The revenue from operations of Amtec was ₹24,288 lakhs in the financial year 2017-18 up from ₹22,434 lakhs in the financial year 2016-17 thereby recording an increase of 8% in terms of Indian Rupees due to exchange conversion rates though in terms of US dollar, the revenue from operations was \$37.40 million during financial year 2017-18 as compared to \$34.20 million in the financial year 2016-17 recording an increase of 9%. Amtec has earned a net profit after tax of ₹306 lakhs during the financial year 2017-18 as against a profit of ₹282 lakhs in the financial year 2016-17.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements for the year ended 31st March 2018 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 ₹10,122 lakhs has been achieved during the financial year 2017-18 as against ₹3,586 lakhs in the financial year 2016-17 as the write-off of ₹15,191.85 lakhs due from Amtec in the standalone financial statements gets off-set in the consolidated financial statements. The consolidated financial statements of 2017-18 have been prepared taking into account the audited financial statements of Amtec and UPIL, USA Inc., for the financial year 2017-18 and all adjustments have been given effect to in the consolidated statements. The increased profit also reflects the better performance of all the companies in terms of revenue and operations.

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

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The company's CSR activities 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 aim is "To be a responsible corporate citizen by contributing to the wellbeing of the society at large keeping in mind the national vision of ensuring a healthy, educated and a poverty-free India and to protect the culture and heritage of this great ancient land". 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 2017-18 is given in Annexure-III.

PUBLIC DEPOSITS

During the financial year 2017-18, the company has not accepted any deposits from the public within the meaning of Section 73 of the Companies Act, 2013 read with Companies (Acceptance of Deposits) Rules 2014 and there is no outstanding amount on account of principal or interest on deposits from public as on date.

INTERNAL CONTROL SYSTEMS AND ADEQUACY

The company has an efficient internal control system commensurate with its size and nature of business to safeguard the assets of the company and to ensure effective utilisation of resources. These controls ensure that transactions are completed on time and in an accurate manner and by following proper procedures and systems. The internal auditors cover a wide area of operations and this is being continuously reviewed by the audit committee. Internal audit is conducted on a quarterly basis by a team of internal auditors and the reports together with the action taken reports are reviewed by the audit committee periodically. A system of management controls is also in place to ensure higher levels of efficiency and to keep the organisation competitive. All the critical functions of the company i.e., Sourcing and Procurement, Manufacturing, Costing, Finance, Dispatch and Sales are handled through Oracle system which is well-integrated. Checks and controls have been built into the system to handle the transactions. Existing internal controls provide adequate assurance to the management for all the transactions covering operations, inventory, fixed assets, financial records and compliance to statutory requirements. The systems and controls are reviewed periodically to ensure their effectiveness. The Board has adopted various policies like Material Subsidiary Policy, Whistle Blower Policy, Related Party transactions Policy to safeguard the assets of the company, to ensure timely information and to prevent and detect frauds and errors.

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

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

EXTRACT OF ANNUAL RETURN

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

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

Particulars of loans and advances given, guarantees given, securities provided and investments made are provided in the Note Nos. 3, 4, 10 and 44 of the notes to accounts of the Standalone Financial Statements.

MATERIAL CHANGES AND COMMITMENTS

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

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

The company did not enter into any material transaction with any related party which may have potential conflict with the interest of company at large during the financial year 2017-18 as per Section 188 of Companies Act, 2013. All transactions entered into with related parties were at an arm's length basis and in the ordinary course of business. Form AOC-2 as required under Section 134(3)(h) of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules 2014, is given in Annexure-VI and forms part of this report. The company's related party transactions have been made to meet the requirements of operations and at an arm's length basis and have been entered in the ordinary course of business.

CHANGE IN NATURE OF BUSINESS

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

REGULATORY/COURT ORDERS

During the year 2017-18 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 on the company's website www.ucalfuel.com.

SEXUAL HARASSMENT POLICY

The company has in place a policy for prevention of sexual harassment. An internal committee has been set up at each plant to redress sexual harassment complaints. All employees are covered under this policy. No complaint was received during the financial year 2017-18.

RISK MANAGEMENT POLICY

Key business risks are identified and reviewed on a regular basis. A strategy development committee has been formed to strategise on ways to mitigate the various risks. The necessary actions and precautions are taken on time to deal with various risks associated with the company and the Board discusses the same from time to time. The details are given in Corporate Governance Report.

PREVENTION OF INSIDER TRADING

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

CORPORATE GOVERNANCE

The company adheres to all the requirements of the code of corporate governance as stipulated in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. A report on corporate governance along with certification of the Chairman and Managing Director and the Whole-time Director and Chief Financial Officer is attached in Annexure-VIII. Certificate from the Statutory Auditor regarding compliance of the conditions of corporate governance as stipulated by SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is given in Annexure-IX. The Management Discussion and Analysis Report is attached in Annexure-X.

STATEMENT ON COMPLIANCE TO APPLICABLE SECRETARIAL STANDARD

The company has complied with all the applicable secretarial standards as issued by the Institute of Company Secretaries of India during the year 2017-18.

ACKNOWLEDGEMENT

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

For and on behalf of the Board

Place: Chennai
Date: 29th August 2018

JAYAKAR KRISHNAMURTHY
CHAIRMAN AND MANAGING DIRECTOR

ANNEXURE I TO BOARD'S REPORT

Form No.MR-3
SECRETARIAL AUDIT REPORT
FINANCIAL YEAR ENDED 31st MARCH, 2018

[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, 2018 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, 2018 according to the provisions of:

- 1) The Companies Act, 2013 (the Act) and the rules made thereunder;
- 2) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- 3) The Depositories Act, 1996 and the Regulations and Bylaws framed thereunder;
- 4) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment;
- 5) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (d) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (e) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
- 6) The Special Economic Zone Act 2005 and the Special Economic Zone Rules 2006 (for the unit located in a Special Economic Zone)

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

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

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

During the period under review, the company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above. In respect of the transfer of shares for 2009-10 to the Investor Education and Protection Fund (IEPF) account, the company has transferred the same and has thus complied with the provisions of the Act as on date of this report.

I further report that

The Board of Directors of the company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. 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 : 29th August 2018

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

ANNEXURE "A" TO SECRETARIAL AUDIT REPORT OF EVEN DATE

To
THE MEMBERS,
UCAL FUEL SYSTEMS LIMITED

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

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

Signature:

Place : Chennai
Date : 29th August, 2018

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

ANNEXURE - II TO BOARD'S REPORT

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

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

₹in Lakhs

Name of the Subsidiary company	UCAL POLYMER INDUSTRIES LIMITED (UPIL)	AMTEC PRECISION PRODUCTS, INC. (Amtec)
Reporting Period	March 31, 2018	March 31, 2018
Reporting Currency	INR	INR
Exchange Rate		
Share Capital	163.52	20,877.28
Reserves & Surplus	3,445.19	(28,998.21)
Total Assets*	5,139.24	14,471.38
Total Liabilities#	1,530.53	22,592.31
Investments	-	-
Turnover	4,972.41	24,288.06
Profit before taxation	842.75	374.63
Provision for taxation	240.72	68.39
Profit after taxation	602.03	306.24
% 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, 2018 for Balance Sheet and average rate for Income/Expenditure.

Place : Chennai
Date : 29th August 2018

REKHA RAGHUNATHAN
DIRECTOR AND
COMPANY SECRETARY

RAM RAMAMURTHY
WHOLE-TIME DIRECTOR AND
CHIEF FINANCIAL OFFICER

JAYAKAR KRISHNAMURTHY
CHAIRMAN AND
MANAGING DIRECTOR

ANNEXURE - III TO BOARD'S REPORT

REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

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

The company's vision is "to be a responsible corporate citizen by contributing to the wellbeing of the society at large keeping in mind the national vision of ensuring a healthy, educated and a poverty-free India and to protect the culture and heritage of this great ancient land". The company continues to support the developmental activities of Dr. V. Krishnamurthy Educational Foundation, Tiruchirapalli and Culture and Heritage Trust of Karuveli, Karuveli. The Academy of Higher Education has been renamed Dr. V. Krishnamurthy Educational Foundation effective 09th June 2017. The Culture and Heritage Trust of Karuveli continues its work in the area of conservation and restoration of heritage buildings and in improving places of public interest in and around Karuveli. New agricultural practices and techniques with concentration on organic farming are being undertaken at Karuveli. The Trust continues to sponsor the education of some well-deserved under-privileged children. Infrastructure improvements at the National College and Sessa Iyengar Memorial Higher Secondary School is an ongoing process. The focus in 2017-18 was on improvement of the play ground area and on improvement of drainage and general sanitation system in the college and school premises. The CSR committee reiterated its intention to continue to support the activities of Dr. V. Krishnamurthy Educational Foundation and Culture and Heritage Trust of Karuveli considering the fact that there is a lot of unfinished work in these two institutions itself. To have the long-term impact of the work already done, it was decided that the CSR activity be restricted to these two institutions for some more years to come.

During the year 2017-18, Dr. V. Krishnamurthy Educational Foundation had requested funds for various infrastructure projects in the area of sports and sanitation while the Culture and Heritage Trust of Karuveli requested funds for restoration of buildings in certain historical areas in Karuveli and the company contributed towards the same.

The CSR policy is displayed on the website of the company www.ucalfuel.com, weblink:<http://www.ucalfuel.com/policy-csrp.pdf>.

2. **The Composition of the CSR Committee:** 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 Chair,man of this committee
3. **Average net profit of the company for last three financial years – ₹2,967.06. lakhs**
4. **Prescribed CSR Expenditure (two per cent of the amount as in item 3 above) - ₹59.34 lakhs**
5. **Details of CSR spent during the financial year: - ₹60.94 lakhs**

Total amount to be spent for the financial year: - ₹59.34 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 were 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:		
(₹ In lakhs)							
1	Promotion of education, employment, enhancing vocational skills and sanitation	Education/ Sanitation	Tamil Nadu– Tiruchirapalli, Tiruchirapalli District	45.00	45.00	45.00	Implementing Agency – Dr. V Krishnamurthy Educational Foundation
2	Promotion of rural sports and nationally recognized sports	Sports	Tamil Nadu– Tiruchirapalli, Tiruchirapalli District				Implementing Agency – Dr. V Krishnamurthy Educational Foundation
3	Protection of national heritage, art and culture	National Heritage	Karuveli village, Tamil Nadu Thanjavur District	15.94	15.94	15.94	Implementing Agency – Culture and Heritage Trust of Karuveli
TOTAL				60.94	60.94	60.94	

* Details of implementing agency: Dr. V. Krishnamurthy Educational Foundation and Culture and Heritage Trust of Karuveli are the implementing agencies. Dr. V. Krishnamurthy Educational Foundation has been registered as a Society and Culture and Heritage Trust of Karuveli has been registered as a public charitable trust. Both have the benefit of 80(G) deductions and are managed by professionally competent people.

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

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

Place : Chennai

Date : 29th August 2018

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 2017-18 improvements have been made in Energy Conservation in shop floor, office area lighting and air-conditioning. Conventional duct type air-conditioning systems were replaced by more efficient split air-conditioners. This resulted in a saving of 1.77 lakh units of power per annum. Old air compressors were replaced with new energy-efficient compressors resulting in annual savings of 0.88 lakh units of power. The installation of LED lights was also implemented thereby saving up to 0.3 lakh units of power per annum. Overall there was a cost-saving of around ₹22 lakhs per annum as a result of these energy conservation measures.

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

Procurement of alternative power from other sources has resulted in saving of ₹136 lakhs during the financial year 2017-18. The windmills continue to operate efficiently and generated 22.23 lakh units per annum which is marginally higher than that generated in the previous financial year.

c. The capital investments on energy conservation requirements

There is no major capital investment on energy conservation during the year 2017-18.

B. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

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

The company after fully absorbing the technologies in the domain areas of carburettors, air suction valves, pumps and electronic fuel management system is continuously improving for adapting this to meet the demands of new customers/new products and offer solutions to the customer through innovative features in the products. The continued focus on R&D as part of the company's initiative had helped in expanding the product range thereby bringing new businesses. The company is implementing new technology and products considering the market trends and environmental regulations for BSVI. The company has also developed new technologies in the domain areas of vacuum pumps, oil pumps, fuel management system for 2 and 3-wheelers, after-treatment devices for the 2 and 3-wheelers, passenger cars and commercial vehicles. The focus of the company is on electrical, electronic products keeping in view the developments happening in the automotive industry.

2. Benefits derived as a result of the above efforts

- The company is able to offer value proposition to the newer customers and market segments for various applications.
- The company has been able to approach new markets and segments through its wider range of product portfolio.
- Customer expectations in terms of performance and emission targets are met through innovative engineering solutions.
- New business opportunities have been created by addressing the market challenges through technical demonstration of the company's capability and technical support.
- Various customer demands are met by providing a range of products.
- Development of products for existing customers for their new applications and for 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 the 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	89.06
b. Revenue (recurring) includes amount transferred to Deferred revenue expenses	1,077.75
c. Total	1,166.81
d. Total R&D expenditure as a percentage of total turnover	2.02%

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

The earnings of foreign exchange was on account of export of carburettors, MPFI parts and pumps during the year. The foreign exchange outgo was mainly on account of purchase of components, capital goods and foreign travel. During the financial year 2017-18, the total foreign exchange outgo was ₹2,195 lakhs while the foreign exchange earned was ₹1,263 lakhs resulting in a net foreign exchange outgo of ₹932 lakhs

For and on behalf of the Board

Place : Chennai
Date : 29th August 2018

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 31.03.2018

[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	60%
2	Pumps	29301	20%

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-116 PIPDIC Industrial Estate, Mettupalayam Puducherry - 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.	UPIIL 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. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	5,47,979		5,47,979	2.48	5,47,979		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	27,269		27,269	0.12	30,129		30,129	0.14	0.02
c) Central Govt									
d) State Govt(s)									
e) Venture Capital									
f) Insurance									
g) FIIs	16,027	400	16,427	0.08	1,47,263	400	1,47,663	0.67	0.59
h) Foreign Venture Capital Funds									
i) Others (specify)									
Sub-total (B)(1):-	44,416	6,300	50,716	0.23	1,78,512	6,300	1,84,812	0.84	0.61
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	9,85,335	7,421	9,92,756	4.49	8,24,870	7,421	8,32,291	3.76	0.73
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital up to ₹1 lakh	43,79,111	2,34,258	46,13,369	20.86	44,48,954	2,22,498	46,71,452	21.13	0.27

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	8,46,483	-	8,46,483	3.83	7,71,719	-	7,71,719	3.49	(0.34)
c) Others (specify)- Non- Resident Indians	69,981	480	70,461	0.32	1,13,231	280	1,13,511	0.51	0.19
Sub-total (B)(2):-	62,80,910	2,42,159	65,23,069	29.50	61,58,774	2,30,199	63,88,973	28.89	0.61
Total Public Shareholding (B)=(B)(1) + (B)(2)	63,25,326	2,48,459	65,73,785	29.73	63,37,286	2,36,499	65,73,785	29.73	-
C. Shares held by Custodian for GDRs & ADRs									
Grand Total (A+B+C)	2,18,65,166	2,48,459	2,21,13,625	100.00	2,18,77,126	2,36,499	2,21,13,625	100.00	-

ii) Shareholding of Promoter

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	
1	Carburettors Limited	1,13,20,089	51.19	27.47	1,13,20,089	51.19	13.15	-
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	27.47	1,55,39,840	70.27	13.15	-

(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		
	Datewise 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 01.04.2017)		Cumulative Shareholding during the year (as on 31.03.2018)		
		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	70,000	0.317			
	Datewise increase/decrease in shareholding during the year. Reason for increase/decrease in shareholding during the year-Transfer	07/04/2017	1,000	0.005	71,000	0.321
		14/04/2017	-1,000	-0.005	70,000	0.317
		11/08/2017	200	0.001	70,200	0.317
		15/09/2017	1,800	0.008	72,000	0.326
		22/09/2017	-2,000	-0.009	70,000	0.317
		27/10/2017	300	0.001	70,300	0.318
		17/11/2017	500	0.002	70,800	0.320
15/12/2017		500	0.002	71,300	0.322	
22/12/2017	-1,300	-0.006	70,000	0.317		
At the end of the year			70,000	0.317		
3	PENSION RESERVES INVESTMENT TRUST FUND – ACAD					
	PAN: AAATC7934R					
	At the beginning of the year		-			
	Datewise increase/decrease in shareholding during the year. Reason for increase/decrease in shareholding during the year-Transfer	26/01/2018	68,594	0.310	68,594	0.310
	At the end of the year			68,594	0.310	

Sl. No.	For Each of the Top 10 Shareholders		Shareholding at the beginning of the year (as on 01.04.2017)		Cumulative Shareholding during the year (as on 31.03.2018)	
			No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
4	S. GANESH					
	PAN: AAGPS5047M					
	At the beginning of the year		50,505	0.228		
	At the end of the year				50,505	0.228
5	SANTOSH SITARAM GOENKA					
	PAN: AACPG6728R					
	At the beginning of the year		42,532	0.192		
	Datewise increase/decrease in shareholding during the year. Reason for increase/decrease in shareholding during the year-Transfer	27/10/2017	2,974	0.013	45,506	0.206
	At the end of the year				45,506	0.206
6	THE BOARD OF REGENTS OF THE UNIVERSITY OF TEXAS SYSTEM - ACADIAN ASSET MANAGEMENT					
	PAN: AAAJT2339R					
	At the beginning of the year		-	-		
	Datewise increase/decrease in shareholding during the year.	19/01/2018	22,065	0.100	22,065	0.100
	Reason for increase/decrease in shareholding during the year-Transfer	26/01/2018	22,545	0.102	44,610	0.202
	At the end of the year				44,610	0.202
7	K.R. SRINIVASAN					
	PAN : AALPS6754J					
	At the beginning of the year		36,719	0.166		
	At the end of the year				36,719	0.166
8	LIQUID INVESTMENT & FINANCIAL SERVICES (I) PVT. LTD					
	PAN : AAACL1958P					
	At the beginning of the year		-	-		
	Datewise increase/decrease in shareholding during the year. Reason for increase/decrease in shareholding during the year-Transfer	14/04/2017	2,000	0.009	2,000	0.009
		21/04/2017	1,000	0.005	3,000	0.014
		28/04/2017	-1,000	-0.005	2,000	0.009
		12/05/2017	1,000	0.005	3,000	0.014
		09/06/2017	-1,000	-0.005	2,000	0.009
		15/09/2017	-1,000	-0.005	1,000	0.005
		30/03/2018	33,650	0.152	34,650	0.157
At the end of the year				34,650	0.157	

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year (as on 01.04.2017)		Cumulative Shareholding during the year (as on 31.03.2018)		
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company	
9	RAJESH MANIBHAI PATEL					
	PAN: AGBPP4824A					
	At the beginning of the year		35,543	0.161		
	Datewise increase/decrease in shareholding during the year. Reason for increase/decrease in shareholding during the year-Transfer	21/04/2017	-4,913	-0.022	30,630	0.139
		30/06/2017	1,016	0.005	31,646	0.143
		14/07/2017	3,022	0.014	34,668	0.157
		21/07/2017	-131	-0.001	34,537	0.156
30/03/2018		107	0.000	34,644	0.157	
At the end of the year			34,644	0.157		
10	CLIMAX MARKETING PVT LIMITED					
	PAN: AABCC6749E					
	At the beginning of the year		0			
	Datewise increase/decrease in shareholding during the year. Reason for increase/decrease in shareholding during the year-Transfer	22/12/2017	100	0.000	100	0.000
		30/12/2017	10,011	0.045	10,111	0.046
		12/01/2018	5,500	0.025	15,611	0.071
		09/03/2018	7,889	0.036	23,500	0.106
23/03/2018		8,000	0.036	31,500	0.142	
At the end of the year			31,500	0.142		

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	14,529.23	5,333.20		19,862.43
ii) Interest due but not paid	-	-		-
iii) Interest accrued but not due	22.93	-		22.93
Total (i+ii+iii)	14552.16	5333.20		19,885.36
Change in Indebtedness during the financial year				
* Addition	1,891.29	976.67		2,867.96
* Reduction	(3,040.32)	-		(3,040.32)
Net Change	(1,149.03)	976.67		(172.36)
Indebtedness at the end of the financial year				
i) Principal Amount	13,403.13	6,309.87		19,713.00
ii) Interest due but not paid	-	-		-
iii) Interest accrued but not due	16.54	-		16.54
Total (i+ii+iii)	13,419.67	6,309.87		19,729.54

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director (MD), Whole-time Directors (WTD) 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	1,95,40,000	24,00,000.	2,19,40,000
	(b) Value of perquisites u/s 17(2) Income tax Act, 1961	14,55,767	-	14,55,767
	(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...	37,29,196		37,29,196
5	Others			
	Contribution to Provident Fund	10,32,000	2,88,000	13,20,000
	Contribution to Superannuation to the extent exempt under the Income Tax Act	1,50,000		1,50,000
	Total (A)	2,59,06,963	26,88,000	2,85,94,963
	Ceiling as per the Act **	2,59,06,963	1,20,00,000	3,79,06,963

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

** The overall ceiling arising out of inadequacy of profit is calculated as follows:

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

B. Remuneration to other directors

In Rupees

Sl No.	Particulars of Remuneration	Name of Directors			Total Amount
		Mr. S. Natarajan	Dr. V. Sumantran	Dr. M.S. Ananth	
1	Independent Directors				
	Fee for attending Board/ committee meetings	3,40,000	3,40,000	4,30,000	11,10,000
	Commission				
	Others, please specify				
	Total (1)	3,40,000	3,40,000	4,30,000	11,10,000
2	Other Non-Executive Directors				
	Fee for attending Board/ committee meetings				
	Commission				
	Others, please specify				
	Total (2)				
	Total (B)=(1+2)	3,40,000	3,40,000	4,30,000	11,10,000
	Total Managerial Remuneration (A)+(B)				2,97,04,963
	Overall Ceiling as per the Act***				3,79,06,963

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

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

In Rupees

Sl. No	Particulars of Remuneration	Ms. Rekha Raghunathan * Director and Company Secretary
1	Gross salary	
	(a) Salary as per provisions contained in section 17(1) of the Income tax Act, 1961	25,40,864
	(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	98,675
	Total	26,79,539

* 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

Not Applicable as the company has not entered into any contract or arrangement or transactions not at arm's length bases

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.41 (a) & (b) to the Accounts for the Financial year 2017-18

(b) Nature of contracts/arrangements/transactions

Details of transactions with the related parties are provided in Note No.41 (c) to the Accounts for the Financial year 2017-18

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 2017-18 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 : 29th August 2018

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	64.27
Mr. Ram Ramamurthy	6.67
Ms. Rekha Raghunathan does not draw any remuneration as director of the company	
Non-executive directors	
The non-executive directors do not draw any remuneration from the company except sitting fees for attending the meetings of the board and the committees of the Board.	

(ii) The percentage increase in remuneration of each director, chief financial officer, company secretary or manager, if any, in the financial year:

Directors, Chief Financial Officer and Company Secretary	% increase in remuneration in the financial year
Mr. Jayakar Krishnamurthy - Chairman and Managing Director	-17%
Mr. Ram Ramamurthy - Whole-time Director and Chief Financial Officer	27%
Ms. Rekha Raghunathan - Director and Company Secretary	10%

(iii) The percentage increase in the median remuneration of employees in the financial year – 14.20 %

(iv) The number of permanent employees on the rolls of company – 1,068

(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 7.20% as compared to the average increase in the managerial remuneration of 6.67%.

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

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

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

(i)	Designation of the employee;	Chairman and Managing Director	Chief Executive Officer
(ii)	Remuneration received	2,59,06,963	97,17,193
(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)
		32 years experience	33 years experience
(v)	Date of commencement of employment;	01.09.2001	23.08.2013
(vi)	The age of such employee;	57 years	56 years
(vii)	The last employment held by such employee before joining the company;	Director Mascon Information Technologies Limited formerly known as Martek Holdings Inc.	President (Special Projects)- Sundaram Clayton Limited
(viii)	The percentage of equity shares held by the employee in the company;	1.60%	NIL
(ix)	whether any such employee is a relative of any director or manager of the company and if so, name of such director or manager;	No	No
	The employee, if employed throughout the financial year, was in receipt of remuneration for that year which, in the aggregate, was not less than one crore rupees	Yes	Yes
	The employee, if employed for a part of the financial year, was in receipt of remuneration for any part of that year, at a rate which, in the aggregate, was not less than five lakh rupees per month;	Not Applicable	Not Applicable
	The employee, if employed throughout the financial year or part thereof, was in receipt of remuneration in that year which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the managing director or whole-time director or manager and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the company.	Not Applicable	Not Applicable

ANNEXURE - VIII TO THE BOARD'S REPORT

REPORT ON CORPORATE GOVERNANCE

CORPORATE GOVERNANCE PHILOSOPHY

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

1. BOARD OF DIRECTORS

a) Composition

The Board comprised six directors as on 31st March, 2018. 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 2017-18. 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 2017-18 is as follows

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

Mr. S. Balasubramanian was appointed additional director (non-executive and Independent category) by the board in its meeting held on 21st May 2018 subject to the appointment being approved by the shareholders by a special resolution in the ensuing Annual General Meeting.

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 2017-18 is given below:-

Name of director	Category	Number of directorships in other companies		Number of committee/ chairmanship/memberships in other companies	
		Chairman	Member	Chairman	Member
Mr. Jayakar Krishnamurthy Chairman and Managing Director	Executive	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		4		1
Dr. V. Sumantran	Non-Executive & Independent		1		1
Dr. M.S. Ananth	Non-Executive & Independent		2		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 29th September, 2018.

c) Board Meetings and Attendance at Board Meetings

The Board met 7 times during the financial year 2017-18. 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	27.05.2017	6	6
2	30.05.2017	6	6
3	31.08.2017	6	6
4	11.09.2017	6	5
5	09.12.2017	6	6
6	01.02.2018	6	6
7	30.03.2018	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 board such as quarterly results, minutes of meetings of all committees of the board, foreign exchange exposures, etc. All the information required for decision making are incorporated in the agenda. Those that cannot be included in the agenda are tabled at the meeting. Presentations are made 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 the performance, approves capital expenditure, sets the strategy the company should follow and ensures financial stability. The effective execution of the decisions, suggestions and directions of the Board are followed up periodically. The minutes of the meeting of the audit committee and the other committees are placed before the Board. The Board also takes on record the actions taken by the company on all its decisions periodically. The Board takes note of the declaration made by the company secretary, Chairman and Managing Director and the Whole-time Director and Chief Financial Officer regarding compliances of all laws applicable to the company on a quarterly basis. The company's practices are in line with the secretarial standards relating to board meetings issued by the Institute of Company Secretaries of India.

Independent directors

Mr. S. Natarajan, Dr. V. Sumantran and Dr. M.S Ananth were appointed independent directors by the shareholders for a period of five years at the Annual General Meeting held on 29th September 2014. The independent directors have given the declaration that they have met the criteria of independence as laid down under Section 149(6) of Companies Act, 2013 and Regulation 25 of SEBI(Listing Obligations and Disclosure Requirements) Regulations, 2015. The format of the disclosure is given in the company website www.ucalfuel.com. Weblink: <http://www.ucalfuel.com/ind-decl.pdf>. Independent directors 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 briefed about the history of the company, its policies, customers, technological developments and also on operations. Factory visits are arranged for the directors who wish to familiarize themselves with the manufacturing processes and operations of the company. The directors are also briefed on their role, responsibilities, duties and are kept updated on the various regulatory and legislative changes that may occur from time to time affecting the operations of the company. The directors are briefed on the various policies of the company like the code of conduct for directors and senior management personnel, policy on related party transactions, policy on material subsidiaries, whistle blower policy and CSR policy. The familiarization programme for the independent directors is disclosed in the website of the company www.ucalfuel.com, weblink: <http://www.ucalfuel.com/policy-fpp.pdf>.

Criteria for appointment of directors

The Nomination and Remuneration committee recommends the appointment of directors based on their qualification, expertise, integrity, credibility, trust-worthiness and ability to handle issues. The need for that particular functional experience in the organisation is also taken into account along with their ability and willingness to devote time for the organization. It is also ensured that all diverse fields are suitably represented on the board. Particular emphasis is given to those with domain knowledge on the auto industry and its market and the latest developments in the field. In the case of independent directors the committee will in addition to the above satisfy itself on the independence of directors and take into account their ability to develop a good working relationship with the other board members and senior management together with their ability to assist the company on issues of strategy, risk management and key appointments. In case of 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/reappointment is made to the board.

Board Evaluation

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

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

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

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

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

The audit committee takes note of any default in the payments to creditors, shareholders and governmental agencies. The audit committee reviews the inter-corporate loans and investments and analyses the financial health of the company and the results of its operations. The audit committee reviews the effectiveness of IT application across the company and ensures its full implementation. The committee also looks into those matters specifically referred to it by the Board. Any changes in accounting policies and practice, major accounting entries involving an exercise of judgment by the management and significant adjustment in the financial statements are all approved by the audit committee. Valuation of the assets or undertaking also requires approval of the audit committee as and when it is undertaken. All the recommendations to the Board by the audit committee during the year were accepted by the Board. The statutory auditor and the internal auditors were present at all the audit committee meetings except the meeting held on 31.08.2017 as the meeting discussed the appointment of the new statutory auditor for a period of 5 years from 31st Annual General Meeting to 36th Annual General Meeting. As on 31st March 2018 the committee comprised 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. V. Sumantran
3. Dr. M.S. Ananth
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, 2017. The audit committee met seven times during the year. The details are as follows:

S.No	Date	Committee Strength	No. of Directors present
1	27.05.2017	4	4
2	30.05.2017	4	4
3	31.08.2017	4	4
4	11.09.2017	4	3
5	09.12.2017	4	4
6	01.02.2018	4	4
7	30.03.2018	4	4

Attendance of each Director at Audit Committee Meetings

Name of the Director	Number of audit committee meetings attended
Mr. S. Natarajan	7
Dr. V. Sumantran	7
Dr. M.S. Ananth	7
Mr. Jayakar Krishnamurthy	6

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 include a) formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to the remuneration of the directors, key managerial personnel and senior management personnel, b) formulation of criteria for evaluation of independent directors and the Board, c) devising a policy on diversity of board of directors, d) identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and

recommend to the board of directors their appointment and removal, e) evaluating the performance of independent directors, senior managerial personnel and key managerial personnel and making recommendations to the Board regarding their appointment, removal etc. During the year, the Nomination and Remuneration Committee reviewed the compensation and benefits of senior management personnel and key managerial personnel of the company. The Nomination and Remuneration Committee comprises non-executive and independent directors. Mr. S. Natarajan, is the chairman of the committee. Dr. V. Sumantran and Dr. M.S. Ananth are the other members. The company secretary is the secretary to the committee. During the financial year 2017-18 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	27.05.2017	3	3
2	31.08.2017	3	3
3	01.02.2018	3	3

Attendance of each Director at Nomination and Remuneration Committee Meetings

Name of the Director	Number of Nomination and Remuneration Committee meetings attended
Mr. S. Natarajan	3
Dr. V. Sumantran	3
Dr. M.S. Ananth	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 Stakeholders Relationship committee is to approve transactions in all types of securities, comply with all listing requirements and to effectively address the grievances of all types of security holders in the company. Dr. M.S. Ananth, Mr. Jayakar Krishnamurthy and Mr. Ram Ramamurthy were the members of the committee as on 31st March, 2018. 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 and Mr. M.R. Shivakumar as its members to approve transfers, transmissions, issue of duplicate share certificates, rematerialisation of shares, etc., and to redress investor grievance to ensure timely compliance. 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 2017-18 the share transfer committee met eleven 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	27.05.2017	3	3
2	11.09.2017	3	2
3	09.12.2017	3	3
4	01.02.2018	3	3

Attendance of each Director at Stakeholders relationship committee Meetings

Name of the Director	Number of Stakeholders relationship committee meetings attended
Dr. M.S.Ananth	4
Mr. Jayakar Krishnamurthy	3
Mr. Ram Ramamurthy	4

Complaints received and redressed during the year 2017-18

S.No	Nature of Complaints	Number of Complaints
1	Regarding annual report	39
2	Revalidation of dividend warrant	31
3	Issue of duplicate share certificate	13
4	Procedure for transmission	12
5	General queries	12
6	Non receipt of dividend	15
7	Loss of share certificate	23
8	Unclaimed dividend	198
	Total	343

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 2017-18 remuneration was paid to the chairman and managing director and whole-time director and chief financial officer. The remuneration payable to these directors is determined by the Board on the recommendation of the Nomination and Remuneration committee and Audit committee. This is subject to the approval of the shareholders at the Annual General Meeting and that of the Central Government and such other authorities as may be necessary. Ms. Rekha Raghunathan does not draw any remuneration as director of the company. The non executive directors do not draw any remuneration from the company except sitting fees for attending the meetings of the board and the committees.

a) Details of Remuneration paid to the Executive Directors during the financial year 2017-18

Name of the Director	Mr. Jayakar Krishnamurthy Chairman and Managing Director ₹	Mr. Ram Ramamurthy Whole-time Director and Chief Financial Officer ₹
Basic Salary	86,00,000	24,00,000
House Rent Allowance	33,00,000	-
Other Allowances	65,00,000	-
Other Perquisites	14,55,767	-
Contribution to Provident Fund	10,32,000	2,88,000
Contribution to Superannuation Fund	12,90,000	-
Commission	37,29,196	-
Total	2,59,06,963	26,88,000

b) Details of Sitting Fees paid to Non-Executive Directors during the financial year 2017-18

Name of the Director	Board meeting ₹	Audit Committee Meeting ₹	Nomination and Remuneration Committee Meeting ₹	Stakeholders Relationship committee Meeting ₹	Corporate Social Responsibility Committee Meeting ₹	Total ₹
Mr. S.Natarajan	1,40,000	1,40,000	60,000	-	-	3,40,000
Dr. V.Sumantran	1,40,000	1,40,000	60,000	-	-	3,40,000
Dr. M.S.Ananth	1,40,000	1,40,000	60,000	60,000	30,000	4,30,000
Total	4,20,000	4,20,000	1,80,000	60,000	30,000	11,10,000

c) Details of shareholding of Directors as on 31st March 2018

Of the executive directors only Mr. Jayakar Krishnamurthy holds 3,54,208 equity shares in the company as on 31st March 2018. The independent directors do not hold any shares in the company.

6. CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

During the year under review the CSR committee met two times 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, healthcare, sports and preservation of culture and heritage. The report on CSR activities undertaken during 2017-18 as approved by the committee and approved by the Board is given in Annexure-III to the Board's report.

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

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

Venue	Financial Year	Date & Time
Annual General Meeting		
Dynasty Hall, Hotel Ambassador Pallava, Egmore, Chennai	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
Tag Centre, Alwarpet, Chennai	2016-17	September 28, 2017 – 09.30 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 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 reappointment of Mr. Ram Ramamurthy as Whole-time Director and remuneration payable to him. ii) Special resolution passed for reappointment of Mr. Jayakar Krishnamurthy as Managing Director and remuneration payable to him. iii) Special resolution passed for reappointment of Dr. V. Krishnamurthy, who is holding an office of profit, as Advisor
AGM held on 28 th September 2017	Nil

No special resolutions were required to be passed by the shareholders of the company through postal ballot during the year 2017-18. The e-voting option was extended to all shareholders for the Annual General Meeting held on 28th September, 2017 and resolutions were passed on that basis. No Extraordinary General Meeting 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 framework 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 underwrite the capacities created specifically for their requirements, by determining the prices of its products on a scientific basis based on detailed studies, by prudent financial management, by localization to protect itself from exchange risks, constant R&D efforts and by spreading its markets and manufacturing facilities geographically. The strategy development committee assists the management in assessing the market risks, competitors risks, product obsolescence risk and devises strategies to overcome the same. Dr. V Sumantran, Mr. Jayakar Krishnamurthy and Mr. Ram Ramamurthy are the members of this committee. Mr. Jayakar Krishnamurthy is the Chairman of the committee.

10. DISCLOSURES – RELATED PARTY TRANSACTIONS

All related party transactions for the financial year 2017-18 were at arm's length basis and were in the normal course of business. None of the transactions have a potential conflict with the interests of the company at large. All related party transactions with the company's promoters, directors, management, subsidiaries or relatives have been brought to the notice of the board and audit committee which have approved the same. The company has a policy on related party transactions and the same has been uploaded in the website of the company www.ucalfuel.com, weblink: <http://www.ucalfuel.com/policy-rpp.pdf>. The necessary information regarding the transactions are given in Note no. 41 (a) & (b) and 41 (c) 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 practising company secretary in their Secretarial Audit report for the financial year 2017-18

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 Maalai 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 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 2017-18. 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	29 th September 2018 at 10.45 a.m
Venue	Tag Centre, No.69, T.T.K. Road, Alwarpet, Chennai 600 018
Book Closure Date	22 nd September 2018 to 29 th September 2018
Financial Year	1 st April 2017 to 31 st March 2018

b) Financial Calendar 2017-18 (tentative)

The Board meeting for the approval of	2018-19 (Tentative Calendar)
Unaudited results for Quarter ended June 30, 2018	13 th August 2018
Unaudited results for Quarter ending September 30, 2018	Between 1 st October 2018 and 14 th November 2018
Unaudited results for Quarter ending December 31, 2018	Between 1 st January 2019 and 14 th February 2019
Audited Results for the year ending March 31, 2019	On or before 30 th May 2019

c) Particulars of Dividend for the year ended 31st March, 2017

Date of declaration	28 th September, 2017
Rate of dividend	50%
Book Closure Date	22 nd September, 2017 to 28 th September, 2017
Date of Payment of dividend	11 th October, 2017
Amount of dividend paid	₹11,05,68,125
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 2018-19 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 2017	232.00	204.10	6,84,399	231.70	204.10	28,45,221
MAY 2017	228.00	201.30	3,56,655	229.00	200.10	14,38,300
JUN 2017	226.50	193.90	4,92,841	226.90	195.20	14,53,839
JUL 2017	229.50	202.20	5,26,716	229.50	203.70	14,49,529
AUG 2017	217.00	182.00	2,81,862	217.25	181.00	8,12,029
SEP 2017	223.00	181.00	4,35,831	222.65	180.05	16,70,392
OCT 2017	211.90	181.60	4,08,008	212.00	181.00	17,95,520
NOV 2017	207.60	185.20	2,45,630	208.00	186.60	9,60,078
DEC 2017	330.00	190.90	30,33,636	330.00	191.10	1,38,12,039
JAN 2018	338.00	278.30	11,78,574	338.80	278.30	47,00,732
FEB 2018	300.90	246.00	5,97,871	302.40	247.05	22,79,047
MAR 2018	278.30	232.25	3,62,281	297.00	232.50	12,01,622

f) Shareholding Pattern as on 31st March 2018

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	-	30,129	30,129	0.14
c. Foreign Institutional Investors	8	400	1,47,263	1,47,663	0.67
II. Non Institutions					
a. Bodies Corporate	392	7,421	8,24,870	8,32,291	3.76
b. Individuals	19,047	2,22,498	52,20,673	54,43,171	24.62
c. Non Resident Indians	227	280	1,13,231	1,13,511	0.51
Total	19,693	2,36,499	2,18,77,126	2,21,13,625	100.00

g) Distribution of Shareholding as on 31st March 2018

Number of Equity Shares held	Number of Shareholders	% of Shareholders	Number of Shares	% of Capital
Upto 500	17,824	90.51	22,11,802	10.00
501-1000	996	5.06	8,13,047	3.68
1001-2000	469	2.38	7,15,188	3.23
2001-3000	146	0.74	3,67,927	1.66
3001-4000	64	0.33	2,32,784	1.06
4001-5000	44	0.22	2,04,712	0.93
5001-10000	85	0.43	6,34,976	2.87
10001 AND ABOVE	65	0.33	1,69,33,189	76.57
Total	19,693	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 dividend that remain unclaimed for a period of seven years from the date of declaration are required to be transferred to the Investor Education and Protection Fund (IEPF) administered by the Central Government. The unclaimed dividend as on March 31 2018 is as follows:

Financial Year	Unpaid/Unclaimed dividend as on 31 st March, 2018 (₹)	Date of declaration	Date of transfer to IEPF
2010-11	23,09,316.00	30.09.2011	05.11.2018
2011-12	8,49,624.00	28.09.2012	03.11.2019
2012-13	2,45,385.00	30.09.2013	05.11.2020
2013-14	2,35,612.00	29.09.2014	04.11.2021
2014-15	4,29,996.00	30.09.2015	05.11.2022
2015-16	7,30,408.50	28.09.2016	03.11.2023
2016-17	11,15,385.00	28.09.2017	03.11.2024

- 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) Unpaid/Unclaimed Dividend and Transfer to IEPF

Pursuant to the provisions of Section 124 of the Companies Act, 2013, dividend for the financial year ended 2010-11 and thereafter which remain unclaimed for a period of seven years will be transferred to Investor Education and Protection Fund (IEPF) of the Central Government on the respective due dates. During the year, the company had transferred to IEPF an unclaimed dividend of ₹6,53,286 pertaining to the financial year ended 2009-10. Further the company had filed with Registrar of Companies, the details of unpaid and unclaimed dividends lying with the company as on date of last Annual General Meeting and the same has been uploaded on the website of the company <https://www.ucalfuel.com>.

k) Unclaimed shares

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

Pursuant to the notification of Section 124(6) and 125 of the Companies Act, 2013 read with Investor Education and Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended from time to time, the company is required to transfer shares in respect of which dividend has not been paid or claimed for seven (7) consecutive years or more. The Ministry of Corporate Affairs has notified depository accounts to which such shares are required to be transferred. The company has already transferred shares pertaining to Unclaimed dividend of 2009-10 to IEPF Authority. The shareholders, however, may claim the said shares along with corporate actions accrued by following the procedure prescribed by the IEPF authority.

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

l) Request to Investors

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

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

m) 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 2018 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. 2,18,77,126 equity shares representing 98.93% of the paid-up equity capital have been dematerialized as on 31st March 2018.

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

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

o) 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.

p) Green Initiative in Corporate Governance

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

Accordingly the Annual Report for 2017-18, 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.

q) Plant Locations

The company has manufacturing plants in the following locations

E9-E12 Industrial Complex, Maraimalai Nagar – 603 209
Kancheepuram District, Tamil Nadu, India
Tel.No.04114-47408000, Fax:04114-27452549
Email: ufsl.mmn@ucalfuel.co.in

A98/100, A 106 & A107 PIPDIC Industrial Estate Mettupalayam,
Puducherry – 605 009, India
Tel.No.0413-4211500, Fax:0413-2272176
Email: ufsl.pondy@ucalfuel.co.in

A3/A3, A4, A5, CMDA Industrial complex,
Maraimalai Nagar, Kancheepuram, Tamil Nadu – 603 209, India
Tel.No.044-47406800; Fax:044-47406850
E-mail ufsl.pl6@ucalfuel.co.in

B-22, SIDCO Industrial Estate, Maraimalai Nagar,
Kancheepuram, Tamil Nadu – 603 209, India
Tel.No:044-47400191/91/93
E-mail: ufsl.pl7@ucalfuel.co.in

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 Office,
Chengalpattu – 603002, Tamil Nadu
E-mail: ufsl.ho@ucalfuel.co.in

The Research and Development Centre is located at:

11 B/2 (S.P) First Cross Road, Ambattur Industrial Estate,
Chennai, Tamil Nadu – 600058, India.
Tel.No.:044-66544700; Fax : 044-66544758
E-mail: ufsl.abr1@ucalfuel.co.in

r) 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 Street North Usman Road, T.Nagar, Chennai 600 017 Tel : 91-44-28140801/03, Fax : 91-44-28142479 E-mail: corpserv@iepindia.com
For any other general matters or in case of any difficulties/grievance	Ms. Rekha Raghunathan 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

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

It is hereby confirmed that the Members of the Board and the Senior Management Personnel of the company have affirmed compliance with the respective provisions of the Code of Conduct of the company for the year ended 31st March 2018.

Place : Chennai
Date : 29th August 2018

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, 2018 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 : 29th August, 2018

RAM RAMAMURTHY
WHOLE-TIME DIRECTOR AND
CHIEF FINANCIAL OFFICER

JAYAKAR KRISHNAMURTHY
CHAIRMAN AND
MANAGING DIRECTOR

ANNEXURE - IX TO BOARD'S REPORT

INDEPENDENT AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE

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

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

To
The 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, 2018, 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, 2018.
- 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 R. Subramanian and Company LLP
Chartered Accountants
FRN: 004137S/S200041

K Jayasankar
Partner
Membership No. 014156

Place : Chennai
Date : 29th August 2018

ANNEXURE X TO BOARD'S REPORT

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

1. GENERAL OVERVIEW

The automobile industry registered a growth of 14.8% in the financial year 2017-18 as compared to that of financial year 2016-17. Two-wheeler sales grew by 14.81% over April-March 2018 compared to the same period last year. Within the two-wheeler segment Motorcycle sales grew by 13.71% in April to March 2018 over the same period last year. Overcoming the dip in the aftermath of demonetisation and the initial hiccups in implementation of GST the auto market recovered strongly in 2017-18. The financial year 2017-18 turned out to be a major success for the Indian auto industry with India being ranked as the fourth largest global automotive market behind China, USA and Japan. Though the growth in the revenues of the company was not proportional to the growth in the auto component/ auto industry as a whole, the company was able to retain its market in the segment in which it is operating and has performed reasonably well in this particular segment. The company's efforts to increase its presence in the other segments of the auto industry continues. The company's efforts were also directed towards reorienting its products to suit the oncoming stricter emission norms from the year 2020. The company has been able to control the impact of the rising material, financial and administration costs through prudent management practices which is reflected in its profitability. The company's R&D is continuously responding to the competitive environment created by the various changing models of the OEM's, thereby ensuring that the company's image as a technology provider is maintained. 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. The auto component industry is expected to follow the Original Equipment Manufacture (OEM) in adoption of the electric vehicle technologies. The global move towards electric vehicles will generate new opportunities for auto component suppliers and the company is gearing up for the same.

2. FUTURE BUSINESS STRATEGY

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

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

3. ANALYSIS OF SALES 2017-18 AND OF UCAL FUEL SYSTEMS LIMITED (UFSL) Vis-a-vis INDUSTRY

The implementation of GST had an impact on the sales of the first quarter of 2017-18 only. However, the market improved from the second quarter onwards and the company performed better in the next three quarters of 2017-18 as compared to that of 2016-17. The company ended 2017-18 with a 2 % increase in turnover as compared to 2016-17. This was mainly due to an increase in the sale of air suction valves as compared to that of the previous year due to a change in the market dynamics. The oil pump and vacuum pump sales also witnessed a marginal increase in 2017-18 as compared to 2016-17 due to increased customer offtake. While there has been a marginal improvement in the offtake of spares by dealers, the offtake by the OEMs had reduced thereby affecting the total spares revenue.

4. SWOT ANALYSIS

STRENGTHS

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

WEAKNESSES

- Low IT penetration.
- Slow growth in export business.
- 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 timeframe to develop BSVI compliant technologies.
- Competitive pressure on pricing policies.
- Rising input cost.
- Relentless pressure to reduce prices by OEMs thereby affecting profit margin.
- Increased emphasis on electric mobility vehicle.

5. RESEARCH AND DEVELOPMENT (R&D)

The R&D Department is continuously developing newer products and technologies to meet the stringent emission norms (BSVI) and also 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 electronic engine management system.

R&D activities encompass change in designs, specifications and development of newer add-ons to the existing products to meet the varying customer requirements and addressing the emission norms. In the financial year 2017-2018, the R&D department had developed the e-Carb system, e-ASV, e-Purge to meet the proposed BSVI emission norms. Further the variable displacement oil pumps, variable pressure oil pumps, motor operated EGR, plastic fuel

rail, plastic fuel filter and electronic throttle valve for passenger cars and commercial vehicle applications were developed and tested. R&D projects also include those related to cost reduction, import substitution and safety in manufacture.

For 2018-2019, R&D is gearing up for the electrification of vehicles by adopting newer technologies like e-coolant pumps and electrification of auxiliary devices. 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 the Department of Scientific Research, Ministry of Science and Technology. R&D Engineers continue to publish papers in the National and International conferences.

6. MANUFACTURING CAPABILITIES, FACILITIES AND OPERATIONS

During the financial year 2017-18, to cater to the increased customer demand in two-wheeler and four-wheeler sector, the machine shop was upgraded by creating flexible lines to suit any product or variant. With BSVI norms coming into effect from the year 2020, the design of the carburettors has been enhanced and facilities for the same has been established with close tolerance levels. The focus on Quality and Productivity continues. TPM, TQM and other problem-solving techniques have helped in meeting customer expectations. The company stepped up TPM and TQM activities at the plant-level to ensure better achievement of targets and objectives which is reflected in the improved operational efficiency in 2017-18. Adequate support to sub-contractors and vendors in terms of technology and process improvements were provided thereby ensuring timely and quality supplies to the company. Redesigning of layout and regrouping of machines were also implemented to improve productivity.

7. HUMAN RESOURCES AND INDUSTRIAL RELATIONS

The Human Resource department pro-actively provides support and guidance to the employees across the organisation. The company remains committed to the well-being and the development of employees across the organisation. The focus is on recruiting, motivating and retaining the best employees, sustaining a high performing workforce, providing for business continuity through succession planning and providing cost-effective labour to the organisation together with ensuring legal compliance. The employees are provided with an environment that encourages innovation, collaboration and partnership at all levels. Equal employment opportunities are provided to all with no discrimination on any basis. The employee of the Month and year Program honours those employees who exemplify the core values of the company and have made significant contributions. The aim here is to ensure that the employees involve themselves in continuous improvement activities that benefit the organisation as a whole. The company Internship Program which was started in the financial year 2016-17 continues to provide the final year college students with a broad view of the business and aids them in realistically assessing their future career decisions with the company and helps the company in acquiring talented youngsters.

The Performance appraisal system aligns the strategic goals of the organisation with that of the employees. This performance appraisal system also monitors and analyses the performance of the organization as a whole through various reports. Stay Interviews are conducted to help managers understand why employees stay with the organisation and what causes them to leave. During the Stay Interviews, employees answer a set of questions related to their work satisfaction and career goals and have an open conversation with their manager to build trust and assess the work environment. This system of stay interviews has enabled to reduce employee turnover rates and increase employee satisfaction and engagement.

Succession Planning was also a focus area during financial year 2017-18, to retain and evaluate high potential and promotable employees. Succession Planning process was framed and used to identify training needs and development plans to help employees grow into other positions within the organization. Career pathways were created to help employees understand what skills and experiences are required by them to move up the career ladder. Training on team building and interpersonal effectiveness and new employee orientation were regularly conducted.

Harmonious industrial relations exist throughout the organization. The workers along with their union and the management understand and accept each other as partners in progress and mutually benefit each other in terms of output, performance and rewards.

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.

The background features a large blue triangle pointing downwards from the top right corner. A green trapezoidal shape is positioned in the top left corner, and a green diagonal line runs from the bottom left towards the top right, intersecting the blue triangle.

Standalone Financial Statements

INDEPENDENT AUDITORS' REPORT FOR THE YEAR ENDED 31ST MARCH 2018**TO THE MEMBERS OF UCAL FUEL SYSTEMS LIMITED****Report on the Standalone Indian Accounting standards (Ind AS) Financial Statements**

We have audited the accompanying standalone Ind AS financial statements of UCAL Fuel Systems Limited, ('the Company'), which comprises the Balance Sheet as at 31st March 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Ind AS 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 the preparation of these Standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed 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 and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these Standalone Ind AS 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 thereunder.

We conducted our audit of the standalone Ind AS financial statements 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 standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS 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 standalone Ind AS 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 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 standalone Ind AS financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS 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 2018, and its Loss, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Emphasis of Matters

Without qualifying our opinion, we draw attention to Note 37(c) forming part of the financial results for the year, in respect of the following matters relating to the foreign subsidiary of the Company

- i. During the current year receivables amounting to ₹2,854.06 lakhs and loans and advances amounting to ₹12,337.79 lakhs due to the Company from the foreign subsidiary " Amtec Precision Products, Inc., USA (AMTEC) has been written off, and the company has initiated the process of getting the approval from Reserve Bank of India for such write off.
- ii. We also draw your attention to Note 32 forming part of the financial statements for the year, in respect of impairment of investment in the same subsidiary of ₹20,877.28 lakhs, being technical matter, subject to uncertainty we have relied on the estimates and assumptions made by the Company. Accordingly provision for impairment/diminution as on 31st March, 2018 has not been considered.

Other Matters

1. The comparative financial information of the Company for the year ended 31st March 2017 and the transition date opening balance sheet as at 1st April 2016 included in these standalone Ind AS financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (as amended) audited by previous auditors for the year ended 31st March 2017 and 31st March 2016 dated 30/05/2017 and 30/05/2016 respectively expressed an unmodified opinion on those Standalone Financial Statements. The adjustments to those financial statements for the differences in the accounting principles adopted by the Company on transition to the Ind AS have been audited by us.

Our opinion on the Standalone Ind As financial statements and our report on other Legal and Regulatory requirements below is not modified in respect of these matters.

Report on Other Legal and Regulatory Requirements

2. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the said Order, to the extent applicable.
3. As required by Section 143(3) of the Act, we report that:
 - (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) the Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this report are in agreement with the books of account;

- (d) in our opinion, the aforesaid Standalone Ind AS financial statements, comply with the Indian Accounting Standards prescribed under Section 133 of the Act;
- (e) on the basis of written representations received from the directors as on 31st March 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2018, from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls refer to our separate report in Annexure B; Our Report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's Internal Financial controls over financial reporting and
- (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 explanations given to us:
 - i. the Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note No. 44 to the Standalone Ind AS financial statements.
 - ii. the Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. there has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Company.

FOR M/s R. SUBRAMANIAN AND COMPANY LLP
Chartered Accountants
ICAI regd. No. 004137S/S200041

K JAYASANKAR
Partner
Membership No.014156

Place : Chennai
Date : 21st May 2018

Annexure A to Independent Auditors' Report – 31st March 2018

(Referred to in our report of even date)

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) As explained to us, these fixed assets have been physically verified by the management at regular intervals; as informed to us no material discrepancies were noticed on such verification;
- (c) 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 the book stocks have been properly dealt with in the books of account.
- iii. According to the information and explanations given to us and on the basis of our examination of the books of account, the Company during the year has not provided any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Consequently, the provisions of clauses iii (a) and iii (b) are not applicable.
- iv. According to the information and explanations given to us, and on the basis of our examination of the books of account, the Company during the year has not provided any loan or investment or Guarantees or Securities which falls under the purview of Section 185 and 186 of the Companies Act, 2013. in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- v. According to the information and explanations given to us, the Company has not accepted any deposits from the public and consequently the directives issued by the Reserve Bank of India and provisions of Section 73 to 76 or any other relevant provisions of the Companies Act, 2013 and Companies (Acceptance of Deposits) amended Rules, 2015 are not applicable.
- vi. On the basis of the records produced to us, we are of the opinion that, prima facie, the cost records prescribed by the Central Government under sub-section (1) of Section 148 of the Act have been made and maintained. However, we are not required to and have not carried out any detailed examination of such records.
- vii. According to the information and explanations given to us, the Company is regular, in depositing with the appropriate authorities the undisputed statutory dues in the case of Provident Fund, Employees' State Insurance, Income Tax, Service Tax, Sales Tax, Customs Duty, Goods and service Tax, Excise Duty and Cess, Value Added Tax and other material Statutory dues. To the best of our knowledge and according to the information and explanations given to us, there are no arrears of outstanding statutory dues as at March 31, 2018 for a period of more than six months from the date they become payable.

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

Statutory Dues

Nature of Dues / Statute	Nature of the Dues	Amount Rs. 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 - (August 2003 - June-2004)	1.83	Asst Commissioner of GST & Central Excise Maraimalainagar Division

Nature of Dues / Statute	Nature of the Dues	Amount Rs. In lakhs	Forum where dispute is pending
Central Excise Act	Central Excise - (April, 2015- November,2016)	37.67	Asst Commissioner of GST & Central Excise Maraimalainagar Division
Sales Tax and Value Added Tax	Central Sales Tax - FY 2006-07 - Plant 8	4.77	Additional Deputy Commissioner (Appellate), Chennai
Sales Tax and Value Added Tax	Haryana -VAT-AY 2014-15	50.93	ETO cum Assessing Officer, Gurgaon

- 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, Government or dues to Debenture holders.
- 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. In our opinion and according to the information and explanations given to us, the Company has not raised monies by way of initial public offer (including debt instruments) during the year and hence his clause is not applicable.
- x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given to us by the Management, no fraud has been noticed or reported during the year.
- xi) In respect of the financial year 2017-18, the company has paid or provided Managerial remuneration in accordance with the approvals by the Ministry of Company Affairs, Government of India, vide their letter dated 12th July, 2017.
- xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company and reporting under clause 3 (xii) of the order is not applicable.
- xiii) According to the information and explanations given to us and based on our examination of records of the company, transactions with related parties are in compliance with sections 177 and 188 of the Act, where applicable and details of such transactions have been disclosed in the Ind As Standalone financial statements as required by the applicable Indian 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 and hence reporting under clause 3 (xiv) of the Order is not applicable to the Company.
- xv) According to the information and explanations given to us and based on our examination of the records of the company, the Company has not entered into any non-cash transactions with its directors or persons connected with its Directors.
- xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

FOR M/s R. SUBRAMANIAN AND COMPANY LLP
Chartered Accountants
ICAI regd. No. 004137S/S200041

Place : Chennai
Date : 21st May 2018

K JAYASANKAR
Partner
Membership No.014156

Annexure - B to the Independent Auditors' Report - 31st March 2018

(Referred to in our report of even date)

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

1. We have audited the internal financial controls over financial reporting of UCAL Fuel Systems Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Managements' Responsibility for Internal Financial Controls

2. 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

3. 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.
4. 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. 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

6. 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
 - a) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

- b) 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
- c) 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

- 7. 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

- 8. In our opinion, the Company has, in all material respects, an adequate internal financial control system with reference to financial statements and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, 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 M/s R. SUBRAMANIAN AND COMPANY LLP
Chartered Accountants
ICAI regd. No. 004137S/S200041

Place : Chennai
Date : 21st May 2018

K JAYASANKAR
Partner
Membership No.014156

BALANCE SHEET AS AT 31ST MARCH 2018

(All Amounts in ₹ lakhs unless otherwise stated)

	Note	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
I. ASSETS				
1. NON-CURRENT ASSETS				
(a) Property, Plant and Equipment	2A	28,800.70	28,825.61	30,416.93
(b) Capital work-in-progress		1,385.95	651.04	192.27
(c) Intangible Assets Other than Goodwill	2B	1,350.33	747.02	76.10
(d) Intangible Assets under Development		-	-	-
(e) Financial Assets				
(i) Investments	3	21,644.04	21,603.27	16,181.00
(ii) Loan and Advances	4	150.28	117.96	133.96
(f) Deferred Tax Asset (Net)	18	2,678.37		
(g) Other Non-current Assets	5	3,771.03	2,759.70	2,660.70
	Sub-Total	<u>59,780.70</u>	<u>54,704.60</u>	<u>49,660.96</u>
2. CURRENT ASSETS				
(a) Inventories	6	4,846.65	4,262.82	4,249.19
(b) Financial Assets				
(i) Trade Receivables	7	8,791.67	11,361.08	10,348.65
(ii) Cash and Cash Equivalents	8	211.03	333.00	98.00
(iii) Bank balances other than (ii) above	9	66.17	60.34	130.08
(iv) Loans and Advances	10	304.39	12,743.50	12,873.63
(v) Other Financial Assets	11	38.01	64.37	101.48
(c) Other Current Assets	12	1,238.02	929.97	775.71
	Sub-Total	<u>15,495.94</u>	<u>29,755.08</u>	<u>28,576.74</u>
		<u>75,276.64</u>	<u>84,459.68</u>	<u>78,237.70</u>
TOTAL ASSETS				
II. EQUITY AND LIABILITIES				
EQUITY				
(a) Equity Share Capital	13	2,211.36	2,211.36	2,211.36
(b) Other Equity	14	38,957.35	46,305.41	44,724.65
	Sub-Total	<u>41,168.71</u>	<u>48,516.77</u>	<u>46,936.01</u>
LIABILITIES				
1. NON-CURRENT LIABILITIES				
(a) Financial Liabilities				
(i) Borrowings	15	4,284.18	6,898.48	4,488.71
(ii) Trade Payables		662.79	826.13	1,040.38
(iii) Other Financial Liabilities	16	162.70	191.87	147.30
(b) Provisions	17	460.95	277.41	156.86
(c) Deferred Tax Liabilities (net)	18	-	402.31	571.14
(d) Other Non-Current Liabilities	19	9.77	9.77	13.41
	Sub-Total	<u>5,580.39</u>	<u>8,605.97</u>	<u>6,417.80</u>
2. CURRENT LIABILITIES				
(a) Financial Liabilities				
(i) Borrowings	20	12,808.77	10,440.81	9,309.85
(ii) Trade Payables		10,824.40	11,802.30	9,801.90
(iii) Other Financial Liabilities	21	3,957.43	3,746.36	4,912.06
(b) Provisions	22	99.47	52.93	14.41
(c) Current Tax Liabilities (net)			1,004.00	607.01
(d) Other Current Liabilities	23	837.47	290.54	238.66
	Sub-Total	<u>28,527.54</u>	<u>27,336.94</u>	<u>24,883.89</u>
		<u>75,276.64</u>	<u>84,459.68</u>	<u>78,237.70</u>
TOTAL EQUITY AND LIABILITIES				

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

For and on behalf of the Board of Directors

FOR M/s R. SUBRAMANIAN AND COMPANY LLP
Chartered Accountants
Firm. Reg. No. 004137S/S200041

K JAYASANKAR
PARTNER
Membership No.014156

JAYAKAR KRISHNAMURTHY
CHAIRMAN AND MANAGING DIRECTOR

Place : Chennai
Date : 21st May 2018

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 2018

(All Amount in ₹ lakhs unless otherwise stated)

	Note	For the year ended March 31, 2018	For the year ended March 31, 2017
INCOME			
I. Revenue From Operations	24	59,455.45	64,391.95
II. Other Income	25	456.40	627.34
III. Total Income (I) + (II)		59,911.85	65,019.29
IV. EXPENSES			
(a) Cost of Materials Consumed		29,900.40	29,116.32
(b) Changes in Inventories of Work-in-Progress and Finished Goods		(74.42)	53.29
(c) Excise Duty		1,693.92	7,676.99
(d) Employee Benefit Expenses	26	8,338.88	8,358.49
(e) Finance Costs	27	2,220.90	2,433.12
(f) Depreciation and Amortization Expenses	2	1,838.15	2,255.00
(g) Other Expenses	28	9,770.14	11,354.19
IV. Total Expenses		53,687.97	61,247.40
V. Profit/(Loss) Before Exceptional items and Tax (III) - (IV)		6,223.88	3,771.89
VI. Exceptional Items	29	15,191.85	-
VII. Profit/(Loss) before Tax (V) - (VI)		(8,967.97)	3,771.89
VIII. Tax Expense/(Credit)			
(a) Current Tax			1,334.00
(b) Deferred Tax		(3,035.70)	(131.54)
Tax Expense/(Credit)	30	(3,035.70)	1,202.46
IX. Profit/(Loss) After Tax for the year (VII) - (VIII)		(5,932.27)	2,569.43
X. Other Comprehensive Income/(Loss)			
A. Items that will not be reclassified to profit or loss			
(i) Remeasurements of Defined benefit Plans		(130.01)	(107.74)
(ii) Income Tax Benefit/(Expense) relating to items that will not be reclassified to profit and loss		44.99	37.29
B. Items that will be reclassified to Profit or loss		-	-
Total Other Comprehensive Income/(Loss), net of taxes		(85.02)	(70.45)
XI. Total Comprehensive Income/(Loss) for the year (IX) + (X)		(6,017.29)	2,498.98
XII. Earnings per Equity Share (EPS) (Face Value of ₹10 Each)			
(a) Basic & Diluted (In ₹)	31	-26.83	11.62

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

For and on behalf of the Board of Directors

FOR M/s R. SUBRAMANIAN AND COMPANY LLP

 Chartered Accountants
 Firm. Reg. No. 004137S/S200041

K JAYASANKAR
 PARTNER
 Membership No.014156

JAYAKAR KRISHNAMURTHY
 CHAIRMAN AND MANAGING DIRECTOR

 Place : Chennai
 Date : 21st May 2018

REKHA RAGHUNATHAN
 DIRECTOR AND
 COMPANY SECRETARY

RAM RAMAMURTHY
 WHOLE -TIME DIRECTOR AND
 CHIEF FINANCIAL OFFICER

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2018

(All Amount in ₹ lakhs unless otherwise stated)

	Year ended 31-03-2018	Year ended 31-03-2017
A. Cash Flow from Operating Activities		
Net Profit before tax	(8,967.97)	3,771.89
Add/(Less):		
Depreciation and Amortization	1,838.15	2,255.00
Profit/(Loss) on sale of Fixed Assets (net)	18.54	10.81
Decrease/(Increase) in Fair Value of Investment	(40.77)	(37.49)
Dividend Income	(82.81)	(66.31)
Interest income	(11.47)	(15.39)
Finance Cost	2,220.90	2,433.12
Trade Receivables written off	2,854.06	-
Loans given written off	12,337.79	-
Operating Profit before Working Capital Changes	10,166.42	8,351.63
Adjustments for:		
Changes in Trade Receivables	(284.65)	(1,012.43)
Changes in Inventories	(583.83)	(13.63)
Changes in Other Current Assets	(308.05)	(154.26)
Changes in Other Financial Assets	26.36	53.11
Changes in Trade Payables	(1,141.20)	1,786.15
Changes in Other Financial Liabilities (excluding current maturity of long term loans)	88.09	(24.75)
Changes in Other Current Liabilities	546.93	51.88
Changes in Provisions	100.07	51.33
Changes in Other Non-Current Liabilities	-	(3.64)
Cash Generated From Operations	8,610.14	9,085.39
Direct Taxes Paid	(2,015.36)	(1,036.01)
Net Cash Flow from Operating Activities (A)	6,594.78	8,049.38
B. Cash Flow from Investing Activities		
Purchase of Property, Plant and Equipment	(1,729.34)	(646.48)
Purchase of Intangible Assets	(717.83)	(732.42)
Sale of Fixed Assets	12.08	33.49
Changes in Capital Work-in-progress	(734.91)	(458.77)
Purchase of Investments	0.00	(5,384.78)
Interest Received	11.47	15.39
Dividends Received	82.81	66.31
Loans (given) / received Back	69.00	130.13
Net cash from /(used in) investing Activities (B)	(3,006.72)	(6,977.13)

	Year ended 31-03-2018	Year ended 31-03-2017
C Cash Flow from Financing Activities		
Borrowings:		
Term loan availed / (repaid)	(2,517.39)	1,310.77
Short term borrowings availed / (repaid)	976.67	737.13
Other Bank Balances	(5.83)	69.74
Finance Cost Paid	(2,227.29)	(2,437.72)
Dividend and Dividend Tax Paid	(1,327.48)	(911.00)
Net Cash from/(used in) Financing Activities (C)	<u>(5,101.32)</u>	<u>(1,231.08)</u>
Total (A) + (B) + (C)	<u>(1,513.26)</u>	<u>(158.83)</u>
Cash and Cash Equivalents at the beginning of the year	(5,207.61)	(5,048.78)
Cash and Cash Equivalents at the end of the year	<u>(6,720.87)</u>	<u>(5,207.61)</u>
D Net increase / (decrease) in cash and cash equivalents	<u>(1,513.26)</u>	<u>(158.83)</u>

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

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

(c) Previous year figures have been regrouped wherever necessary

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

For and on behalf of the Board of Directors

FOR M/s R. SUBRAMANIAN AND COMPANY LLP
Chartered Accountants
Firm. Reg. No. 004137S/S200041

K JAYASANKAR
PARTNER
Membership No.014156

JAYAKAR KRISHNAMURTHY
CHAIRMAN AND MANAGING DIRECTOR

Place : Chennai
Date : 21st May 2018

REKHA RAGHUNATHAN
DIRECTOR AND
COMPANY SECRETARY

RAM RAMAMURTHY
WHOLE -TIME DIRECTOR AND
CHIEF FINANCIAL OFFICER

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2018

A. EQUITY SHARE CAPITAL

(All Amounts in ₹ lakhs unless otherwise stated)

	For the year ended		Capital Reserve	Reserves and Surplus			Total
	31-Mar-18	31-Mar-17		General Reserves	Securities Premium	Retained Earnings	
Balance at the beginning of the year	2,211.36	2,211.36	160.00	16,571.82	2,165.34	25,827.49	44,724.65
Change in Equity Share Capital during the year	-	-	-	-	-	2,569.43	2,569.43
Balance at the end of the year	2,211.36	2,211.36	160.00	16,571.82	2,165.34	25,827.49	44,724.65
B. OTHER EQUITY							
2016-17							
Balance as at April 1, 2016 - (A)							
Additions during the year:							
Profit for the year						2,569.43	2,569.43
Other Comprehensive Income						(70.45)	(70.45)
Total Comprehensive Income for the year 2016-17 - (B)						2,498.98	2,498.98
Reductions during the year:							
Dividend paid for 2015-16 approved by shareholders						(773.97)	(773.97)
Dividend distribution tax on above dividend						(144.25)	(144.25)
Total - (C)			160.00	16,571.82	2,165.34	(918.22)	(918.22)
Balance as at March 31, 2017 (D)=(A)+(B)+(C)			160.00	16,571.82	2,165.34	27,408.25	46,305.41
2017-18							
Balance as at April 1, 2017 - (A)			160.00	16,571.82	2,165.34	27,408.25	46,305.41
Additions during the year:							
Profit for the year						(5,932.27)	(5,932.27)
Other Comprehensive Income						(85.02)	(85.02)
Total Comprehensive Income for the year 2017-18 - (B)						(6,017.29)	(6,017.29)
Reductions during the year:							
Dividend paid for 2016-17 approved by shareholders						(1,105.68)	(1,105.68)
Dividend distribution tax on above dividend						(225.09)	(225.09)
Total - (C)			160.00	16,571.82	2,165.34	(1,330.77)	(1,330.77)
Balance as at March 31, 2018 (D)=(A)+(B)+(C)			160.00	16,571.82	2,165.34	20,060.19	38,957.35

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

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

K JAYASANKAR
PARTNER
M. NO. 014156

Place: Chennai
Date: 21st May 2018

REKHA RAGHUNATHAN
DIRECTOR AND
COMPANY SECRETARY

JAYAKAR KRISHNAMURTHY
CHAIRMAN AND MANAGING DIRECTOR

RAM RAMAMURTHY
WHOLE TIME DIRECTOR AND
CHIEF FINANCIAL OFFICER

For and on behalf of the board of Directors

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

1. Significant Accounting Policies:

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

a) Brief Description of the Company:

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

b) Statement of Compliance:

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

The financial statements upto year ended March 31, 2017 were prepared in accordance with the accounting standards notified under Companies (Accounting Standard) Rules, 2006 as amended and other relevant provisions of the Act.

These financial statements are the first financial statements of the Company under Ind AS. Refer Note 39 for an explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position and financial performance.

The corresponding figures presented are also IndAS compliant.

c) Basis of Preparation:

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

d) Recent Pronouncements:

On March 28, 2018, the Ministry of Corporate Affairs (MCA) has notified Ind AS 115 - "Revenue from Contract with Customers" and also made certain amendments to the existing Ind AS. The notification shall be effective from 1st April 2018. The management believes that adoption of The Indian Accounting Standard (Ind AS) 115 - "Revenue from Contracts with Customers" does not have any significant impact on the consolidated financial statements of the company.

The management believes that adoption of amendment to Ind AS 21, Foreign currency transactions and advance consideration and Ind AS 12 Income Taxes, do not have any significant impact on the consolidated financial statements of the company.

e) Use of Estimates:

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

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

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD)

Judgements made by the management are as follows:

- i) Recovery of Trade Receivables due from and Loans repayable by Amtec Precision Products, Inc. was considered improbable and written off from the books (Refer Note 37 (c))

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

- i) Defined employee benefit obligations – Refer Note No. 40
- ii) Estimation of useful life of Property, Plant and Equipment – Refer Note No. 1(j) and 1(k)
- iii) Assessment of Fair Value as on the date of transition to IndAS for certain items of Property, Plant and Equipment – Refer Note. 39
- iv) Estimation and evaluation of provisions and contingencies relating to tax litigations – Refer Note 44
- v) Recoverability/Recognition of Deferred Tax Assets (Refer No. 35)

f) Current and Non-Current Classification:

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

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

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

A liability is treated as current when:

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

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

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

g) Revenue Recognition:

Revenue is measured at fair value of consideration received or receivable net of returns. It includes excise duty (upto 30th June 2017), but excludes VAT (upto 30th June 2017) and Sales Tax (upto 30th June 2017) and does not include Goods and Service Tax.

Revenue from sale of products is recognized, when significant risks and rewards of ownership pass to the dealer / customer, as per terms of contract and it is probable that the economic benefits associated with the transaction will flow to the Company.

Interest income from debt instruments is recognized using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying value of a financial asset. While calculating the effective interest rate, the Company estimates the

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD)

expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options), but does not consider the expected credit losses.

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

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

- a) another systematic basis is more representative of the time pattern in which use benefit derived from the asset is diminished, even if the payment is not on that basis; or
- b) the payments to the lessor are structured to increase in line with the expected general inflation.

h) Cost Recognition:

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

i) Property, Plant and Equipment:

Freehold Land is carried at deemed cost as at the date of transition to Indian Accounting Standard as per the exemption availed under IndAS 101. Leasehold land is carried at deemed cost at the date of transition to Indian Accounting Standards as reduced by the amortization of the deemed cost over the expired period of lease. All other items of Property, Plant and Equipment are stated at cost of acquisition or construction less accumulated depreciation / amortization and impairment, if any. Cost includes purchase price, taxes and duties, labour cost and directly attributable overheads incurred upto the date the asset is ready for its intended use. However, cost excludes Excise Duty, Value Added Tax and Service Tax, Goods and Service Tax to the extent credit of the duty or tax is availed of.

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

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

j) Depreciation and Amortization:

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

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

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

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD)**k) Intangible Assets****Purchased Intangible Assets:**

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

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

Class of Asset	Useful Life
Software	3 years
Technical Know how	10 years

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

Internally generated intangible assets:

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

l) Leases:

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

Accounting of Finance leases

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

Accounting of Operating leases

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

m) Impairment:

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

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD)**n) Foreign Currency Translation:****(i) Functional and presentation currency**

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

(ii) Transactions and Balances

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

o) Inventories:

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

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

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

ii) Long term Post-employment obligation:

The Company has the following post-employment benefit obligations:

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

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

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

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD)

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

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

Provident Fund and Pension Plans:

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

iii) Other Long-Term Employee Benefits:

Liabilities for compensated absences are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are, therefore, measured at the present value of the expected future payments that has accrued to the employees in accordance with the company's policy for compensated absences. The benefits are discounted using an appropriate discount rate and are estimated using the projected unit credit method by an independent actuary. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in other comprehensive income. The obligation is classified as current and non-current based on the policy stated in Note No. 1(f).

q) Taxes on Income:

Tax expense comprises of current and deferred taxes.

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

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

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

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

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

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

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD)

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

r) Government Grants:

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

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

s) Provisions and Contingent Liabilities:

i) Provision

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

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

ii) Contingent Liabilities:

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

t) Segment Reporting:

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

u) Cash and Cash Equivalents:

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

v) Financial Instruments:

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

w) Financial Assets:

Classification:

The company classifies its financial assets in the following categories:

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

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD)

- Those measured at amortized cost

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

Measurement:

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

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

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

Debt Instruments:

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

Amortized cost:

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

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

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

Equity Instruments:

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

Investment in Subsidiary Companies:

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

Trade receivables:

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

Impairment:

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

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD)

Derecognition and write-off:

A financial asset is derecognized only when:

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

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

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

ii) Financial Liabilities:

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

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

2A. PROPERTY, PLANT AND EQUIPMENT

(All Amount in ₹ lakhs unless otherwise stated)

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

Description	Gross Carrying Amount				Depreciation/Amortisation				Net Carrying Amount	
	As at 01.04.2016	Additions	Disposals	As at 31.03.2017	As at 31.03.2016	Charge During the year	Disposal	Up to 31.03.2017	As at 31.03.2017	Net Carrying Amount
(a) Land	14,476.40	-	-	14,476.40	-	-	-	-	14,476.40	
- Freehold	14,476.40	-	-	14,476.40	-	-	-	-	14,476.40	
- Leasehold*	2,713.53	-	-	2,713.53	-	31.50	-	31.50	2,682.03	
(b) Buildings	4,767.59	6.49	-	4,774.08	-	211.69	-	211.69	4,562.39	
(c) Plant and Machinery	8,157.64	519.35	48.06	8,628.93	-	1,872.15	4.72	1,867.43	6,761.50	
(d) Furniture and Fixtures	108.96	9.73	-	118.69	-	28.60	-	28.60	90.09	
(e) Vehicles	70.08	49.58	0.38	119.28	-	23.22	-	23.22	96.06	
(f) Office Equipment	122.73	61.33	0.58	183.48	-	26.34	-	26.34	157.14	
Total	30,416.93	646.48	49.02	31,014.39	-	2,193.50	4.72	2,188.78	28,825.61	

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

2B. INTANGIBLE ASSETS

(All Amount in ₹ lakhs unless otherwise stated)

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

Description	Gross Carrying Amount			Depreciation/Amortisation				Net Carrying Amount	
	As at 01.04.2016	Additions	Disposals	As at 31.03.2016	Charge During the year	Disposal	Up to 31.03.2017	As at 31.03.2017	As at 01.04.2016
Technical Know-how	34.30	728.11	-	762.41	29.08	-	29.08	733.33	34.30
Computer Software	41.80	4.31	-	46.11	32.42	-	32.42	13.69	41.80
Total	76.10	732.42	-	808.52	61.50	-	61.50	747.02	76.10

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD)

(All Amount in ₹ lakhs unless otherwise stated)

Particulars	As at 31 st March 2018	As at 31 st March 2017	As at 1 st April 2016
3 Investments measured at Cost			
Equity instruments - Unquoted			
Subsidiary Companies			
(a) Ucal Polymer Industries Limited (16,35,217 shares of ₹10/- each fully paid)	571.59	571.59	571.59
(b) Amtec Precision Products Inc ., (1000 shares of USD 0.01 each)	20,877.28	20,877.28	15,492.49
Subtotal	21,448.87	21,448.87	16,064.08
Investments measured at Fair Value through Profit and Loss			
Equity Instruments			
Unquoted			
(c) Suryadev Alloys and Power Private Limited (600 shares of ₹10/- each fully paid)	0.82	0.82	0.82
Quoted			
(d) HDFC Bank Limited (9500 fully paid up shares of ₹10 each)	179.17	137.04	101.76
(e) The Karnataka Bank Limited (3367 fully paid up equity shares of ₹10 each)	3.87	4.74	3.45
(f) Industrial Development Bank of India Limited (15,578 fully paid up shares of ₹10each)	11.25	11.70	10.81
(g) Corporation Bank Limited (200 fully paid shares of ₹10 each)	0.06	0.10	0.08
Total	21,644.04	21,603.27	16,181.00
Aggregate amount of Quoted Investments and Market Value	194.35	153.58	116.10
Aggregate amount of Unquoted Investments	21,449.69	21,449.69	16,064.90
All Investments are fully paid up. Refer Note No. 39 for valuation relating to first time adoption			
4 Loans and Advances			
Unsecured , Considered Good			
Security Deposits	150.28	117.96	133.96
Total	150.28	117.96	133.96
5 Other Non-Current Assets			
(a) Capital Advances to related parties	2,100.00	2,100.00	2,100.00
(b) Non-Current Tax Assets	1,671.03	659.70	560.70
Total	3,771.03	2,759.70	2,660.70
6 Inventories			
(a) Raw Materials and Components	1,703.65	1,529.55	1,608.57
(b) Work-in-progress	554.42	567.02	706.17
(c) Finished goods	583.42	496.40	410.54
(d) Stores & Spares	71.54	80.49	103.64
(e) Tools & Consumables	1,933.62	1,589.36	1,420.27
Total	4,846.65	4,262.82	4,249.19
Raw Materials and Components			
Finished goods			

Refer to Note 1(o) for method of valuation of inventories

Refer to Note 42 for details relating to hypothecation of inventories

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD)

(All Amount in ₹ lakhs unless otherwise stated)

Particulars	As at 31 st March 2018	As at 31 st March 2017	As at 1 st April 2016
7 Trade Receivables			
Unsecured			
(a) Considered good	8,791.67	11,361.08	10,348.65
(b) Doubtful		66.00	
Less: Allowance for Doubtful Debts	-	(66.00)	-
Total	8,791.67	11,361.08	10,348.65
8 Cash and Cash Equivalents			
(a) Cash on hand	9.36	9.32	13.53
(b) Balances with banks in Current Accounts	201.67	323.68	84.47
Total	211.03	333.00	98.00
Cash and Cash Equivalents for the purpose of Cash Flow Statements			
Cash and Cash Equivalents shown as above	211.03	333.00	98.00
Less: Overdrafts utilized [Grouped under financial liabilities]	6,931.90	5,540.61	5,146.78
	(6,720.87)	(5,207.61)	(5,048.78)
9 Other Bank balances			
With upto 12 months maturity			
(a) Earmarked balances with bank**	66.17	60.34	130.08
Total	66.17	60.34	130.08
**Fixed Deposit held under lien by Bank as Margin Money	7.01	4.47	81.43
**Unpaid Dividend Account Balances	59.16	55.87	48.65
10 Current Loans and Advances			
Unsecured, Considered Good:			
(a) Loans and Advances to related parties (Considered Good)			
- Amtec Precision Products Inc., (Subsidiary)	-	12,401.58	12,506.18
(b) Security Deposits	304.39	341.92	367.45
Total	304.39	12,743.50	12,873.63
11 Other Financial Assets - Current			
(a) Claims Receivable	38.01	64.37	101.48
Total	38.01	64.37	101.48
12 Other Current Assets			
(a) Advances to Suppliers	1,022.59	488.57	379.15
(b) Prepaid Expenses	32.39	48.68	42.03
(c) Staff Advances	1.88	0.31	68.11
(d) Balances with VAT/Excise/GST Authorities	181.16	392.41	286.42
Total	1,238.02	929.97	775.71

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD)

(All Amount in ₹ lakhs unless otherwise stated)

Particulars	As at 31 st March 2018	As at 31 st March 2017	As at 1 st April 2016
13 Equity Share Capital			
(a) Authorised Share Capital			
7,50,00,000 (7,50,00,000) Equity Shares of ₹10 each	7,500.00	7,500.00	7,500.00
(b) Issued, Subscribed and Paid-up Capital			
2,21,13,625 (2,21,13,625) Equity Shares of ₹10 each Fully Paid	2,211.36	2,211.36	2,211.36
Total	2,211.36	2,211.36	2,211.36

(c) Movement in Equity Shares	For the Year 2017-18	For the Year 2016-17
	Number	Number
Opening Number of Shares	2,21,13,625	2,21,13,625
Add: Issues of Shares	-	-
Closing Number of Share	2,21,13,625	2,21,13,625
	Amount (INR)	Amount (INR)
Opening Equity Share Capital	22,11,36,250	22,11,36,250
Add: Issue of Shares	-	-
Closing Equity Share Capital	22,11,36,250	22,11,36,250

(d) Rights and Restrictions attached to Equity Shares

The Company has only one class of equity shares having a par value of ₹10 per share. 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.

The Equity shareholders are entitled to receive dividends as and when declared; a right to vote in proportion to holding etc. and their rights, preference and restrictions are governed by / in terms of their issue under the provisions for Companies Act, 2013.

(e) Shareholder Holding more than 5% Equity shares

Particulars	As at 31 st March 2018		As at 31 st March 2017	
	No. of Shares	Percentage	No. of Shares	Percentage
Carburettors Limited	1,13,20,089	51.19%	1,13,20,089	51.19%
Southern Ceramics Private Limited	15,58,515	7.05%	15,58,515	7.05%
Minica Real Estate Private Limited	13,41,882	6.07%	13,41,882	6.07%

(f) "No shares were allotted as fully paid bonus shares during the 5 years immediately preceding 31.03.2018. No Shares were bought back during the preceding 5 previous years and no shares were allotted for non-cash consideration during the 5 years immediately preceding 31.03.2018."

(g) Shareholding of Group Companies

Category	As at 31 st March 2018	As at 31 st March 2017
Shares held by Holding Company	51.19%	51.19%

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD)

(All Amount in ₹ lakhs unless otherwise stated)

Particulars	As at 31 st March 2018	As at 31 st March 2017	As at 1 st April 2016
14 Other Equity (Refer statement of changes in Equity)			
(a) General Reserve	16,571.82	16,571.82	16,571.82
(b) Capital Reserve	160.00	160.00	160.00
(c) Securities Premium	2,165.34	2,165.34	2,165.34
(d) Retained Earnings	20,060.19	27,408.25	25,827.49
Total	38,957.35	46,305.41	44,724.65
15 Non-Current Borrowings			
(a) Terms Loans (Secured) (Refer Note 42)			
- From Banks	3,851.18	6,465.48	4,055.71
- From Others	-	-	-
(b) Deposits (Unsecured)			
- Intercorporate Deposits	433.00	433.00	433.00
Total	4,284.18	6,898.48	4,488.71
16 Other Non-Current Financial Liabilities			
(a) Security Deposits	50.40	32.15	32.15
(b) Other Financial Liabilities	112.30	159.72	115.15
Total	162.70	191.87	147.30
17 Non Current Provisions			
Towards employee Benefit Obligations (Refer Note 40)			
(a) Gratuity	375.55	213.77	109.71
(b) Compensated Absences	85.40	63.64	47.15
Total	460.95	277.41	156.86
18 Deferred Tax			
Deferred tax Liability			
Depreciation	894.71	516.91	649.45
(A) Sub-total - Deferred Tax Liability	894.71	516.91	649.45
Deferred Tax Asset			
Business Loss	3,403.61		
Employee related expenses	169.47	114.60	78.31
(B) Sub-total - Deferred Tax Asset	3,573.08	114.60	78.31
Net Deferred Tax (Liability)/Asset	2,678.37	(402.31)	(571.14)
Movement in Deferred Tax:	Depreciation	Others	Total
As at 1 st April 2016 - (Liability)/Asset			(571.14)
(Charged)/Credited:			
- To Profit and Loss	132.54	(1.00)	131.54
- To Other Comprehensive Income		37.29	37.29
As at 31 st March 2017 - (Liability)/Asset			(402.31)
(Charged)/Credited:			
- To Profit and Loss	(377.78)	3,413.48	3,035.70
- To Other Comprehensive Income		44.99	44.99
As at 31 st March 2018 - (Liability)/Asset			2,678.38

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD)

(All Amount in ₹ lakhs unless otherwise stated)

Particulars	As at 31 st March 2018	As at 31 st March 2017	As at 1 st April 2016
19 Other Non-Current Liabilities			
Advances from Customers	9.77	9.77	13.41
Total	9.77	9.77	13.41
20 Current Borrowings			
(a) Loans Repayable on Demand (Refer Note 42) - From Banks (Secured)	6,931.90	5,540.61	5,146.78
(b) Short Term Borrowings from Banks (Unsecured)	4,844.90	3,737.14	3,424.20
(c) Short Term Borrowings from Others (Unsecured)	1,031.97	1,163.06	738.87
Total	12,808.77	10,440.81	9,309.85
21 Other Financial Liabilities			
(a) Current Maturities of Long-term debt (Refer Note 42)	2,620.05	2,523.14	3,622.14
(b) Interest Accrued but not due on Borrowings	16.54	22.93	27.53
(c) Unclaimed Dividend	59.16	55.87	48.65
(d) Employee Dues	762.80	792.59	769.94
(e) Other Current Financial Liabilities	498.88	351.83	443.80
Total	3,957.43	3,746.36	4,912.06
22 Short Term Provisions			
Provision for Employee Benefits (Refer Note 40)			
(a) Gratuity	82.44	47.76	-
(b) Compensated Absences	17.03	5.17	14.41
Total	99.47	52.93	14.41
23 Other Current Liabilities			
(a) Advances from Customers	4.50	4.50	-
(b) Statutory Dues	781.57	251.04	218.66
(c) Other Liabilities	51.40	35.00	20.00
Total	837.47	290.54	238.66
		Year ended March 31, 2018	Year ended March 31, 2017
24 Revenue From Operations (inclusive of Excise duty)			
(a) Sale of Products		59,111.68	64,074.61
(b) Other Operating Revenues		343.77	317.34
Total		59,455.45	64,391.95

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD)

(All Amount in ₹ lakhs unless otherwise stated)

	Year ended March 31, 2018	Year ended March 31, 2017
25 Other Income		
(a) Interest Income	11.47	15.39
(b) Dividend Income	82.81	66.31
(c) Rental Income	117.49	106.80
(d) Profit on Sale of PPE	2.95	10.94
(e) Increase in the fair value of Investments (Net)	40.77	37.49
(f) Government Grant	27.49	-
(f) Other Non-Operating Income	173.42	390.41
Total	456.40	627.34
26 Employee Benefit Expenses		
(a) Salaries and Wages*	7,199.63	7,184.52
(b) Contribution to Provident and Other Funds	533.59	571.57
(c) Staff Welfare Expenses	605.66	602.40
Total	8,338.88	8,358.49
*Includes Employee benefit expenses relating to R&D		
27 Finance Costs		
(a) Interest	2,170.73	2,304.88
(b) Other Borrowing Cost	50.17	128.24
Total	2,220.90	2,433.12
28 Other Expenses		
(a) Consumption of tools, stores and Spares	2,830.53	2,931.57
(b) Power and Fuel	1,783.14	2,131.95
(c) Repairs and Maintenance		
- Building	44.61	18.20
- Plant and Machinery	293.12	296.40
- Other	374.99	314.36
(d) Net Foreign Exchange Loss	35.78	207.37
(e) Payment to Auditors		
- Towards Audit Fees*	21.88	17.50
- Towards Taxation Matters	-	0.60
- Towards Certification	2.26	5.02
- Towards Other Services	1.00	0.92
- Towards Out of Pocket Expenses	0.82	0.57
(f) Travelling Expenses	603.76	493.81
(g) Rental Expenses	473.19	434.87
(h) Packing Expenses	413.93	521.38

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD)

	Year ended March 31, 2018	Year ended March 31, 2017
(i) Carriage Outwards	555.33	855.35
(j) Professional Charges	512.84	619.91
(k) Corporate Social Responsibility	60.94	45.50
(l) Allowance for Trade and Other Receivables	-	66.00
(m) Postage Telephone and Fax	78.58	75.03
(n) Insurance	69.94	63.64
(o) Rates and Taxes	40.02	63.71
(p) Director's Sitting Fees	11.10	6.95
(q) Discount Allowed	94.34	102.53
(r) Sub-Contracting Charges	331.50	350.89
(s) Loss on Sale of Fixed Assets	21.49	21.75
(t) Other Expenses	1,115.05	1,708.41
Total	9,770.14	11,354.19
*Includes INR 4.38 lacs paid to previous auditors		
29 Exceptional Items		
(a) Write off of Trade Receivables from Subsidiary Company	2,854.06	-
(b) Write off of Loans given to Subsidiary Company	12,337.79	-
Total	15,191.85	-
30 Income Tax Expenses		
(a) Income Tax Expense		
Current Tax:		
Current Tax on Profits for the year	-	1,334.00
Sub Total (A)	-	1,334.00
Deferred Tax:		
Decrease/ (Increase) in deferred tax assets	(3,458.47)	(36.29)
(Decrease)/ Increase in deferred tax liabilities	377.78	(132.53)
Sub Total (B)	(3,080.69)	(168.82)
(A) + (B)	(3,080.69)	1,165.18
b) Reconciliation of tax expense and the accounting profit multiplied by India's Tax Rate		
Profit Before income tax expense	(8,967.97)	3,771.89
Tax at Indian tax rate of 34.608%	(3,103.64)	1,305.38
Deduction under scientific and Research Expense Sec 35(2AB)	(248.14)	(205.04)
Income tax impact of difference between Book Depreciation and Depreciation under Tax law	(38.97)	199.34
Expenses not allowed under the Income Tax Act, 1961	43.13	61.05
Incomes not Chargeable to Tax	(55.99)	(26.73)
Carried forward as Business Loss	3,403.61	-
Current Tax	-	1,334.00
Deferred Tax on Business loss	(3,403.61)	-
Deferred Tax - Other items	367.91	(131.54)
Income tax Expense	(3,035.70)	1,202.46
Effective Rate of tax	33.85%	31.88%

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD)

	Year ended March 31, 2018	Year ended March 31, 2017
31 Earnings Per Share		
(a) Profit for the year attributable to equity shareholders	(5,932.27)	2,569.43
(b) Weighted average number of Equity Shares	221.14	221.14
(c) Earnings per Share (Basic and Diluted)	(26.83)	11.62
(d) Face Value per Share ₹	10.00	10.00

32. Investment in Equity:

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 2018, 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

33. Windmill Power Generation:

Electricity charges debited to Profit & Loss account is net of ₹127.85 lakhs (previous year ₹126.42 lakhs) being the electricity generated through company owned Wind Turbine Generators.

34. Managerial Remuneration:

Managerial Remuneration provided/ paid for the year ended 31st March 2018 based on the approval of the shareholders in the AGM held on 28th September 2017 stands at ₹259.07 (including a sum of ₹37.29 lakhs provided and yet to be paid) It is in accordance with the approval of the Central Government dated 12th July, 2017.

35. Deferred Tax:

Foreign currency Trade Receivables of INR 2,854.06 lacs and loan receivable of INR 12,337.79 lacs have been written off and deferred tax Asset of INR 3,403 lacs has been recognized in the financials. The management firmly believes that adequate taxable profit would be earned in the years to come other than the reversal of taxable timing differences. The company has been earning profit before tax during a considerable number of its past years. The loss incurred during the year was on account of the aforesaid write-off and accordingly recognized as deferred tax asset.

36. Fair Value Measurements:

Classification of Financial Instruments:

(Amount in INR lakhs)

Description	As at 31 st March 2018		As at 31 st March 2017		As at 1 st April 2016	
	FVTPL	Amortized Cost	FVTPL	Amortized Cost	FVTPL	Amortized Cost
Financial Assets						
Investments						
Equity Instruments	195.17		154.41		116.92	
Security Deposits		454.67		459.88		501.41
Loans		-		12,401.58		12,506.18
Trade Receivables		8,791.67		11,361.08		10,348.65
Cash and Cash Equivalents		211.03		333.01		98.00
Other Financial Assets		104.18		124.71		231.56
Total	195.17	9561.55	154.41	24,680.26	116.92	23,685.80

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD)

Description	As at 31 st March 2018		As at 31 st March 2017		As at 1 st April 2016	
	FVTPL	Amortized Cost	FVTPL	Amortized Cost	FVTPL	Amortized Cost
Financial Liabilities						
Borrowings		19,713.00		19,862.43		17,420.70
Trade Payables		11,487.19		12,628.43		10,842.28
Other Financial Liabilities		1,500.08		1,415.09		1,437.22
Total		32,700.27		33,905.95		29,700.20

*FVTPL=> Fair Value Through Profit and Loss

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

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

b. Assets and Liabilities that are measured at Fair Value on a recurring basis:

Description	Fair Value Hierarchy	As at 31 st March 2018	As at 31 st March 2017	As at 1 st April 2016
Equity Instruments				
HDFC Bank Limited	Level 1	179.17	137.04	101.76
The Karnataka Bank Limited	Level 1	3.87	4.74	3.45
Industrial Development Bank of India Limited	Level 1	11.25	11.70	10.81
Corporation Bank Limited	Level 1	0.06	0.11	0.08
Suryadev Alloys and Power Private Limited	Level 3	0.82	0.82	0.82
Total		195.17	154.41	116.92

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

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

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

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

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

37. Financial Assets Risk Management:

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

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD)

a) **Market Risk**

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

i) **Currency Risk:**

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

Particulars	As at 31 st March 2018			As at 31 st March 2017		
	EUR	USD	JPY	EUR	USD	JPY
Financial Assets						
Trade Receivables	251.17	14.22	41.61	188.93	3,078.50	8.42
Loans and Advances					12,401.58	
Total (A)	251.17	14.22	41.61	188.93	15,480.08	8.42
Financial Liabilities						
OIF Term Loan		1,821.23			2,788.12	
Trade Payables	0.35	36.28	46.57	1.54	112.90	58.43
Total (B)	0.35	1,857.51	46.57	1.54	2,901.02	58.43
Net Exposure (A) – (B)	250.82	(1,843.29)	(4.96)	187.39	12,579.06	(50.01)

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

Sensitivity Analysis

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

(Amount in INR lakhs)

	Impact on Profit after Tax*		Impact on Equity*	
	As at 31 st March 2018	As at 31 st March 2017	As at 31 st March 2018	As at 31 st March 2017
USD Sensitivity				
INR/USD increases by 5%	(60.27)	411.28	(60.27)	411.28
INR/USD decreases by 5%	60.27	(411.28)	60.27	(411.28)
EUR Sensitivity				
INR/ EUR increases by 5%	8.20	6.13	8.20	6.13
INR/ EUR decreases by 5%	(8.20)	(6.13)	(8.20)	(6.13)
JPY Sensitivity				
INR/JPY increases by 5%	(0.16)	(1.64)	(0.16)	(1.64)
INR/ JPY decreases by 5%	0.16	1.64	0.16	1.64

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

ii) **Interest Rate Risk:**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The company has availed loans at floating interest rate exposing the company to

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD)

interest rate risk. The company has not hedged its interest rate risk using interest rate swaps and is exposed to the risk. The total exposure of the company to interest rate risk as at the balance sheet date has been disclosed below:

(Amount in INR lakhs)

	As at 31 st March 2018		As at 31 st March 2017	
	INR	%	INR	%
Variable Rate Borrowings	19,712.98	100.00	19,862.43	100.00
Fixed Rate Borrowings	-	-	-	-
Total	19,712.98	100.00	19,862.43	100.00

Sensitivity Analysis:

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

(Amount in INR lakhs)

	Impact on Profit before tax and Equity	
	Year ended 31 st March 2018	Year ended 31 st March 2017
Interest rate increases by 50 bps	(64.45)	(64.94)
Interest rate decreases by 50 bps	64.45	64.94

iii) Equity Price Risk:

Investments in equity instruments of the subsidiary companies are not held for trading and are carried at cost, hence are not exposed to equity price risk. The company holds certain investments in equity instruments that are quoted in stock exchanges and such investments are designated as measured at fair value through profit and loss statement exposing the company to equity price risk. Exposure to Equity price risk was INR 194.35 lacs (INR 153.58 lacs).

Sensitivity Analysis:

(Amount in INR lakhs)

	Impact on Profit and Equity*	Impact on Profit and Equity*
	As at 31 st March 2018	As at 31 st March 2017
5% increase in Equity Prices	9.72	7.68
5% Decrease in Equity Prices	-9.72	-7.68

* Before Tax

b) Liquidity Risk:

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

Maturity Analysis of Non-Derivative Financial Liabilities:

(Amount in INR lakhs)

	Due in 1 st Year	Due between 1 to 5 years	Carrying Amount as on 31 st March 2018
March 31st 2018			
Borrowings	15,428.82	4,284.18	19,713.00
Trade Payables	10,824.40	662.79	11,487.19
Other Financial Liabilities	1,337.38	162.70	1,500.08
Total	27,590.60	5,109.67	32,700.27

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD)

c) Credit Risk:

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

Write off of Financial Assets:

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

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

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

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

The possibility of recovering the Trade Receivables of INR 2,854.06 lacs and loan receivable of INR 12,337.79 lacs due from its wholly owned subsidiary Amtec Precision Products Inc., were judged to be remote, accordingly these financial assets have been written off and the loss has been disclosed as an exceptional item in the statement of profit and loss. The company has initiated necessary action to secure approvals from the Reserve Bank of India in this regard.

Reconciliations of Changes in the loss allowances: (Amount in INR lakhs)

Particulars	Life time expected credit losses on Trade and lease Receivables
As at 1 st April 2016	NIL
Provided during the year*	66*
Write-off against allowance	NIL
Reversals	NIL
As at 1 st April 2017	66
Provided during the year	NIL
Write-off against allowance	(66)
Reversals	NIL
As at 31 st March 2018	NIL

*represents the entire gross carrying value of the financial asset

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

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD)

Credit Exposures:

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

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

Grade wise credit risk exposure on the reporting date: (Amount in INR lakhs)

Grade	As at 31 st March 2018					As at 31 st March 2017					
	Equity Instruments	Security Deposits	Cash and Bank Balances	Trade and Lease Receivables	Other Financial Assets	Equity Instruments	Security Deposits	Cash and Bank Balances	Trade and Lease Receivables	Loans	Other Financial Assets
A	195.17	454.67	277.20	8791.67	38.01	154.41	459.88	393.35	11,361.08	12,401.58	64.37
B	-	-	-	-	-	-	-	-	-	-	-
C	-	-	-	-	-	-	-	-	*66.00	-	-

*Expected credit losses, if any were measured on a 12th month estimate basis except for trade receivables classified in Grade C as on 31st March 2017 & 31st March 2018 where ECL is measured on life time basis.

38. Capital Management:

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

39. Reconciliations Between Previous GAAP and IndAS:

A. Reconciliation Statements:

i) Equity Reconciliation: (Amount in INR lakhs)

Description	Note Ref.	Total Equity	Total Equity
		As at 31 st March 2017	As at 31 st March 2016
Total Equity (Shareholders' Funds) as per previous GAAP		35,049.43	32,556.42
Adjustments Increase/(Decrease):			
Adoption of Fair Value as Deemed Cost of Land	B.1.1	13,349.78	13,349.78
Fair Valuation of Investments	B.2.2/B.2.3	149.06	111.59
Proposed Dividend Added Back to Equity	C.4		773.97
Dividend Distribution Tax Paid	C.4		144.25
Depreciation of Leasehold land	C.3	(31.50)	
Total Equity as per IndAS		48,516.77	46,936.01

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD)

ii) Total Comprehensive Income Reconciliation: (Amount in INR lakhs)

Description	Note Ref.	For the year 2016-17
Net Profit as per Previous GAAP		2,493.02
Adjustments Increase/(Decrease):		
Marked to Market Gain on Investments	B.2.2/B.2.3	37.49
Depreciation of Leasehold Land	C.3	(31.50)
Remeasurement of Defined employee benefit obligations	C.2	107.74
Tax impact of above items		(37.32)
Profit after Tax as per IndAS		2569.43
Other Comprehensive Income (Net of Tax)		
i) Items that will not be reclassified to profit and Loss		(70.45)
ii) Items that will be reclassified to profit and Loss		-
Total Comprehensive Income As per IndAS		2,498.98

B. Exemptions and Exceptions availed:

The company has applied all the mandatory exceptions and availed certain optional exemptions required/allowed by IndAS 101 – First Time adoption of Indian Accounting Standards.

B.1 IndAS optional Exemptions availed:

B.1.1 Deemed Cost – Property, Plant and Equipment and Intangible Assets:

IndAS 101 exempts entities from retrospective application of IndAS 16 Property, plant and Equipment and IndAS 38 Intangible Assets if the deemed cost exemption is applied. The standard inter-alia permits previous GAAP carrying value or Fair Value on the date of transition to IndAS to be adopted as deemed cost for the purpose of transition to IndAS.

Accordingly, the company has applied the exemption by adopting fair value on the date of transition as deemed cost of land and previous GAAP carrying value as deemed cost in respect of other assets. Consequential changes in the equity has been adjusted in the opening balance the reserves.

(Amount in INR lakhs)

Particulars	Total
Carrying Value as per Previous GAAP	3,840.15
Adjustment to gross value on Fair Valuation	13,349.78
Deemed Cost reported in IndAS Financials	17,189.93

B.1.2 Deemed Cost – Equity Instruments:

IndAS 27 requires an entity to account for investments in subsidiaries, joint ventures and associates either at cost or in accordance with IndAS 109. IndAS 101 allows adoption of deemed cost if an entity opts to account for these investments at cost as per IndAS 27. The deemed cost can be the fair value at the entity's date of transition to IndAS in its separate financial statements or the carrying value of the investments as per the previous GAAP.

The company has availed this exemption and has elected to account for the Investments in all the subsidiaries at carrying value as per previous GAAP adopting the same as deemed cost.

B.1.3 Designation of previously recognized financial instruments:

IndAS 101 allows designation of a financial asset as measured at fair value through profit or loss in accordance with IndAS 109 – Financial Instruments on the basis of the facts and circumstances that exist at the date of transition to IndAS.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD)

Accordingly, the company has designated all its investments in Equity instruments other than investments in subsidiary companies as measured at fair value through profit or loss. Changes to total equity as at the date of transition to IndAS has been adjusted to the opening balance of retained earnings and changes in fair value during the year 2016-17 has been presented in the statement of profit and loss.

B.2 Mandatory Exceptions applied:

B.2.1 Estimates:

IndAS 101 requires that an entity's estimates in accordance with IndAS at the date of transition to IndAS shall be consistent with estimates made for the same date in accordance with previous GAAP unless there is objective evidence that those estimates were in error. Ind AS estimates as at 01-04-2016 are consistent with the estimates as at the same date made in conformity with previous GAAP.

B.2.2 Classification and measurement of financial Assets:

As per IndAS 109, a financial instrument shall be classified based on the facts and circumstances existing on the date of initial recognition of the financial instrument. IndAS 101 allows a first-time adopter to classify their financial instruments based on the facts and circumstances existing at the date of transition to IndAS. The company applied this exemption in classifying its financial instruments on the date of transition to IndAS.

B.2.3 Derecognition of Financial Assets and Financial Liabilities:

A first-time adopter shall not apply the derecognition requirements of IndAS 109 Financial Instruments retrospectively except as permitted by IndAS101. Accordingly, the company has applied the derecognition requirements of IndAS 109 only for accounting periods beginning with the date of transition to IndAS.

C. Notes to First Time Adoption:

C.1 Excise duty impact on revenue from Operations:

The Statement of Profit and Loss has been prepared in accordance with the Division II of Schedule III to Companies Act, 2013. The format specified in the statute as aforesaid has not mandated the separate disclosure of excise duty unlike the previous format prescribed by the statute. Accordingly, the excise duty collectible from the customers has been added to Revenue from operations. This treatment has increased the revenue reported for the year 2016-17 to the extent of excise duty included therein. A comparative statement has been presented below:

Particulars	(Amount in INR lakhs)	
	Year ended 31 st March 2018	Year ended 31 st March 2017
Revenue from Sale of Products* (before excise duty)	57,417.76	56,397.62
Add: Excise Duty	1,693.92	7,676.99
Revenue from Sale of Products	59,111.68	64,074.61
Other Operating Revenues	343.77	317.34
Revenue from Operations (as reported in IndAS Financials)	59,455.45	64,391.95

*Excise duty included in revenue from sale of products for the year 2017-18 contains excise duty collectible/collected from the customers upto 30th June 2017 after the which the excise duty regime was replaced with goods and service tax regime. Goods and Services Tax payable to the tax authorities are being accounted for as a liability and included in statutory liabilities under other current liabilities.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD)

C.2 Remeasurements of post-employment benefit obligations:

Under IndAS, remeasurements i.e., actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognized in other comprehensive income. Under the previous GAAP, these remeasurements were forming part of the profit or loss for the year. As a result of this change, the profit for the year ended 31st March 2017 has increased by INR 70.45 lacs. There is no impact on equity as on 31st March 2017.

C.3 Depreciation of Leasehold Land:

The company had entered into long term lease agreement with the development authorities of industrial estates (lessor) in respect of factory land in certain locations. The leases were for a fixed period of time from the date of inception and were classified as finance leases in the books of accounts. Under the lease arrangement the possession of the leased lands have to be transferred to the lessor at the end of the lease term unless renewed or extended Accordingly, the lease hold land may be controlled by the company only upto the end of the lease term. In line with IndAS 16 – Property, Plant and Equipment the deemed cost of the leased hold land as at the date of transition to IndAS is being amortized equally over the unexpired period of lease as at the even date.

C.4 Proposed Dividend and Tax on Distribution:

A provision shall be recognized only if there is a present obligation arising from past events. Dividend proposed by the board does not give rise any right to claim the dividend unless the dividend is declared by the shareholders in the annual general meeting. Accordingly, the proposed dividend presented as a liability as per previous GAAP has been added back to equity.

40. Employee Benefit Obligations:

Defined benefit as per actuarial Valuation:

(Amount in INR lakhs)

Particulars	Gratuity			Leave Salary		
	Present Value of Obligation	Fair Value of Plan Assets	Net Amount	Present Value of Obligation	Fair Value of Plan Assets	Net Amount
As at 1 st April 2016	693.25	583.53	109.72	53.56	-	53.56
Current service cost	48.27	-	48.27	7.23	-	7.23
Interest expense/(income)	56.40	46.56	9.84	3.80	-	3.80
Total amount recognized in profit and loss account	104.67	46.56	58.11	11.03	-	11.03
Remeasurements						
Experience (gains) / losses	103.67	9.97	93.70	14.03	-	14.03
Total amount recognized in other comprehensive income	103.67	9.97	93.70	14.03	-	14.03
Employer contributions	-	-	-	-	-	-
Benefit payments	(47.76)	(47.76)	-	(9.81)	-	(9.81)
As at 31 st March 2017	853.83	592.30	261.53	68.81	-	68.81
As at 1 st April 2017	853.83	592.30	261.53	68.81	-	68.81

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD)

Particulars	Gratuity			Leave Salary		
	Present Value of Obligation	Fair Value of Plan Assets	Net Amount	Present Value of Obligation	Fair Value of Plan Assets	Net Amount
Current service cost	70.94	-	70.94	31.22	-	31.22
Interest expense/(income)	64.84	44.98	19.86	4.81	-	4.81
Total amount recognized in profit and loss account	135.78	44.98	90.80	36.03	-	36.03
Remeasurements						
Return on plan assets, excluding amounts included in interest expense / (income)	-	(0.80)	0.80	-	-	-
(Gain) / loss from change in financial assumptions	-	-	-	(13.56)	-	(13.56)
Experience (gains) / losses	120.96	-	120.96	21.81	-	21.81
Total amount recognized in other comprehensive income	120.96	(0.80)	121.76	8.25	-	8.25
Employer contributions	-	16.10	(16.10)	-	-	-
Benefit payments	(35.47)	(35.47)	-	(10.66)	-	(10.66)
As at 31st March 2018	1,075.10	617.11	457.99	102.43	-	102.43

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

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

Assumptions	As at 31 st March 2018	As at 31 st March 2017
	%	%
Discount Rate	7.60%	7.0%
Salary Growth Rate	5.00%	6.0%
Mortality Rate (% of IALM 06-08)	100.00%	100.00%
Attrition Rate	8.00%	8.00%

Sensitivity Analysis:

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions are:

Assumption	Impact on defined benefit obligation – Gratuity		
	Change in assumption	Increase in assumption (INR lacs)	Decrease in assumption (INR lacs)
Discount rate	1.00%	-65.42	73.33
Salary growth rate	1.00%	74.50	-67.55
Attrition rate	50.00%	-53.07	36.48
Mortality rate	10.00%	-0.37	0.38

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD)

Assumption	Impact on defined benefit obligation – Leave Encashment		
	Change in assumption	Increase in assumption (INR lacs)	Decrease in assumption (INR lacs)
Discount rate	1.00%	-7.13	8.10
Salary growth rate	1.00%	8.24	-7.36
Attrition rate	(on rate) 50.00%	-11.53	20.42
Mortality rate	(on rate) 10.00%	-0.25	0.25

Risk Exposure:

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

In addition to Interest Rate risk and liquidity risk explained in the Note No. 37 the company is also exposed to the below risks on account of valuation of defined benefit obligations:

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

41. Related Party Disclosure:

1. Related parties where control exists

a) Holding Company

Carburettors Limited

b) Subsidiaries

Ucal Polymer Industries Limited

UPIL, USA (Wholly Owned Subsidiary of UPIL)

Amtec Precision Products Inc. USA

North American Acquisition Corporation (Wholly Owned Subsidiary of Amtec)

Amtec Moulded Products Inc. USA (Wholly Owned Subsidiary of Amtec)

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD)

2. Other Related parties

a) Fellow Subsidiaries

RD Electrocircuits Private Limited

b) Key Managerial Personnel

Mr. Jayakar Krishnamurthy – Chairman and Managing Director

Mr. Ram Ramamurthy – Whole Time Director and Chief financial officer

Ms. Rekha Raghunathan – Director and Company Secretary

c) Enterprises controlled or jointly controlled by KMP or directors

Minica Real Estates Private Limited

Minica Property Holdings Private Limited

Bangalore Union Services Private Limited

Sujo Land and Properties Private Limited

UCAL – JAP Systems Limited

Minica Services Private Limited

Southern Ceramics Private Limited

d) Relatives of Key Managerial Personnel

Dr. V Krishnamurthy

e) Entities controlled by relatives of KMP

Magnetic Meter Systems (India) Limited

Bharat Technologies Auto Components Limited

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

Culture and Heritage Trust of Karuveli

Dr. V Krishnamurthy Educational Foundation

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

c) Transactions with related parties

(Amount in INR lakhs)

Transactions during the year 2017-18	Holding Company	Subsidiaries	Other Related Enterprises	KMP*	Relatives Of KMP*
Balances as on 31.03.2018					
Outstanding payables	(21.57)	1,735.47	449.71	37.29	
	(21.57)	(1,398.10)	(579.82)	(104.15)	
Outstanding Receivables		NIL	2,173.79		-
		(15,242.08)	(2,140.98)		
Guarantees given		448.40			
		(134.70)			

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH,2018 (CONTD)

Transactions during the year 2017-18	Holding Company	Subsidiaries	Other Related Enterprises	KMP	Relatives Of KMP
Purchase of materials		4,972.72 (4,029.32)	284.54 (302.74)		
Purchase of intangible assets			617.00 (572.86)		
Consultancy charges paid					78.00 (69.50)
Repairs & maintenance			37.45 NIL		
Trade Receivables written off		2,854.06 NIL			
Loans given written off		12,337.79 NIL			
Rent Received		1.20 (1.20)			
Rent paid			421.70 (415.26)		
Managerial Remuneration (Directors)				285.95 (331.62)	
Remuneration to key managerial personnel other than directors				26.79 (24.42)	
Interest Paid			51.96 (51.96)		
Sale of goods		10.08 (94.34)	2.58 (2.64)		
Sale of Fixed Assets			- (17.04)		
CSR Expenditure			60.94 (45.50)		
Dividend paid	566.00 (396.20)		731.88 (116.11)	17.71 (12.40)	27.40 (19.18)

An omnibus approval for all related party transactions proposed to be entered into for the year 2017-18 was given in the Audit Committee and Board meeting held on 11.02.2017. Besides this, transactions for each of the four quarters were approved by the Board in their meetings held on 27.05.2017, 11.09.2017, 09.12.2017 and 01.02.2018 on an actual basis.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD)

42. Borrowings:

Particulars	As at 31 st March 2018			Terms of Repayment	Details of Security Offered to the Lender
	Current Maturities	Non-Current Maturities	Total		
I. Non-Current Borrowings					
A. Secured Borrowings					
Term Loan I	1,000.00	3,500.00	4,500.00	Repayable in quarterly instalments of ₹100 lakhs each. The period of maturity with reference to Balance Sheet date is 3 years. Rate of Interest-12.15%	Secured by first charge on fixed Assets (present & future) on pari passu basis with other term lenders except those assets specifically charged.
Term Loan II	150.00		150.00	Repayable in monthly instalments of ₹50 lakhs each. The period of maturity with reference to Balance Sheet date is 3 months. Rate of interest-13.45%	Secured by paripassu first charge on the land at Bawal and exclusive charge on the Building ,Plant & Machinery at Bawal
OIF Term Loan	1,470.05	351.18	1,821.23	Repayable in 28 step-up quarterly instalments commencing from 2012-13. The period of maturity with reference to Balance Sheet date is 1.5 years.(6 instalments). Rate of conversion as on 31.03.2018-1\$=₹65.0441. Carries an interest rate of LIBOR+5%.	Secured by Paripassu first charge on the entire moveable & immoveable fixed assets of UCAL, present & future, except those assets specifically charged.
Total	2,620.05	3,851.18	6,471.23		
B Unsecured Borrowings					
Inter-corporate Deposit		433.00	433.00	Repayable after 1 year. Rate of interest is 12%	Unsecured
Total		433.00	433.00		
II Current Borrowings					
Loans repayable on Demand	6,931.90		6,931.90	Repayable on demand chargeable at 11.03%	Working capital facilities from banks are secured by first charge on raw materials, work-in-progress, finished goods and book debts.
Short Term borrowings from Bank	4,844.90		4,844.90	Repayable within a year. Rate of interest 8.90% - 10.50%	Unsecured
Short Term Borrowings from Others	1,031.97		1,031.97	Repayable within a year. Rate of interest 10.50%	Unsecured
Total	12,808.77		12,808.77		

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD)

43. MSME disclosure:

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

(Amount in INR lakhs)

Particulars	As at 31 st March 2018	As at 31 st March 2017
a. Principal Amount	35.99	37.59
b. Interest due and payable for delay in payment	Nil	4.51
c. Interest accrued and remaining unpaid	Nil	Nil

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

(Amount in INR lakhs)

Description	As at 31 st March 2018	As at 31 st March 2017
Claims against company not acknowledged as Debts		
i) Sales Tax/Tax	55.70	4.77
ii) Excise Duty	39.50	62.77
iii) Income Tax	150.17	150.17
iv) Claim of interest of bank	36.69	-
v) Right of recompense for restructured term loan account	125.00	NIL
Other moneys for which the company is contingently liable		
i) In respect of letters of credit outstanding	121.86	194.10
ii) Guarantees given by the company to financial institution, with regard to credit facilities extended to M/s. UCAL Polymer Industries Limited, a wholly owned subsidiary	448.40	134.70
iii) Guarantees given by banks on behalf of the company	49.26	155.06
Commitment		
Estimated amount w.r.t contracts remaining to be executed on capital account, net of advances, not provided for	486.77	253.17

45. Expenditure Incurred on Research and Development:

(claimed under Income Tax Act, 1961)

(Amount in INR lakhs)

Particulars	For the year ended 31 st March 2018	For the year ended 31 st March 2017
A. Revenue Expenditure		
a) Material Consumed	4.55	0.68
b) Employee Benefit Expenditure	427.08	383.54
c) Other Expenses	646.12	498.94
Sub-Total – A	1,077.75	883.16
B. Capital Expenditure		
a) Land and Building	-	-
b) Plant and Machinery	45.38	21.00
c) Others	43.68	7.05
Sub-Total – B	89.06	28.05
Total R&D Expense - (A) + (B)	1,166.81	911.21

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD)

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

S. No	Particulars	Name of the Company	Amount outstanding as at 31 st March 2018/ For 2017-18	Amount outstanding as at 31 st March 2017/ For 2016-17
1.	Capital advances made to entities controlled by relatives of KMP	Bharat Technologies Auto Components Limited	2,100	2,100
		Maximum amount due at any time during the year	2,100	2,100

47. Proposed Dividend and Tax thereon:

The board of directors in their meeting held on 21st May 2018, have proposed a dividend of INR 2211.36 lacs (100% on the paid up equity share capital). Distribution of dividend is subject to approval by the shareholders in the annual general meeting. On distribution the company would be liable to pay a tax of INR 437.75 lacs as dividend distribution tax under section 115-O.

48. Corporate Social Responsibility:

Expenditure incurred on corporate social responsibility (CSR) activities:

(a) Gross amount required to be spent during the year is ₹59.34 lacs (last year INR 45.43 lacs)

(b) Amount spent during the year (Amount in INR lakhs)

S. No	Particulars	Year ended 31 st March 2018		Year ended 31 st March 2017	
		Spent upto Balance sheet date	Provided for	Spent upto Balance sheet date	Provided for
1.	Culture and Heritage Trust of Karuveli	15.94	NIL	NIL	NIL
2.	Dr.V.Krishnamurthy Educational Foundation	45.00	NIL	45.50	NIL

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

50. The balances outstanding as on 31st March 2018 in respect of Sundry Debtors, Loans & Advances and sundry creditors wherever not confirmed by them, in so far as they have not been subsequently recovered or adjusted are subject to confirmation or reconciliation.

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

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

The accompanying notes are an integral part of these financial statements

As per our Report attached of even date

For and on behalf of the board of Directors

FOR M/s R. SUBRAMANIAN AND COMPANY LLP

Chartered Accountants

FRN:004137S/S200041

K JAYASANKAR

PARTNER

M. NO. 014156

JAYAKAR KRISHNAMURTHY

CHAIRMAN AND MANAGING DIRECTOR

REKHA RAGHUNATHAN

DIRECTOR AND

COMPANY SECRETARY

RAM RAMAMURTHY

WHOLE TIME DIRECTOR AND

CHIEF FINANCIAL OFFICER

Place: Chennai

Date: 21st May 2018

INDEPENDENT AUDITORS' REPORT FOR THE YEAR ENDED 31ST MARCH 2018
TO THE MEMBERS OF UCAL FUEL SYSTEMS LIMITED

Report on the Consolidated Indian Accounting standards (Ind AS) Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of UCAL Fuel Systems Limited, (herein after referred to as the 'Holding Company') and its subsidiaries (the Holding Company and its Subsidiaries together referred to as "the Group") comprising of the Consolidated Balance Sheet as at 31st March, 2018, the Consolidated Statement of Profit and Loss (Including other Comprehensive Income), the Consolidated Cash Flow Statement and Consolidated Statement of changes in Equity 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 Ind AS Financial Statements

The Holding Company's Board of Directors are responsible for the preparation of these Consolidated Ind AS 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 (including other comprehensive income), consolidated cash flows and Consolidated Statement of changes in equity of the Group, in accordance with accounting principles generally accepted in India, including Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with the Companies (Indian Accounting Standard) Rules, 2015 as amended.

The respective Board of Directors of the Holding company, its subsidiaries are responsible for maintenance of adequate accounting records in accordance with the provision 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 consolidated Ind AS 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 Ind AS financial statements by the Board of Directors of the Holding Company, as aforesaid.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit.

While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation and presentation of the consolidated 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 accounting policies used and the reasonableness of the accounting estimates made by Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Ind AS Financial Statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditors, referred to in the Other Matters paragraph below, the aforesaid consolidated Ind AS 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, as at 31st March 2018, their consolidated loss (Including other Comprehensive income) their consolidated cash flows and the Consolidated statement of changes in equity for the year ended on that date.

Emphasis of Matters

Without qualifying our opinion, We draw your attention to Note 33 forming part of the consolidated Ind AS financial results for the year, in respect of receivables from foreign wholly owned subsidiary, Amtec Precision Products, Inc., USA (AMTEC) .

- i. During the current year receivables amounting to ₹2,854.06 lakhs and loans and advances amounting to ₹12,337.79 lakhs due to the Holding Company from the foreign subsidiary " Amtec Precision Products, Inc., USA (AMTEC) has been written off, and the Holding company has initiated the process of getting the approval from Reserve Bank of India for such write off.
- ii. In respect of impairment of investment in the same subsidiary of ₹20,877.28 lakhs , being technical matter, subject to uncertainty we have relied on the estimates and assumptions made by the company. Accordingly provision for impairment/diminution as on 31st March, 2018 has not been considered.

Other Matters

- (a) The consolidated financial statements include one Subsidiary which reflect total assets of ₹52.04 crores -as at 31/03/2018, total revenues of ₹51.76 crores--and the Total Comprehensive income of ₹6.88 crores-- for year then ended which have been audited by us.
- (b) We did not audit the consolidated financial statements of one foreign subsidiary included in the consolidated financial results. , whose financial statements reflect total assets of ₹144.71 crores, total revenues of ₹242.88 crores, and total comprehensive income of ₹3.25 crores for the year ended 31st March, 2018. The consolidated financial statements have been audited by other auditors whose reports have been furnished to us by the Management.
- (c) For another foreign subsidiary which has not been audited, we have relied on the statements provided by the Management in consolidating the financial statements which include total assets of ₹14.05 crores, total revenues of ₹0.62 crores, and total comprehensive loss of ₹0.81 crores in respect of that subsidiary for the year ended 31st March, 2018.

Our opinion on the consolidated Ind AS financial statements and our report on other legal and regulatory requirements below is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

1. With respect to the adequacy and the operating effectiveness of the Internal financial controls over financial reporting of the Holding company, its subsidiaries incorporated in India, refer to our separate report in "Annexure A" to this report.
2. As required by Section 143(3) of the Act, based on our audit and on consideration of report of the other auditors on separate financial statements and the other financial information of the subsidiaries as referred in the "Other Matters" paragraph we report, to the extent applicable, 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 purpose of our audit of the aforesaid consolidated Ind AS financial statements;
 - (b) in our opinion proper books of account as required by law relating to the preparation of the aforesaid consolidated Ind AS financial statements, have been kept so far as it appears from our examination of those books and the reports of the other auditors.
 - (c) The Consolidated Balance Sheet, the Consolidated Statement of Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and Consolidated statement of changes in Equity dealt with by this report are in agreement with the relevant books of accounts maintained for the purpose of preparation of the consolidated Ind AS financial statements.
 - (d) in our opinion, the aforesaid consolidated Ind AS 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 written representations received from the Directors of the Holding Company as on 31 March 2018 taken on record by the Board of Directors of the Holding Company and the reports of the Statutory Auditors of its subsidiary companies incorporated in India, none of the Directors of the Group Companies incorporated in India is disqualified as on 31 March 2018, from being appointed as a director of that Company in terms of section 164 (2) of the Act.
 - (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to explanations given to us and based on the consideration of the report of the other auditors on separate financial statements of these subsidiaries as noted in the "Other Matters":
 - (i) The consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, as referred to in Note No. 42. of the consolidated Ind AS financial statements.
 - (ii) The Group did not have any material foreseeable losses on long - term contracts including derivative contracts.
 - (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the subsidiary company incorporated in India.

For M/s R. SUBRAMANIAN AND COMPANY LLP
Chartered Accountants
ICAI regd. No. 004137S/S200041

Place : Chennai
Date : 21st May 2018

K JAYASANKAR
Partner
Membership No.014156

Annexure A to Independent Auditors' Report on the Consolidated Ind AS Financial Statements of Ucal Fuel Systems Limited – 31st March 2018

(Referred to in our report of even date)

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

In conjunction with our audit of the consolidated Ind AS financial statements of Ucal Fuel Systems Limited as of and for the year ended March 31, 2018, we have audited the internal financial controls over financial reporting of Ucal Fuel Systems Limited ("the Holding Company") and a subsidiary company which is incorporated in India as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Holding Company and its subsidiary incorporated in India, 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") issued by the ICAI 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 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 and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Holding Company, its subsidiary incorporated in India, 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, to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors, as referred to in the Other Matters paragraph, the Holding Company, its subsidiary which are incorporated in India, have, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the respective companies, 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.

Other Matters

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to consolidated/standalone financial statements subsidiary company incorporated in India, is based on the corresponding reports of the auditors of such company incorporated in India.

For M/s R. SUBRAMANIAN AND COMPANY LLP
Chartered Accountants
ICAI regd. No. 004137S/S200041

Place: Chennai
Date : 21st May 2018

K JAYASANKAR
Partner
Membership No.014156

CONSOLIDATED BALANCE SHEET 31ST MARCH 2018

(All Amounts in ₹ lakhs unless otherwise stated)

	Note	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
I. ASSETS				
1. NON-CURRENT ASSETS				
(a) Property, Plant and Equipment	2A	37,122.13	36,545.04	39,132.54
(b) Capital work-in-progress		1,385.95	769.76	221.35
(c) Goodwill		31.19	31.19	31.19
(d) Other Intangible Assets	2B	1,350.33	747.02	76.10
(e) Investment property	48	1,398.76	1,464.79	1,570.56
(f) Financial Assets				
(i) Investments	3	195.17	154.41	116.92
(ii) Loan and Advances	4	171.10	137.51	151.16
(g) Deferred Tax Asset (Net)	18	2,613.26	-	-
(h) Other Non-current Assets	5	3,869.96	2,918.15	2,862.90
	Sub-Total	48,137.85	42,767.87	44,162.72
2. CURRENT ASSETS				
(a) Inventories	6	8,493.51	7,520.28	7,813.61
(b) Financial Assets				
(i) Trade Receivables	7	12,139.71	11,551.05	10,191.55
(ii) Cash and Cash Equivalents	8	256.55	463.22	123.56
(iii) Bank balances other than (ii) above	9	73.14	67.21	136.90
(iv) Loans and Advances	10	762.70	785.28	820.27
(v) Other Financial Assets	11	39.77	71.76	130.39
(c) Other Current Assets	12	1,715.97	1,059.58	902.54
	Sub-Total	23,481.35	21,518.38	20,118.82
TOTAL ASSETS		71,619.20	64,286.25	64,281.54
II. EQUITY AND LIABILITIES				
EQUITY				
(a) Equity Share Capital	13	2,211.36	2,211.36	2,211.36
(b) Other Equity	14	27,631.66	18,849.29	16,383.56
	Sub-Total	29,843.02	21,060.65	18,594.92
LIABILITIES				
1. NON-CURRENT LIABILITIES				
(a) Financial Liabilities				
(i) Borrowings	15	7,354.94	9,488.84	7,489.48
(ii) Trade Payables		595.09	758.44	1,040.35
(iii) Other Financial Liabilities	16	488.65	644.72	742.39
(b) Provisions	17	460.95	277.41	156.86
(c) Deferred Tax Liabilities (net)	18	-	499.41	641.92
(d) Other Non-Current Liabilities	19	9.77	9.77	13.41
	Sub-Total	8,909.40	11,678.59	10,084.41
2. CURRENT LIABILITIES				
(a) Financial Liabilities				
(i) Borrowings	20	15,234.00	12,879.26	12,043.83
(ii) Trade Payables		11,319.47	12,455.90	11,362.58
(iii) Other Financial Liabilities	21	5,110.59	4,778.00	11,225.95
(b) Provisions	22	122.65	69.00	26.67
(c) Current Tax Liabilities (net)		-	1,004.00	641.92
(d) Other Current Liabilities	23	1,080.07	360.85	301.26
	Sub-Total	32,866.78	31,547.01	35,602.21
TOTAL EQUITY AND LIABILITIES		71,619.20	64,286.25	64,281.54

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

For and on behalf of the board of Directors

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

K JAYASANKAR
PARTNER
M. NO. 014156

JAYAKAR KRISHNAMURTHY
CHAIRMAN AND MANAGING DIRECTOR

Place: Chennai
Date: 21st May 2018

REKHA RAGHUNATHAN
DIRECTOR AND
COMPANY SECRETARY

RAM RAMAMURTHY
WHOLE TIME DIRECTOR AND
CHIEF FINANCIAL OFFICER

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR 31ST MARCH 2018

(All Amounts in ₹ lakhs unless otherwise stated)

	Note	For the year ended March 31, 2018	For the year ended March 31, 2017
INCOME			
I. Revenue From Operations	24	85,037.85	87,412.80
II. Other Income	25	670.46	1,104.66
III. Total Income (I) + (II)		85,708.31	88,517.46
IV. EXPENSES			
(a) Cost of Materials Consumed		34,060.27	32,533.68
(b) Changes in Inventories of Work-in-Progress and Finished Goods		(220.49)	292.44
(c) Excise Duty		2,998.64	8,302.90
(d) Employee Benefit Expenses	26	17,655.52	16,891.66
(e) Finance Costs	27	2,609.52	2,820.30
(f) Depreciation and Amortization Expenses	28	2,964.85	3,368.64
(g) Other Expenses	29	18,244.52	19,177.75
IV. Total Expenses		78,312.83	83,387.37
V. Profit/(Loss) Before Exceptional items and Tax (III) - (IV)		7,395.48	5,130.09
VI. Exceptional Items		-	-
VII. Profit/(Loss) before Tax (V) - (VI)		7,395.48	5,130.09
VIII. Tax Expense/(Credit)			
(a) Current Tax		341.18	1,646.39
(b) Deferred Tax		(3,067.76)	(102.46)
Tax Expense/(Credit)	30	(2,726.58)	1,543.93
IX. Profit/(Loss) After Tax for the year (VII) - (VIII)		10,122.06	3,586.16
X. Other Comprehensive Income/(Loss)			
A. Items that will not be reclassified to profit or loss			
(i) Remeasurements of Defined benefit Plans		(129.77)	(115.72)
(ii) Foreign Exchange Gain/(Loss) on translation to presentation currency		92.59	(113.22)
(iii) Income Tax Benefit/(Expense) relating to items that will not be reclassified to profit and loss		44.91	40.05
B. Items that will be reclassified to profit or loss		-	-
Total Other Comprehensive Income/(Loss), net of taxes		7.73	(188.89)
XI. Total Comprehensive Income/(Loss) for the year (IX) + (X)		10,129.79	3,397.27
XII. Earnings per Equity Share (EPS) (Face Value of ₹10 Each)			
(a) Basic & Diluted (In ₹)	31	45.77	16.22

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

For and on behalf of the board of Directors

FOR M/s R. SUBRAMANIAN AND COMPANY LLP

Chartered Accountants
FRN:004137S/S200041

K JAYASANKAR
PARTNER
M. NO. 014156

JAYAKAR KRISHNAMURTHY
CHAIRMAN AND MANAGING DIRECTOR

Place: Chennai
Date: 21st May 2018

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, 2018

(All Amounts in ₹ lakhs unless otherwise stated)

Particulars	31-03-2018		31-03-2017	
	Amount	Amount	Amount	Amount
A Cash Flow from Operating Activities		7,395.47		5,130.09
Add/(Less):				
Depreciation and Amortization	2,964.85		3,368.64	
Profit/(Loss) on sale of Fixed Assets (net)	18.54		10.81	
Decrease/(Increase) in Fair Value of Investment	(40.77)		(37.49)	
Dividend Income	(1.05)		(0.90)	
Interest income	(13.27)		(20.47)	
Rental Income	(178.63)		(160.70)	
Finance Cost	2,609.52		2,820.30	
Adjustments for:				
Changes in Trade Receivables	(1,007.74)		(1,465.89)	
Changes in Inventories	(963.38)		221.43	
Changes in Other Current Assets	(588.90)		(153.48)	
Changes in Other Financial Assets	84.75		211.53	
Changes in Trade Payables	(834.40)		1,360.40	
Changes in Other Financial Liabilities (excluding current maturity of long term loans)	(46.30)		(206.51)	
Changes in Other Current Liabilities	650.54		60.42	
Changes in Provisions	107.43		47.15	
Changes in Other Non-Current Liabilities	-		(3.64)	
Changes in Other Non-Current Assets	59.91	2,821.10	(4.84)	6,046.76
Cash Generated From Operations		10,216.57		11,176.85
Direct Taxes Paid		(2,390.95)		(1,380.06)
Net Cash Flow from Operating Activities (A)		7,825.62		9,796.79
B Cash Flow from Investing Activities				
Purchase of Property, Plant and Equipment	(3,246.66)		(836.20)	
Purchase of Intangible Assets	(717.83)		(732.42)	
Sale of Fixed Assets	12.08		33.50	
Changes in Capital Work-in-progress and advances	(734.91)		(528.91)	
Interest Received	13.31		20.47	
Dividends Received	1.05		0.90	
Rental Income	178.63		160.70	
Net cash from /(used in) investing Activities (B)	-	(4,494.33)		(1,881.96)

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2018

(All Amounts in ₹ lakhs unless otherwise stated)

Particulars	31-03-2018		31-03-2017	
	Amount	Amount	Amount	Amount
C Cash Flow from Financing Activities				
Borrowings:				
Term loan availed / (repaid)	(1,886.44)		(4,178.22)	
Short term borrowings availed / (repaid)	976.67		737.13	
Other Bank Balances	(5.92)		69.68	
Finance Cost Paid	(2,614.18)		(2,842.67)	
Dividend and Dividend Tax Paid	(1,344.13)		(924.31)	
Net Cash from/(used in) Financing Activities (C)		(4,874.00)		(7,138.39)
D Net Inflow / (Outflow) of cash and cash equivalents				
Total (A) + (B) + (C) = (D)		(1,542.71)		776.44
Cash and Cash Equivalents at the beginning of the year		(7,515.85)		(7,757.20)
Unrealised gain/(loss) on translation of foreign currency cash flows		(42.02)		(535.09)
Net inflow / (outflow) in cash and cash equivalents (D)		(1,542.71)		776.44
Cash and Cash Equivalents at the end of the year (Refer Note 8)		(9,100.58)		(7,515.85)

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

For and on behalf of the board of Directors

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

K JAYASANKAR
PARTNER
M. NO. 014156

JAYAKAR KRISHNAMURTHY
CHAIRMAN AND MANAGING DIRECTOR

Place: Chennai
Date: 21st May 2018

REKHA RAGHUNATHAN
DIRECTOR AND
COMPANY SECRETARY

RAM RAMAMURTHY
WHOLE TIME DIRECTOR AND
CHIEF FINANCIAL OFFICER

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2018

A. EQUITY SHARE CAPITAL

(All Amounts in ₹ lakhs unless otherwise stated)

	For the year ended		Capital Reserve	General Reserves	Reserves and Surplus			Retained Earnings	Total
	31-Mar-18	31-Mar-17			Securities Premium	Foreign Currency Translation Reserve			
Balance at the beginning of the year	2,211.36	2,211.36							
Change in Equity Share Capital during the year	-	-							
Balance at the end of the year	2,211.36	2,211.36							
B. OTHER EQUITY									
2016-17									
Balance as at April 1, 2016 - (A)	160.00	16,692.82	2,165.34		(1,557.09)		(1,077.51)	16,383.56	
Additions during the year:									
Profit for the year	-	-	-	-	(113.22)		3,586.16	3,586.16	
Other Comprehensive Income	-	-	-	-	(113.22)		(75.67)	(188.89)	
Total Comprehensive Income for the year 2016-17 - (B)	-	-	-	-	(113.22)		3,510.49	3,397.27	
Reductions during the year:									
Dividend paid for 2015-16 approved by shareholders	-	-	-	-			(773.98)	(773.98)	
Dividend distribution tax on above dividend	-	-	-	-			(157.56)	(157.56)	
Total - (C)	-	-	-	-			(931.54)	(931.54)	
Balance as at March 31, 2017 (D) = (A) + (B) + (C)	160.00	16,692.82	2,165.34		(1,670.31)		1,501.44	18,849.29	
2017-18									
Balance as at April 1, 2017 - (A)	160.00	16,692.82	2,165.34		(1,670.31)		1,501.44	18,849.29	
Additions during the year:									
Profit for the year	-	-	-	-			10,122.06	10,122.06	
Other Comprehensive Income	-	-	-	-	92.59		(84.86)	7.73	
Total Comprehensive Income for the year 2017-18 - (B)	-	-	-	-	92.59		10,037.20	10,129.79	
Reductions during the year:									
Dividend paid for 2016-17 approved by shareholders	-	-	-	-			(1,105.68)	(1,105.68)	
Dividend distribution tax on above dividend	-	-	-	-			(241.74)	(241.74)	
Total - (C)	-	-	-	-			(1,347.42)	(1,347.42)	
Balance as at March 31, 2018 (D) = (A) + (B) + (C)	160.00	16,692.82	2,165.34		(1,577.72)		10,191.22	27,631.66	

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

FOR M/s R. SUBRAMANIAN AND COMPANY LLP

Chartered Accountants
FRN:004137S/S200041

K JAVASANKAR
PARTNER
M. NO. 014156

Place: Chennai
Date: Date: 21st May 2018

REKHA RAGHUNATHAN
DIRECTOR AND
COMPANY SECRETARY

JAYAKAR KRISHNAMURTHY
CHAIRMAN AND MANAGING DIRECTOR

RAM RAMAMURTHY
WHOLE TIME DIRECTOR AND
CHIEF FINANCIAL OFFICER

For and on behalf of the board of Directors

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD)

1. Significant Accounting Policies:

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

a) Brief Description of the Group:

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

b) Statement of Compliance:

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

The financial statements upto year ended March 31, 2017 were prepared in accordance with the accounting standards notified under Companies (Accounting Standard) Rules, 2006 as amended and other relevant provisions of the Act.

These financial statements are the first financial statements of the group under Ind AS. Refer Note.37 for an explanation of how the transition from previous GAAP to Ind AS has affected the group's financial position and financial performance.

The corresponding figures presented are also IndAS compliant.

c) Basis of Preparation:

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

d) Recent Pronouncements:

On March 28, 2018, the Ministry of Corporate Affairs (MCA) has notified Ind AS 115 - "Revenue from Contract with Customers" and also made certain amendments to the existing Ind AS. The notification shall be effective from 1st April 2018. The management believes that adoption of The Indian Accounting Standard (Ind AS) 115 - "Revenue from Contracts with Customers" does not have any significant impact on the consolidated financial statements of the group.

The management believes that adoption of amendment to Ind AS 21, Foreign currency transactions and advance consideration and Ind AS 12 Income Taxes, do not have any significant impact on the consolidated financial statements of the group.

e) Basis of Consolidation:

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

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

Principles of Consolidation:

i) The consolidated Financial Statements have been prepared in accordance with Indian Accounting Standard 110 (IndAS 110) "Consolidated Financial Statements", under Section 133 of the Companies Act, 2013.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD)

- ii) The consolidated financial statements of the group have been combined on a line by line basis by adding together like items of assets, liabilities, income and expenses. The intra-group balances and intra group transactions and unrealized profits have been fully eliminated.
- iii) The difference between the cost of investment in the subsidiaries, over the net assets at the time of acquisition of shares in the subsidiaries is recognized in the consolidated financial statements as goodwill or capital reserve as the case may be.
- iv) The following are the subsidiaries considered in the consolidated financial statements:

S. No	Subsidiary	Country of Incorporation	% of ownership interest		
			31 st March 2018	31 st March 2017	1 st April 2016
1.	UCAL Polymer Industries Limited	India	100%	100%	100%
2.	Amtec Precision Products Inc.,	US	100%	100%	100%
3.	UPIL US Inc.,*	US	100%	100%	100%
4.	North American Acquisition Corporation**	US	100%	100%	100%
5.	AMTEC Molded Products, Inc**	US	100%	100%	100%

* Wholly owned by UCAL Polymer Industries Limited.

** Wholly owned by Amtec Precision Products Inc.,

f) Use of Estimates:

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

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

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

- i) Defined employee benefit obligations – Refer Note No. 38
- ii) Estimation of useful life of Property, Plant and Equipment – Refer Note No. 1(k) and 1(l)
- iii) Assessment of Fair Value as on the date of transition to IndAS for certain items of Property, Plant and Equipment – Refer Note. 37
- iv) Estimation and evaluation of provisions and contingencies relating to tax litigations – Refer Note 42
- v) Recoverability/Recognition of Deferred Tax Assets (Refer No. 33)

g) Current and Non-Current Classification:

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

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

- expected to be realized or intended to be sold or consumed in the normal operating cycle
- held primarily for the purpose of trading

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD)

- expected to be realized within twelve months after the reporting period. All other assets are classified as non-current.

A liability is treated as current when:

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

All other liabilities are classified as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

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

h) Revenue Recognition:

Revenue is measured at fair value of consideration received or receivable net of returns. It includes excise duty (upto 30th June 2017), but excludes VAT (upto 30th June 2017) and Sales Tax (upto 30th June 2017) and does not include Goods and Service Tax.

Revenue from sale of products is recognized, when significant risks and rewards of ownership pass to the dealer / customer, as per terms of contract and it is probable that the economic benefits associated with the transaction will flow to the Group.

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

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

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

- another systematic basis is more representative of the time pattern in which use benefit derived from the asset is diminished, even if the payment is not on that basis; or
- the payments to the lessor are structured to increase in line with the expected general inflation.

i) Cost Recognition:

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

j) Property, Plant and Equipment:

Freehold Land is carried at deemed cost as at the date of transition to Indian Accounting Standard as per the exemption availed under IndAS 101. Leasehold land is carried at deemed cost at the date of transition to Indian Accounting Standards as reduced by the amortization of the deemed cost over the expired period of lease. All other items of Property, Plant and Equipment are stated at cost of acquisition or construction less accumulated depreciation / amortization and impairment, if any. Cost includes purchase price, taxes and duties, labour cost and directly attributable overheads

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD)

incurred upto the date the asset is ready for its intended use. However, cost excludes Excise Duty, Value Added Tax and Service Tax, Goods and Service Tax to the extent credit of the duty or tax is availed of.

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

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

k) Depreciation and Amortization:

i) Depreciation on property plant and equipment is charged over the estimated useful life of the asset or part of the asset, on straight line method, in accordance with the useful lives estimated by the local managements.

ii) The useful life of various class of property plant and Equipment are as provided below:

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

iii) Residual values and useful lives are reviewed, and adjusted, if appropriate, for each reporting period.

iv) On tangible fixed assets added / disposed off during the year, depreciation is charged on pro-rata basis from the date of addition / till the date of disposal

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

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

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

Class of Asset	Useful Life
Software	3 years
Technological Know how	10 years

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

Internally generated intangible assets:

Research costs are charged to the Statement of Profit and Loss in the year in which they are incurred. Product development costs incurred on new products are recognized as intangible assets, when feasibility has been established,

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD)

the Company has committed technical, financial and other resources to complete the development and it is probable that asset will generate probable future economic benefits

m) Leases:

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

Accounting of Finance leases

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

Accounting of Operating leases

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

n) Impairment:

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

o) Foreign Currency Translation:

(i) Functional and presentation currency

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

(ii) Transactions and Balances

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

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD)**iii) Translation of Financial Statements of Overseas Subsidiaries**

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

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

p) Inventories:

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

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

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

ii) Long term Post-employment obligation:

The Company has the following post-employment benefit obligations:

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

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

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

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

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

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

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD)

iii) Other Long-Term Employee Benefits:

Liabilities for compensated absences are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are, therefore, measured at the present value of the expected future payments that has accrued to the employees in accordance with the policy for compensated absences. The benefits are discounted using an appropriate discount rate and are estimated using the projected unit credit method by an independent actuary. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognized in other comprehensive income. The obligation is classified as current and non-current based on the policy stated in Note No. 1(g).

r) Taxes on Income:

Tax expense comprises of current and deferred taxes.

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

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

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

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

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

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

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

s) Government Grants:

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

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

t) Provisions and Contingent Liabilities:

i) Provision

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

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD)

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

ii) Contingent Liabilities:

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

u) Segment Reporting:

As the company's business activity contains only a single operating segment viz., Automobile Components the segment related disclosures are not applicable for group.

v) Cash and Cash Equivalents:

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

w) Financial Instruments:

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

i) Financial Assets:

Classification:

The group classifies its financial assets in the following categories:

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

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

Measurement:

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

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

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

Debt Instruments:

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

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD)

Amortized cost:

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

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

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

Equity Instruments:

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

Trade receivables:

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

Impairment:

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

De-recognition and write-off:

A financial asset is derecognized only when:

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

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

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

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD)**ii) Financial Liabilities:**

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

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

w) Investment Property:

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

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

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

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD)

2A. PROPERTY, PLANT AND EQUIPMENT

(All Amounts in ₹ lakhs unless otherwise stated)

Description	Gross Carrying Amount				Depreciation/Amortisation				Net Carrying Amount		
	As at 01.04.2017	Foreign Currency Translation	Additions	Disposals	As at 31.03.2018	As at 31.03.2017	Foreign Currency Translation	Charge During the year	Disposal	Up to 31.03.2018	As at 31.03.2018
(a) Land	14,476.40	-	-	-	14,476.40	-	-	-	-	-	14,476.40
- Freehold	14,476.40	-	-	-	14,476.40	-	-	-	-	-	14,476.40
- Leasehold*	2,729.51	-	-	-	2,729.51	31.50	-	31.50	-	63.00	2,666.51
(b) Buildings	4,933.32	-	60.01	-	4,993.33	218.44	-	218.87	-	437.31	4,556.02
Leasehold Improvement	118.96	0.50	82.46	-	201.92	25.72	0.13	34.19	-	60.04	141.88
(d) Plant and Machinery	16,953.81	25.37	2,844.29	71.11	19,752.36	2,836.04	3.98	2,377.74	32.79	5,184.97	14,567.39
(e) Furniture and Fixtures	124.83	-	39.56	-	164.39	29.41	-	27.63	-	57.04	107.35
(f) Vehicles	175.00	0.09	46.77	1.21	220.65	31.93	0.04	39.33	0.92	70.38	150.27
(g) Office Equipment	253.94	0.40	300.30	-	554.64	47.69	0.10	50.54	-	98.33	456.31
Total	39,765.77	26.36	3,373.39	72.32	43,093.20	3,220.73	4.25	2,779.80	33.71	5,971.07	37,122.13

Description	Gross Carrying Amount				Depreciation/Amortisation				Net Carrying Amount			
	As at 01.04.2016	Foreign Currency Translation	Additions	Disposals	As at 31.03.2017	As at 31.03.2016	Foreign Currency Translation	Charge During the year	Disposal	Up to 31.03.2017	As at 31.03.2017	As at 01.04.2016
(a) Land	14,476.40	-	-	-	14,476.40	-	-	-	-	-	14,476.40	14,476.40
- Freehold	14,476.40	-	-	-	14,476.40	-	-	-	-	-	14,476.40	14,476.40
- Leasehold*	2,729.51	-	-	-	2,729.51	-	-	31.50	-	31.50	2,698.01	2,729.51
(b) Buildings	4,923.78	-	9.54	-	4,933.32	-	-	218.44	-	218.44	4,714.88	4,923.78
Leasehold Improvement	109.37	(2.46)	12.05	-	118.96	-	(0.30)	26.02	-	25.72	93.24	109.37
(d) Plant and Machinery	16,483.56	(173.29)	691.60	48.06	16,953.81	-	(9.89)	2,850.63	4.70	2,836.04	14,117.77	16,483.56
(e) Furniture and Fixtures	115.10	-	9.73	-	124.83	-	-	29.41	-	29.41	95.42	115.10
(f) Vehicles	102.08	(0.15)	73.45	0.38	175.00	-	(0.05)	31.98	-	31.93	143.07	102.08
(g) Office Equipment	192.74	(1.46)	63.25	0.59	253.94	-	(0.23)	47.92	-	47.69	206.25	192.74
Total	39,132.54	(177.36)	859.62	49.03	39,765.77	-	(10.47)	3,235.90	4.70	3,220.73	36,545.04	39,132.54

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

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD)

2B. INTANGIBLE ASSETS

(All Amounts in ₹ lakhs unless otherwise stated)

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

Description	Gross Carrying Amount			Depreciation/Amortisation			Net Carrying Amount		
	As at 01.04.2016	Additions	Disposals	As at 31.03.2017	Charge During the year	Disposal		Up to 31.03.2017	As at 31.03.2017
(a) Technical Know-how	34.30	728.11	-	762.41	29.08	-	29.08	733.33	34.30
(b) Computer Software	41.80	4.31	-	46.11	32.42	-	32.42	13.69	41.80
Total	76.10	732.42	-	808.52	61.50	-	61.50	747.02	76.10

*Possession of leasehold land is transferable at the end of the lease term

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD)

(All Amounts in ₹ lakhs unless otherwise stated)

Particulars	As at 31 st March 2018	As at 31 st March 2017	As at 1 st April 2016
3 Investments measured at Fair Value through Profit and Loss			
Equity Shares			
Unquoted			
(a) Suryadev Alloys and Power Private Limited (600 shares of ₹10/- each fully paid)	0.82	0.82	0.82
Quoted			
(b) HDFC Bank Limited (9500 fully paid up shares of ₹10 each)	179.17	137.04	101.76
(c) The Karnataka Bank Limited (3367 fully paid up equity shares of ₹10 each)	3.87	4.74	3.45
(d) Industrial Development Bank of India Limited (15,578 fully paid up shares of ₹10each)	11.25	11.70	10.81
(e) Corporation Bank Limited (200 fully paid shares of ₹10 each)	0.06	0.11	0.08
Total	195.17	154.41	116.92
Aggregate amount of Quoted Investments and Market Value	194.35	153.59	116.10
Aggregate amount of Unquoted Investments	0.82	0.82	0.82
All Investments are fully paid up.			
4 Loans and Advances			
Unsecured , Considered Good			
Security Deposits	171.10	137.51	151.16
Total	171.10	137.51	151.16
5 Other Non-Current Assets			
(a) Capital Advances	2,198.93	2,258.45	2,302.20
(b) Non Current Income Tax Assets	1,671.03	659.70	560.70
Total	3,869.96	2,918.15	2,862.90
6 Inventories*			
(As certified by the management)			
(a) Raw Materials and Components	2,377.83	1,966.79	2,132.57
(b) Work-in-progress	1,530.90	1,416.10	1,753.04
(c) Finished goods	843.46	737.77	693.28
(d) Stores & Spares	506.64	484.32	475.69
(e) Tools & Consumables	3,234.68	2,915.30	2,759.04
Total	8,493.51	7,520.28	7,813.62
Refer to Note 1(p) for method of valuation of inventories			
Refer to Note 40 for details relating to hypothecation of inventories			
7 Trade Receivables			
Unsecured			
(a) Considered good	12,139.71	11,551.05	10,307.37
(b) Doubtful	74.82	154.77	115.82
Less: Allowance for Doubtful Debts	(74.82)	(154.77)	(115.82)
Total	12,139.71	11,551.05	10,191.55

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD)

(All Amounts in ₹ lakhs unless otherwise stated)

Particulars	As at 31 st March 2018	As at 31 st March 2017	As at 1 st April 2016
8 Cash and Cash Equivalents			
(a) Cash on hand	11.51	11.58	15.84
(b) Balances with banks in Current Accounts	245.04	451.64	107.72
Total	256.55	463.22	123.56
Cash and Cash Equivalents for Cash Flow Statement			
Cash and Cash Equivalents shown as above	256.55	463.22	123.56
Less: Overdrafts utilized [Grouped under financial liabilities]	(9,357.13)	(7,979.07)	(7,880.76)
	(9,100.58)	(7,515.85)	(7,757.20)
9 Other Bank balances			
With up to 12 months maturity			
(a) Earmarked balances with bank**	73.14	67.21	136.90
Total	73.14	67.21	136.90
**Fixed Deposit held under lien by Bank	13.98	11.34	88.25
**Unpaid Dividend Account Balances	59.16	55.87	48.65
10 Current Loans and Advances			
Unsecured, Considered Good:			
(a) Security Deposits	305.91	342.24	369.20
(b) Other Advances	456.79	443.04	451.07
Total	762.70	785.28	820.27
11 Other Financial Assets - Current			
(a) Claims Receivable	39.77	71.76	130.39
Total	39.77	71.76	130.39
12 Other Current Assets			
(a) Advances to Suppliers	1,059.75	529.95	428.87
(b) Prepaid Expenses	387.24	97.31	116.79
(c) Staff Advances	1.88	0.31	68.11
(d) Balances with VAT/Excise/GST Authorities	195.28	427.08	288.77
(e) Current Income Tax Assets	71.82	4.93	-
Total	1,715.97	1,059.58	902.54
13 Equity Share Capital			
(a) Authorised Share Capital 7,50,00,000 (7,50,00,000) Equity Shares of ₹10 each	7,500.00	7,500.00	7,500.00
(b) Issued, Subscribed and Paid-up Capital 2,21,13,625 (2,21,13,625) Equity Shares of ₹10 each Fully Paid	2,211.36	2,211.36	2,211.36
Total	2,211.36	2,211.36	2,211.36

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD)

(All Amounts in ₹ lakhs unless otherwise stated)

(c)	Movement in Equity Shares	For the Year 2017-18	For the Year 2016-17
		Number	Number
	Opening Number of Shares	22,113,625	22,113,625
	Add: Issues of Shares	-	-
	Closing Number of Share	22,113,625	22,113,625
		Amount (INR)	Amount (INR)
	Opening Equity Share Capital	221,136,250	221,136,250
	Add: Issue of Shares	-	-
	Closing Equity Share Capital	221,136,250	221,136,250

(d) Rights and Restrictions attached to Equity Shares

"The Group has only one class of equity shares having a par value of ₹10 per share. 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.

The Equity shareholders are entitled to receive dividends as and when declared; a right to vote in proportion to holding etc. and their rights, preference and restrictions are governed by / in terms of their issue under the provisions for Companies Act, 2013"

(e) Shareholder Holding more than 5% Equity shares

	As at 31 st March 2018		As at 31 st March 2017	
	No. of Shares	Percentage	No. of Shares	Percentage
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 Estate Private Limited	1,341,882	6.07%	1,341,882	6.07%

(f) "No shares were allotted as fully paid bonus shares during the 5 years immediately preceding 31.03.2018. No Shares were bought back during the preceding 5 previous years and no shares were allotted for non-cash consideration during the 5 years immediately preceding 31.03.2018."

(g) Shareholding of Group Companies

Category	As at 31 st March 2018	As at 31 st March 2017
Shares held by Holding Company	51.19%	51.19%

Particulars	As at 31 st March 2018	As at 31 st March 2017	As at 1 st April 2016
14 Other Equity			
(a) General Reserve	16,692.82	16,692.82	16,692.82
(b) Capital Reserve	160.00	160.00	160.00
(c) Securities Premium	2,165.34	2,165.34	2,165.34
(d) Retained Earnings	10,191.22	1,501.44	(1,077.51)
(e) Foreign Currency Translation Reserve	(1,577.72)	(1,670.31)	(1,557.09)
Total	27,631.66	18,849.29	16,383.56

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD)

(All Amounts in ₹ lakhs unless otherwise stated)

Particulars	As at 31 st March 2018	As at 31 st March 2017	As at 1 st April 2016	
15 Non-Current Borrowings				
(a) Terms Loans (Secured)				
- From Banks (Refer Note 40)	6,921.94	9,055.84	7,056.48	
(b) Deposits (Unsecured)				
- Intercompany Deposits (Refer Note 40)	433.00	433.00	433.00	
Total	7,354.94	9,488.84	7,489.48	
16 Other Non-Current Financial Liabilities				
(a) Security Deposits	50.40	32.15	32.15	
(b) Long Term Finance Lease Obligations (Refer Note 47)	147.90	218.04	312.56	
(c) Other Financial Liabilities	290.35	394.53	397.68	
Total	488.65	644.72	742.39	
17 Non Current Provisions				
Towards employee Benefit Obligations				
- Gratuity	375.55	213.77	109.71	
- Leave Encashment	85.40	63.64	47.15	
Total	460.95	277.41	156.86	
18 Deferred Tax				
Deferred Tax Asset				
Towards Employee related expenses	175.44	120.59	82.92	
Towards Losses of India Operations	3,403.61			
(A) Sub-total - Deferred Tax Asset	3,579.05	120.59	82.92	
Deferred tax Liability				
Depreciation	965.79	620.00	724.84	
(B) Sub-total - Deferred Tax Liability	965.79	620.00	724.84	
Net Deferred Tax Liability	2,613.26	(499.41)	(641.92)	
Movement in Deferred Tax:	Depreciation	Losses	Others	Total
As at 1 st April 2016 - (Liability)/Asset				(641.92)
(Charged)/Credited:				
- To Profit and Loss	104.84		(2.38)	102.46
- To Other Comprehensive Income			40.05	40.05
As at 31 st March 2017 - (Liability)/Asset				(499.41)
(Charged)/Credited:				
- To Profit and Loss	(345.79)	3,403.61	9.94	3,067.76
- To Other Comprehensive Income			44.91	44.91
As at 31 st March 2018 - (Liability)/Asset				2,613.26

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD)

(All Amounts in ₹ lakhs unless otherwise stated)

Particulars	As at 31 st March 2018	As at 31 st March 2017	As at 1 st April 2016
19 Other Non-Current Liabilities			
Advances from Customers	9.77	9.77	13.41
Total	9.77	9.77	13.41
20 Current Borrowings			
(a) Loans Repayable on Demand			
- From Banks (Secured) (Refer Note 40)	9,357.12	7,979.06	7,880.76
(b) Short Term Borrowings from Banks (Unsecured)	4,844.91	3,737.14	3,424.20
(c) Short Term Borrowings from Others (Unsecured)	1,031.97	1,163.06	738.87
Total	15,234.00	12,879.26	12,043.83
21 Other Financial Liabilities			
(a) Current Maturities of Long-term debt (Refer Note 40)	3,258.03	3,000.71	9,308.10
(b) Interest Accrued but not due on Borrowings	90.29	94.63	64.76
(c) Unclaimed Dividend	59.16	55.87	48.65
(d) Employee Related	1,057.94	1,079.36	1,033.70
(e) Current Maturities of Finance Lease Obligations (Refer Note 47)"	129.98	127.79	122.45
(f) Other Current Financial Liabilities	515.19	419.64	648.29
Total	5,110.59	4,778.00	11,225.95
22 Short Term Provisions			
(a) Provision for Employee Benefits (Refer Note 38)			
- Gratuity	97.82	56.21	22.85
- Leave Encashment	24.83	12.79	3.82
Total	122.65	69.00	26.67
23 Other Current Liabilities			
(a) Advance Received from Customers	124.61	18.83	7.86
(b) Statutory Dues	904.06	307.02	273.40
(c) Other payables	51.40	35.00	20.00
Total	1,080.07	360.85	301.26
Particulars		Year ended March 31, 2018	Year ended March 31, 2017
24 Revenue From Operations			
(a) Sale of Products (inclusive of Excise duty)		84,328.91	87,091.66
(b) Other Operating Revenues		708.94	321.14
Total		85,037.85	87,412.80

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD)

(All Amounts in ₹ lakhs unless otherwise stated)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
25 Other Income		
(a) Interest Income	13.27	20.72
(b) Dividend Income	1.05	0.90
(c) Rental Income	178.63	160.70
(d) Profit on Sale of PPE	2.95	15.20
(e) MTM - Investment measured at FVTPL	40.77	37.49
(f) Grants Received	27.49	-
(g) Net Foreign Exchange Gain	-	237.74
(h) Other Non-Operating Income	406.30	631.91
Total	670.46	1,104.66
26 Employee Benefit Expenses		
(a) Salaries and Wages*	16,434.09	15,659.85
(b) Contribution to Provident and Other Funds	563.33	588.52
(c) Staff Welfare Expenses	658.10	643.29
Total	17,655.52	16,891.66
*Includes Employee benefit expenses relating to R&D		
27 Finance Costs		
(a) Interest	2,540.03	2,684.73
(b) Other Borrowing Cost	69.49	135.57
Total	2,609.52	2,820.30
28 Depreciation and Amortization		
(a) Property, Plant and Equipment	2,779.80	3,235.90
(b) Intangible Assets	114.52	61.50
(c) Investment property	70.53	71.24
Total	2,964.85	3,368.64
29 Other Expenses		
(a) Consumption of tools, stores and Spares	5,809.12	5,331.12
(b) Power and Fuel	2,703.22	3,058.86
(c) Sub-Contracting Charges	1,650.78	1,700.50
(d) Repairs and Maintenance	1,633.80	1,481.18
(e) Net Foreign Exchange Loss	39.56	-
(f) Payment to Auditors		
- Towards Audit Fees*	23.88	19.50
- Towards Taxation Matters	0.50	0.60
- Towards Certification	2.26	5.02
- Towards Other Services	1.00	0.92
- Towards Out of Pocket Expenses	0.82	0.57

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD)

(All Amounts in ₹ lakhs unless otherwise stated)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
29 Other Expenses (Continued)		
(g) Travelling Expenses	614.26	503.51
(h) Rental Expenses	1,398.27	1,378.39
(i) Packing Expenses	575.93	689.40
(j) Carriage Outwards	584.83	906.30
(k) Professional Charges	799.23	898.17
(l) Corporate Social Responsibility (Refer Note 46)	150.36	156.50
(m) Allowance for Trade and Other Receivables	-	66.00
(n) Other Expenses	2,256.70	2,983.21
Total	<u>18,244.52</u>	<u>19,177.75</u>
* Includes INR 4.38 Lakhs previous auditors		
30 Income taxes		
(a) Income Tax Expense		
Current Tax:		
Current Tax on Profits for the year	341.18	1,646.39
Sub Total (A)	341.18	1,646.39
Deferred Tax:		
Decrease/(Increase) in deferred tax assets	(3,458.46)	(37.67)
Increase/(Decrease) in deferred tax liabilities	345.79	(104.84)
Sub Total (B)	(3,112.67)	(142.51)
(A) + (B)	(2,771.49)	1,503.88
Expense/(Income) recognized in Profit and Loss	(2,726.58)	1,543.93
Expense/(Income) recognized in OCI	(44.91)	(40.05)
(b) Reconciliation of tax expense and the accounting profit multiplied by India's Tax Rate		
Profit Before income tax expense	7,395.48	5,130.09
Tax at Indian rate of 34.608%	2,559.43	1,775.42
Deduction under scientific and Research Expense Sec 35(2AB)	(248.15)	(205.04)
Income tax impact of difference between Book Depreciation and Depreciation under Tax law	(46.72)	210.21
Expenses not allowable for tax purposes	68.82	152.12
Income not chargeable to Income Tax	(55.99)	(274.34)
Losses of Indian Operations set off against current year profit	(5,257.59)	-
Carried Forward as business loss	3,403.61	-
Other items	(6.63)	-
Impact of differential tax rates of Indian Subsidiaries	(14.34)	(13.15)
Impact of differential Tax Rate at Foreign Jurisdictions	(61.26)	1.17
Current Tax	<u>341.18</u>	<u>1,646.39</u>
Add:		
Deferred tax - Business Loss	(3,403.61)	-
Deferred tax - Other Items	335.85	(102.46)
Income Expense/(Benefit)	<u>(2,726.58)</u>	<u>1,543.93</u>
Effective Rate of Tax	-36.87%	30.10%

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD)

(All Amounts in ₹ lakhs unless otherwise stated)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
31 Earning Per Share		
(a) Profit for the year attributable to equity shareholders (lakhs)	10,122.06	3,586.16
(b) Weighted average number of Equity Shares (in lakhs)	221.14	221.14
(c) Earnings per Share (Basic and Diluted)	45.77	16.22
(d) Face Value per Share ₹	10.00	10.00

32. Windmill Power Generation:

Electricity charges debited to Profit & Loss account is net of ₹127.85 lakhs (previous year ₹126.42 lakhs) being the electricity generated through company owned Wind Turbine Generators.

33. Intra-group balances written off:

During the year, the Trade Receivables of INR 2,854.06 lacs and loan receivable of INR 12,337.79 lacs in the books of the parent company due from its wholly owned subsidiary Amtec Precision Products Inc., have been written off. The parent company has initiated necessary action to secure approvals from the Reserve Bank of India in this regard.

Deferred tax Asset of INR 3,403 lacs has been recognized in the financials on account of tax benefits accruing to the parent company. The management firmly believes that adequate taxable profit would be earned in the years to come over and above the reversal of taxable timing differences to utilization of the deferred tax asset.

34. Fair Value Measurements:

Classification of Financial Instruments:

(All Amounts in ₹ lakhs unless otherwise stated)

Description	As at 31 st March 2018		As at 31 st March 2017		As at 1 st April 2016	
	FVTPL	Amortized Cost	FVTPL	Amortized Cost	FVTPL	Amortized Cost
Financial Assets						
Investments						
Equity Instruments	195.17		154.41		116.92	
Security Deposits		477.01		479.75		520.36
Loans		456.79		443.04		451.07
Trade Receivables		12,139.71		11,551.05		10,191.55
Cash and Cash Equivalents		256.55		463.22		123.56
Other Financial Assets		112.91		138.97		267.29
Total	195.17	13,442.97	154.41	13,076.03	116.92	11,553.83
Financial Liabilities						
Borrowings		22,558.94		22,368.10		19,533.31
Trade Payables		11,914.56		13,214.34		12,402.93
Other Financial Liabilities		5,599.24		5,422.72		11,968.34
Total		40,102.74		41,005.16		43,904.58

*FVTPL=> Fair Value Through Profit and Loss

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD)

a. Assets and Liabilities not carried at Fair Values:

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

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

Description	Fair Value Hierarchy	As at 31 st March 2018	As at 31 st March 2017	As at 1 st April 2016
Equity Instruments				
HDFC Bank Limited	Level 1	179.17	137.04	101.76
The Karnataka Bank Limited	Level 1	3.87	4.74	3.45
Industrial Development Bank of India Limited	Level 1	11.25	11.70	10.81
Corporation Bank Limited	Level 1	0.06	0.11	0.08
Suryadev Alloys and Power Private Limited	Level 3	0.82	0.82	0.82
Total		195.17	154.41	116.92

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

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

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

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

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

35. Financial Assets Risk Management:

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

a) Market Risk

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

i) Currency Risk:

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

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD)

(All Amounts in ₹ lakhs unless otherwise stated)

Particulars	As at 31 st March 2018			As at 31 st March 2017			
	Currency	EUR	USD	JPY	EUR	USD	JPY
Financial Assets							
Trade Receivables		251.17	14.22	41.61	188.93	183.71	8.42
Loans and Advances		NIL	NIL	NIL	NIL	NIL	NIL
Total		251.17	14.22	41.61	188.93	183.71	8.42
Financial Liabilities							
Term Loan		-	1,821.23	-	-	2,788.12	-
Trade Payables		0.35	53.16	95.51	1.55	125.10	112.13
Total		0.35	1,874.39	95.51	1.55	2,913.22	112.13
Net Exposure (A) – (B)		250.82	(1,860.17)	(53.90)	187.38	(2,729.51)	(103.71)

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

Sensitivity Analysis

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

Particulars	Sensitivity of Profit after tax and Equity						
	As at 31 st March 2018			As at 31 st March 2017			
	Changes in Exchange Rate	EUR	USD	JPY	EUR	USD	JPY
Increase in 5%		8.20	(60.82)	(1.76)	6.13	(89.24)	(3.39)
Decrease in 5%		(8.20)	60.82	1.76	(6.13)	89.24	3.39

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

ii) Interest Rate Risk:

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

(All Amounts in ₹ lakhs unless otherwise stated)

	As at 31 st March 2018		As at 31 st March 2017	
	INR	%	INR	%
Variable Rate Borrowings	25,189.58	98.74	25,163.77	99.55
Fixed Rate Borrowings	321.16	1.26	114.23	0.45
Total	25,510.74	100.00	25,278.00	100.00

Sensitivity Analysis:

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

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD)

	Impact on Profit after tax and Equity	
	Year ended 31 st March 2018	Year ended 31 st March 2017
Interest rate increases by 50 bps	(8.24)	(8.23)
Interest rate decreases by 50 bps	8.24	8.23

iii) Equity Price Risk:

Investments in equity instruments of the subsidiary Group companies are not held for trading and are carried at cost, hence are not exposed to equity price risk. The company holds certain investments in equity instruments that are quoted in stock exchanges and such investments are designated as measured at fair value through profit and loss statement exposing the company to equity price risk. Exposure to Equity price risk was INR 194.35 lacs (INR 153.59 lacs).

Sensitivity Analysis:

	Impact on Profit and Equity*	Impact on Profit and Equity*
	As at 31 st March 2018	As at 31 st March 2017
5% increase in Equity Prices	9.72	7.68
5% Decrease in Equity Prices	-9.72	-7.68

* Before Tax

b) Liquidity Risk:

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

(All Amounts in ₹ lakhs unless otherwise stated)

	Due in 1 st Year	Due between 1 to 5 Years	Carrying Amount as on 31.03.2018
March 31st 2018			
Borrowings	18,485.47	7,361.49	25,846.96
Trade Payables	11319.47	595.09	11914.56
Finance Lease Obligations	129.98	147.90	277.88
Other Financial Liabilities	1,722.59	340.75	2,063.34
Total	31,657.51	8,445.23	40,102.74

c) Credit Risk:

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The management evaluates the credit risk of individual financial assets at each reporting date. An expected credit loss is recognized if the credit risk has increased significantly since the initial recognition of the financial instrument. In general, the Group assumes that there has been a significant increase in credit risk since initial recognition if the amounts are 30 days past due from the initial or extended due date. However, in specific cases the credit risk is not assessed to be significant even if the asset is due beyond a period of 30 days depending on the credit history of the customer with the company

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD)

and business relation with the customer. A default on a financial asset is when the counter party fails to make contractual payments within 1 year from the date they fall due from the initial or extended due date. The definition of default is adopted given the industry in which the entity operates. The Group does not hold any security/collateral against its trade receivables, lease receivables, loans and deposits.

Credit Exposures:

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

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

Grade wise credit risk exposure on the reporting date:

(All Amounts in ₹ lakhs unless otherwise stated)

Grade	As at 31 st March 2018						Total
	Equity Instruments	Security Deposits	Cash and Bank Balances	Trade	Loans	Other Financial Assets	
A	195.18	477.01	329.69	12,139.71	443.00	53.57	13,638.15
B	-	-	-	-	-	-	-
C	-	-	-	74.82	-	-	-

(All Amounts in ₹ lakhs unless otherwise stated)

Grade	As at 31 st March 2017						Total
	Equity Instruments	Security Deposits	Cash and Bank Balances	Trade and Lease Receivables	Loans	Other Financial Assets	
A	154.41	479.75	530.44	11,551.05	443.00	71.80	13,230.45
B	-	-	-	-	-	-	-
C	-	-	-	154.77	-	-	-
D	-	-	-	-	-	-	-

*Expected credit losses, if any were measured on a 12th month estimate basis except for trade receivables classified in Grade C as on 31st March 2017 & 31st March 2018, where ECL is consider as life time basis.

36. Capital Management:

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

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD)

37. Reconciliations Between Previous GAAP and IndAS:

A. Reconciliation Statements:

i) Equity Reconciliation:

(All Amounts in ₹ lakhs unless otherwise stated)

Description	Note Ref.	Total Equity As at 31 st March 2017	Total Equity As at 31 st March 2016
Total Equity (Shareholders' Funds) as per previous GAAP		5,630.77	3,139.88
Adjustments Increase/(Decrease):			
Adoption of Fair Value as Deemed Cost of Land	B.1.1	13,349.78	13,349.78
Fair Valuation of Investments	B.2.2/B.2.3	149.07	111.59
Proposed Dividend Added Back to Equity	C.4		839.39
Dividend Distribution Tax Paid	C.4		157.56
Depreciation of Leasehold land	C.3	(31.50)	
Foreign Currency Translation	C.5	1,963.53	996.72
Total Equity as per IndAS		21,061.65	18,594.92

ii) Total Comprehensive Income Reconciliation:

Description	Note Ref.	For the year 2016-17
Net Profit as per Previous GAAP		3,302.90
Adjustments Increase/(Decrease):		
Marked to Market Gain on Investments	B.2.2/B.2.3	37.49
Depreciation of Leasehold Land	C.3	(31.50)
Remeasurement of Defined employee benefit obligations	C.2	115.72
Foreign Currency Translation	C.5	304.70
Foreign Currency Monetary items translation	C.7	(103.11)
Tax impact of above items		(40.04)
Profit after Tax as per IndAS		3,586.16
Other Comprehensive Income (Net of Tax)		
i. Items that will not be reclassified to profit and Loss		(188.89)
ii. Items that will be reclassified to profit and Loss		NIL
Total Comprehensive Income As per IndAS		3,397.27

B. Exemptions and Exceptions availed:

The group has applied all the mandatory exceptions and availed certain optional exemptions required/allowed by IndAS 101 – First Time adoption of Indian Accounting Standards.

B.1 IndAS optional Exemptions availed:

B.1.1 Deemed Cost – Property, Plant and Equipment, Investment Property and Intangible Assets:

IndAS 101 exempts entities from retrospective application of IndAS 16 Property, plant and Equipment, IndAS 40 Investment Property and IndAS 38 Intangible Assets if the deemed cost exemption is applied. The standard inter-alia permits previous GAAP carrying value or Fair Value on the date of transition to IndAS to be adopted as deemed cost for the purpose of transition to IndAS.

Accordingly, the Group has applied the exemption by adopting fair value on the date of transition as deemed cost of land and previous GAAP carrying value as deemed cost in respect of other assets including intangible assets and investment property. Consequential changes in the equity has been adjusted in the opening balance of the reserves.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD)

(All Amounts in ₹ lakhs unless otherwise stated)

Particulars	Total
Carrying Value as per Previous GAAP	3,840.15
Adjustment to gross value on Fair Valuation	13,349.78
Deemed Cost reported in IndAS Financials	17,189.93

B.1.2 Deemed Cost – Equity Instruments:

IndAS 27 requires an entity to account for investments in subsidiaries, joint ventures and associates either at cost or in accordance with IndAS 109. IndAS 101 allows adoption of deemed cost if an entity opts to account for these investments at cost as per IndAS 27. The deemed cost can be the fair value at the entity's date of transition to IndAS in its separate financial statements or the carrying value of the investments as per the previous GAAP.

The group has availed this exemption and has elected to account for the Investments in all the subsidiaries at carrying value as per previous GAAP adopting the same as deemed cost.

B.1.3 Designation of previously recognized financial instruments:

IndAS 101 allows designation of a financial asset as measured at fair value through profit or loss in accordance with IndAS 109 – Financial Instruments on the basis of the facts and circumstances that exist at the date of transition to IndAS.

Accordingly, the group has designated all its investments in Equity instruments other than investments in subsidiary companies as measured a fair value through profit or loss. Changes to total equity as at the date of transition to IndAS has been adjusted to the opening balance of retained earnings and changes in fair value during the year 2016-17 has been presented in the statement of profit and loss.

B.1.4 Cumulative Translation Differences:

The group has opted to avail the exemption provided in paragraph D13 of IndAS 101 in respect of its subsidiary UPIL US Inc. Consequently, the cumulative translation difference for that foreign operation is deemed to be zero at the date of transition to IndAS and has been transferred to retained earnings. The gain or loss on a subsequent disposal for that foreign operation shall exclude translation differences that arose before the date of transition to IndAS and shall include later translation differences.

B.1.5 Business Combinations:

The group has elected not to apply IndAS 103 retrospectively to past business combinations that occurred before the date of transition to IndAS.

As per IndAS 101, goodwill arising on business combinations that occurred prior to the date of transition to IndAS can be regarded as an asset of the acquiring entity rather than that of the acquire. The group has opted to avail this exemption. Consequently, they are non-monetary items and need not be restated as per IndAS 21, The Effects of Changes in Foreign Exchange Rates.

B.2 Mandatory Exceptions applied:

B.2.1 Estimates:

IndAS 101 requires that an entity's estimates in accordance with IndAS at the date of transition to IndAS shall be consistent with estimates made for the same date in accordance with previous GAAP unless there is objective evidence that those estimates were in error. Ind AS estimates as at 01-04-2016 are consistent with the estimates as at the same date made in conformity with previous GAAP.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD)

B.2.2 Classification and measurement of financial Assets:

As per IndAS 109, a financial instrument shall be classified based on the facts and circumstances existing on the date of initial recognition of the financial instrument. IndAS 101 allows a first-time adopter to classify their financial instruments based on the facts and circumstances existing at the date of transition to IndAS. The group applied this exemption in classifying its financial instruments on the date of transition to IndAS.

B.2.3 Derecognition of Financial Assets and Financial Liabilities:

A first-time adopter shall not apply the derecognition requirements of IndAS 109 Financial Instruments retrospectively except as permitted by IndAS101. Accordingly, the group has applied the derecognition requirements of IndAS 109 only for accounting periods beginning with the date of transition to IndAS.

C. Notes to First Time Adoption:

C.1 Excise duty impact on revenue from Operations:

The Statement of Profit and Loss has been prepared in accordance with the Division II of Schedule III to Companies Act, 2013. The format specified in the statute as aforesaid has not mandated the separate disclosure of excise duty unlike the previous format prescribed by the statute. Accordingly, the excise duty collectible from the customers has been added to Revenue from operations. This treatment has increased the revenue reported for the year 2016-17 to the extent of excise duty included therein. A comparative statement has been presented below:

(All Amounts in ₹ lakhs unless otherwise stated)

Particulars	Year ended 31 st March 2018	Year ended 31 st March 2017
Revenue from Sale of Products* (before excise duty)	81,330.27	78,788.76
Add: Excise Duty	2,998.64	8,302.90
Revenue from Sale of Products	84,328.91	87,091.66
Other Operating Revenues	708.94	321.14
Revenue from Operations	85,037.85	87,412.80

*Excise duty included in revenue from sale of products for the year 2017-18 contains excise duty collectible/collected from the customers upto 30th June 2017 after the which the excise duty regime was replaced with goods and service tax regime. Goods and Services Tax payable to the tax authorities are being accounted for as a liability and included in statutory liabilities under other current liabilities.

C.2 Remeasurements of post-employment benefit obligations:

Under IndAS, remeasurements i.e., actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognized in other comprehensive income along with the tax impact thereon. Under the previous GAAP, these remeasurements were forming part of the profit or loss for the year. As a result of this change, the profit for the year ended 31st March 2017 has increased by INR 75.67 lacs. There is no impact on equity as on 31st March 2017.

C.3 Depreciation of Leasehold Land:

The group had entered into long term lease agreement with the development authorities of industrial estates in respect of factory land in certain locations. The leases were for a fixed period of time from the date of inception and were classified as finance leases in the books of accounts. Under the lease arrangement the possession of the leased lands have to be transferred to the lessor at the end of the lease term unless renewed Accordingly, the leased hold land may be controlled by the company only upto the end of the lease term. In line with IndAS 16 – Property,

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD)

Plant and Equipment the deemed cost of the leased hold land as at the date of transition to IndAS is being amortized equally over the unexpired period of lease as at the even date.

C.4 Proposed Dividend and Tax on Distribution:

A provision shall be recognized only if there is a present obligation. Dividend proposed by the board does not give rise any right to claim the dividend unless the dividend is declared by the shareholders in the annual general meeting. Accordingly, the proposed dividend presented as a liability as per previous GAAP has been added back to equity.

C.5 Foreign Currency Translation Adjustments:

IndAS 21 requires the assets and liabilities of overseas subsidiaries to be carried at closing rate on the date of balance sheet hence all the assets and liabilities including property, plant and equipment have been translated at closing rate and the net impact in respect of the same has been disclosed. Gain or loss arising on such restatement has been recognized in the Foreign currency translation reserve through other comprehensive income except for differences arising on intra-group balances which have been recognized in the statement of profit and loss in line with the IndAS requirements.

C.6 Reclassification of Investment Property:

In line with the requirement of IndAS 40 Investment Property, the immovable property given on lease rental by the group has been reclassified as Investment Property from the previous classification of Buildings.

C.7 Foreign Currency Monetary items translation difference account:

Para D13AA allows a first-time adopter to continue the policy adopted for accounting for exchange differences arising from translation of long-term foreign currency monetary items recognised in the financial statements for the period ending immediately before the beginning of the first Ind AS financial reporting period as per the previous GAAP. The group has not opted for this exemption. Hence amount credited to profit and loss from the foreign currency monetary items translation difference account during the year 2016-17 has been reversed.

38. Employee Benefit Obligations:

Defined benefit as per actuarial Valuation

(All Amounts in ₹ lakhs unless otherwise stated)

Particulars	Gratuity			Leave Salary		
	Present Value of Obligation	Fair Value of Plan Assets	Net Amount	Present Value of Obligation	Fair Value of Plan Assets	Net Amount
As at 1 st April 2016	721.29	603.14	118.15	57.38	-	57.38
Current service cost	50.97	-	50.97	8.34	-	8.34
Interest expense/(income)	58.62	48.59	10.03	4.10	-	4.10
Total amount recognized in profit and loss account	109.58	48.59	60.99	12.44	-	12.44
Remeasurements						
Experience (gains) / losses	109.39	10.11	99.28	16.44	-	16.44
Total amount recognized in other comprehensive income	109.39	10.11	99.28	2.41	-	2.41
Employer contributions	-	5.90	(5.90)	-	-	-
Benefit payments	(47.76)	(47.76)	-	(9.82)	-	(9.82)
As at 31 st March 2017	892.51	619.98	272.53	76.44	-	76.44
As at 1 st April 2017	892.51	619.98	272.53	76.44	-	76.44

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD)

Particulars	Gratuity			Leave Salary		
	Present Value of Obligation	Fair Value of Plan Assets	Net Amount	Present Value of Obligation	Fair Value of Plan Assets	Net Amount
Current service cost	74.94	-	74.94	32.14	-	32.14
Interest expense/(income)	67.66	47.47	20.19	5.37	-	5.37
Total amount recognized in profit and loss account	142.60	47.47	95.13	37.51	-	37.51
Remeasurements						
Return on plan assets, excluding amounts included in interest expense / (income)	-	(0.80)	0.80	-	-	-
(Gain) / loss from change in financial assumptions	-	-	-	(13.56)	-	(13.56)
Experience (gains) / losses	121.71	-	121.71	20.83	-	20.83
Total amount recognized in other comprehensive income	121.71	(0.80)	122.51	7.27	-	7.27
Employer contributions	-	16.80	(16.80)	-	-	-
Benefit payments	(35.47)	(35.47)	-	(10.97)	-	(10.97)
As at 31st March 2018	1,121.35	647.98	473.37	110.25	-	110.25

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

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

Assumptions	As at 31 st March 2018	As at 31 st March 2017
	%	%
Discount Rate	7.60%	7.0%
Salary Growth Rate	5.00%	6.0%
Mortality Rate (% of IALM 06-08)	100.00%	100.00%
Attrition Rate	8.00%	8.00%

Sensitivity Analysis:

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions are:

All Amounts in ₹ lakhs unless otherwise stated)

Assumption	Impact on defined benefit obligation – Gratuity		
	Change in assumption	Increase in assumption (INR lacs)	Decrease in assumption (INR lacs)
Discount rate	1.00%	-106.82	114.73
Salary growth rate	1.00%	126.5	-119.55
Attrition rate	(On rate) 50.00%	-99.97	83.38
Mortality rate	(On rate) 10.00%	-46.67	46.68

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD)

Assumption	Impact on defined benefit obligation – Leave Encashment		
	Change in assumption	Increase in assumption (INR lacs)	Decrease in assumption (INR lacs)
Discount rate	1.00%	-14.1	15.07
Salary growth rate	1.00%	17.13	-16.25
Attrition rate	(On rate) 50.00%	-19.45	28.34
Mortality rate	(On rate) 10.00%	-8.06	8.06

Risk Exposure:

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

In addition to Interest Rate risk and liquidity risk explained in the Note No. 35 the group is also exposed to the below risks on account of valuation of defined benefit obligations:

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

39. Related Party Disclosure:

(Note: Related party relationship is identified by the Group and relied upon by the auditors)

a) List of Related Parties where control existsHolding Company

- Carburettors Limited

b) Other Related Parties:

Fellow Subsidiaries

RD Electrocircuits Private Limited

Key Managerial Personnel:

- Mr. Jayakar Krishnamurthy – Chairman and Managing Director
- Mr Ram Ramamurthy – Whole Time Director and Chief Financial Officer
- Ms Rekha Raghunathan – Director and Company Secretary

Relatives of Key Managerial Personnel:

- Dr. V Krishnamurthy

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD)

c) Transactions with related parties

All Amounts in ₹ lakhs unless otherwise stated)

Transactions during the year 2017-18	Holding Company	Other Related Enterprises	KMP	Relatives Of KMP
Balances as on 31.03.2018				
Outstanding payables	21.57 (21.57)	558.54 (876.01)	37.29 (104.15)	
Outstanding Receivables		2,616.79 (2,140.98)		

Transactions during the year 2017-18	Holding Company	Other Related Enterprises	KMP*	Relatives Of KMP
Purchase of materials		284.54 (302.74)		
Purchase of intangible assets		617.00 (572.86)		
Consultancy charges incurred		24.06 NIL		78.00 (103.79)
Labour Charges incurred		395.16 (271.11)		
Repairs & maintenance		37.45 NIL		
Rent Received		484.04 NIL		
Rent paid		384.44 (819.62)		
Managerial Remuneration (Directors)*			285.95 (331.62)	
Remuneration to key managerial personnel other than directors			26.79 (24.42)	
Interest Paid		51.96 (51.96)		
Sale of goods		2.98 (2.64)		
Sale of Fixed Assets		NIL (17.04)		
CSR Expenditure		150.36 (156.50)		
Dividend paid	566.00 (396.20)	731.88 (116.11)	17.71 (12.40)	27.40 (19.18)

*Managerial Remuneration provided/ paid for the year ended 31st March 2018 based on the approval of the shareholders in the AGM held on 28th September 2017 stands at ₹259.07 (including a sum of ₹37.29 lakhs provided and yet to be paid). It is in accordance with the approval of the Central Government dated 12th July, 2017.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD)

40. Borrowings:

(All Amounts in ₹ lakhs unless otherwise stated)

Particulars	As at 31 st March 2018			Terms of Repayment	Details of Security Offered to the Lender
	Current Maturities	Non -Current Maturities	Total		
I. Non-Current Borrowings					
A. Secured Borrowings					
Term Loan I	1,000.00	3,500.00	4,500.00	Repayable in quarterly instalments of ₹100 lakhs each. The period of maturity with reference to Balance Sheet date is 3 years. Rate of Interest-12.15% p.a	Secured by first charge on fixed Assets (present & future) on pari passu basis with other term lenders except those assets specifically charged.
Term Loan II	150.00		150.00	Repayable in monthly instalments of ₹50 lakhs each. The period of maturity with reference to Balance Sheet date is 3 months. Rate of interest-13.45% p.a	Secured by paripassu first charge on the land at Bawal and exclusive charge on the Building, Plant & Machinery at Bawal
OIF Term Loan	1,470.05	351.18	1,821.23	Repayable in 28 step-up quarterly instalments commencing from 2012-13. The period of maturity with reference to Balance Sheet date is 1.5 years.(6 instalments). Rate of conversion as on 31.03.2018-1\$=₹65.0441 carries and interest rate of LIBOR +5%	Secured by Paripassu first charge on the entire moveable & immoveable fixed assets of UCAL, present & future, except those assets specifically charged.
Machinery and Equipment Loan	38.08	344.08	382.16	Repayable in 48 monthly instalments at interest rate of 12.50% p.a	Secured by charge on property
Machinery and Equipment Loans (US Operations)	599.89	2,726.67	3,326.56	Repayable in monthly instalments of varying terms with an interest rate of LIBOR + 2.75%	Secured by charge on subject property
Total	3,258.02	6,921.93	10,179.95		
B. Unsecured Borrowings					
Inter-corporate Deposit		433.00	433.00	Repayable after 1 year. Rate of interest is 12%	Unsecured
Total		433.00	433.00		

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD)

(All Amounts in ₹ lakhs unless otherwise stated)

Particulars	As at 31 st March 2018			Terms of Repayment	Details of Security Offered to the Lender
	Current Maturities	Non -Current Maturities	Total		
II. Current Borrowings					
Loans repayable on Demand	9,357.13		9,357.13	Repayable on demand carrying a rate of interest 4.32% - 12.68%	Working capital facilities from banks are secured by first charge on property plant, equipment, raw materials, work-in-progress, finished goods and book debts as agreed with the lender.
Short Term borrowings from Bank	4,844.90		4,844.90	Repayable within a year. Rate of interest 8.90% - 10.50%	Unsecured
Short Term Borrowings from Others	1,031.97		1,031.97	Repayable within a year. Rate of interest 10.50%	Unsecured
Total	15,234.00		15,234.00		

41. MSME disclosure:

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

(All Amounts in ₹ lakhs unless otherwise stated)

Particulars	As at 31 st March 2018	As at 31 st March 2017
a. Principal Amount	35.99	37.59
b. Interest due and payable for delay in payment	Nil	4.51
c. Interest accrued and remaining unpaid	Nil	Nil

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

(All Amounts in ₹ lakhs unless otherwise stated)

Description	As at 31 st March 2018	As at 31 st March 2017
Claims against company not acknowledged as Debts		
i) Sales Tax/Tax	55.70	4.77
ii) Excise Duty	142.87	166.14
iii) Income Tax	337.14	337.14
iv) Claim of interest of bank	36.69	NIL
v) Right of recompense for restructured term loan account	125.00	NIL
Other moneys for which the company is contingently liable		
i) In respect of letters of credit outstanding	121.86	194.10
ii) Guarantees given by banks on behalf of the company	49.26	155.06
Commitment		
Estimated amount w.r.t contracts remaining to be executed on capital account, net of advances, not provided for	486.77	253.17

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD)

43. Expenditure Incurred on Research and Development:

(claimed under Income Tax Act, 1961)

(All Amounts in ₹ lakhs unless otherwise stated)

Particulars	For the year ended 31 st March 2018	For the year ended 31 st March 2017
A. Revenue Expenditure		
a) Material Consumed	4.55	0.68
b) Employee Benefit Expenditure	427.08	383.54
c) Other Expenses	646.12	498.94
Sub-Total – A	1,077.75	883.16
B. Capital Expenditure		
a) Land and Building	-	-
b) Plant and Machinery	45.38	21.00
c) Others	43.68	7.05
Sub-Total – B	89.06	28.05
Total R&D Expense - (A) + (B)	1,166.81	911.21

44. Disclosure made in terms of Regulation 34(3) of SEBI (LODR) Regulations 2015

S. No	Particulars	Name of the Company	Amount outstanding as at 31 st March 2018	Amount outstanding as at 31 st March 2017
1.	Capital advances made to entities controlled by relatives of KMPs	Bharat Technologies Auto Components Limited	2,100	2,100
		Maximum amount due at any time during the year	2,100	2,100

45. Proposed Dividend and Tax thereon:

The board of directors in their meeting held on 21st May 2018, have proposed a dividend of INR 2211.36 lacs (100% on the paid up equity share capital). Distribution of dividend is subject to approval by the shareholders in the annual general meeting. On distribution the company would be liable to pay a tax of INR 437.75 lacs as dividend distribution tax under section 115-O.

46. Corporate Social Responsibility:

Expenditure incurred on corporate social responsibility (CSR) activities:

- (a) Gross amount required to be spent during the year is ₹ 72.57 lacs
- (b) Amount spent during the year 2017-18 is INR 150.36 lacs (INR 156.50 lacs)

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018 (CONTD)

47. Finance Lease Information:

The group has obtained certain assets on lease. Gross cost and accumulated depreciation of those assets are disclosed below:

(All Amounts in ₹ lakhs unless otherwise stated)

Asset Class	Gross Block		Accumulated Depreciation		Net Block	
	As at 31 st March 2018	As at 31 st March 2017	As at 31 st March 2018	As at 31 st March 2017	As at 31 st March 2018	As at 31 st March 2017
Plant and Machinery	803.69	716.59	156.60	102.11	647.09	614.48

The future minimum lease payments under finance leases are as follows:

(All Amounts in ₹ lakhs unless otherwise stated)

Particulars	Amount INR lacs
Upto 1 year from the reporting date	141.88
After 1 year upto 5 years from the reporting date	156.30
Total Minimum Lease Payments	298.18
Less: Amount representing interest	20.30
Present Value of Minimum lease payments	277.88
Less: Current Obligations	129.98
Long Term Finance Lease obligations	147.90

The present values of the net minimum lease payments have been capitalized. The leases have been imputed with interest at annual rates ranging from 1.90 % to 9.47%.

48. Investment Property:

The group has one investment property in State of Illinios, USA that generated rental income during the year. The group did not have any property that did not generate rental income.

There were no restrictions on the realizability of investment property or on remittance of income and proceeds of disposal.

(All Amounts in ₹ lakhs unless otherwise stated)

Particulars	Year ended 31 st March 2018	Year ended 31 st March 2017
Opening Gross Carrying Amount	1,535.22	1,570.56
Additions/Deletions	-	-
Foreign Currency Translation	4.83	(35.35)
Closing Gross Carrying Amount	1,540.05	1,535.22
Opening Accumulated Depreciation	70.42	-
Depreciation for the year	70.01	71.24
Foreign Currency Translation	0.86	(0.81)
Closing Accumulated Depreciation	141.29	70.42
Opening Written Down Value	1,464.79	1,570.56
Closing Written Down Value	1,398.76	1,464.79
Estimated Depreciable Life	27.5 years	

The fair value of the investment property is its carrying value. Management has estimated the fair value based on level 3 inputs.

49. The balances outstanding as on 31st March 2018 in respect of Sundry Debtors, Loans & Advances and sundry creditors wherever not confirmed by them, in so far as they have not been subsequently recovered or adjusted are subject to confirmation or reconciliation.

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

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

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

For and on behalf of the board of Directors

FOR M/s R. SUBRAMANIAN AND COMPANY LLP

Chartered Accountants

FRN:004137S/S200041

K JAYASANKAR

PARTNER

M. NO. 014156

JAYAKAR KRISHNAMURTHY
CHAIRMAN AND MANAGING DIRECTOR

Place: Chennai

Date: 21st May 2018

REKHA RAGHUNATHAN
DIRECTOR AND
COMPANY SECRETARY

RAM RAMAMURTHY
WHOLE TIME DIRECTOR AND
CHIEF FINANCIAL OFFICER

FINANCIAL HIGHLIGHTS

(₹ in Lakhs)

Particulars	2017-18	2016-17	2015-16	2014-15	2013-14
1. Sales	57,761.53	56,397.62	50,304.67	53,077.92	46,563.18
2. Other Income (Including Services)	456.40	588.64	347.70	294.37	100.37
3. Total Income	58,217.93	56,986.26	50,652.37	53,372.29	46,663.55
4. Total Expenditure	47,935.00	48,812.55	43,809.87	45,709.24	40,750.63
5. Profit before Interest and Depreciation	10,282.93	8,173.71	6,842.50	7,663.05	5,912.92
6. Interest	2,220.90	2,292.02	2,168.62	2,617.37	2,983.26
7. Depreciation	1,838.15	2,223.49	2,305.09	2,397.95	1,922.88
8. Profit before Tax & exceptional items	6,223.88	3,658.20	2,368.79	2,647.73	1,006.78
9. Profit after Tax	(5,932.27)	2,493.02	1,811.44	1,979.42	822.12
10. Share Capital	2,211.36	2,211.36	2,211.36	2,211.36	2,211.36
11. Reserves and Surplus	38,957.35	32,838.07	30,345.06	29,451.84	28,362.99
12. Net Worth	41,168.71	35,049.43	32,556.42	31,663.20	30,574.35
13. Long Term loans from banks/ Financial Institutions	6,904.23	8,988.62	7,677.85	11,182.56	14,428.48
14. Fixed Assets	31,536.98	16,905.42	17,335.53	18,403.10	20,881.64
15. Dividend Rate (%)	100	50	35	20	10
16. Earnings per Share (₹)	(26.83)	11.27	8.19	8.95	3.72
17. Debt Equity Ratio	0.83 : 1	0.26 : 1	0.24 : 1	0.35 : 1	0.47 : 1



UCAL FUEL SYSTEMS LIMITED

CIN: L31900TN1985PLC012343

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

ATTENDANCE SLIP

32nd ANNUAL GENERAL MEETING

I / We hereby record my / our presence at the 32nd Annual General Meeting of the Company at Tag Centre, No.69, T.T.K Road, Alwarpet, Chennai - 600 018, on Saturday, 29th September, 2018 at 10.45 A.M.

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

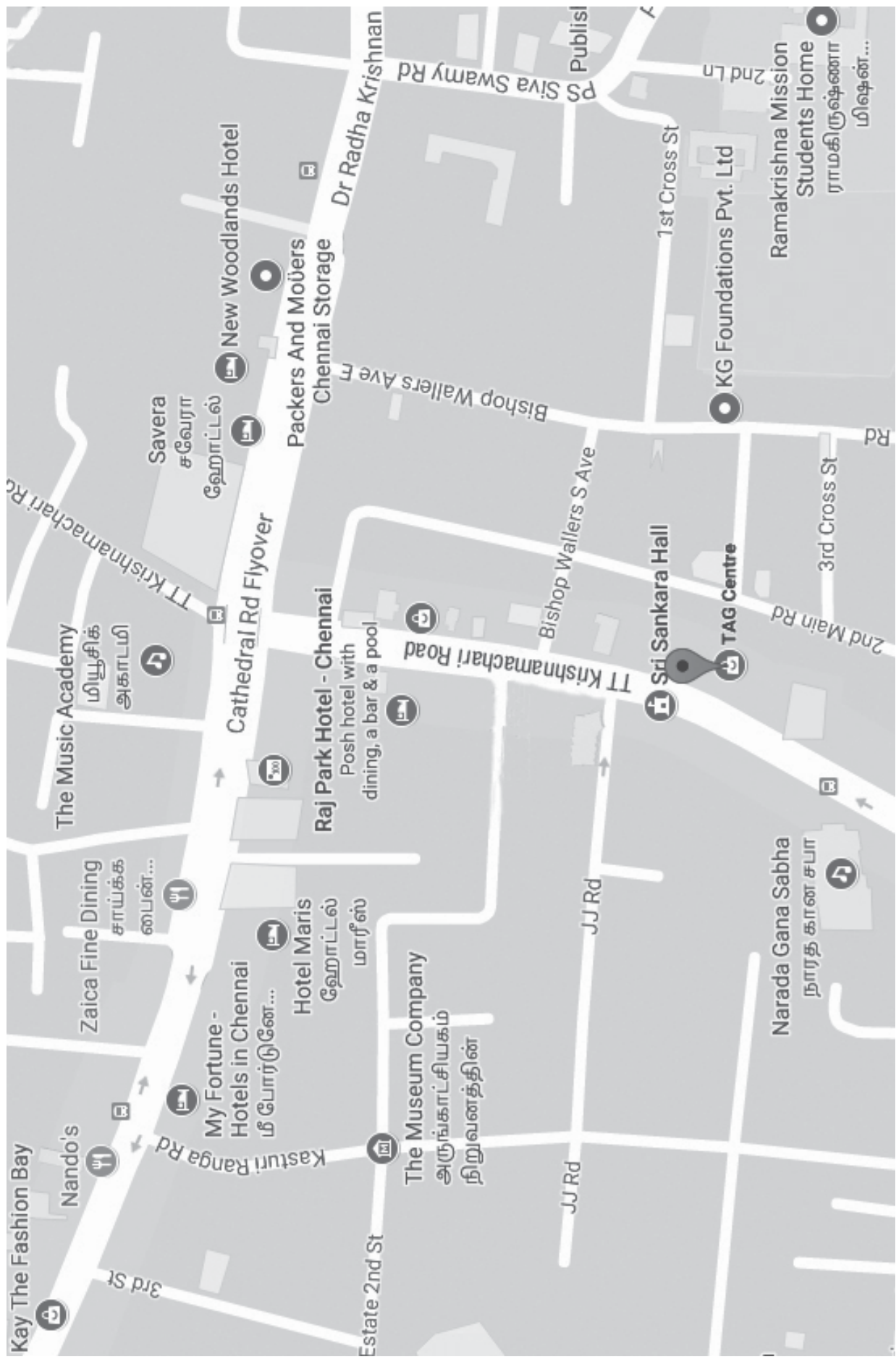
Member's / Proxy's Name
in Block Letters

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.



Kay The Fashion Bay

Nando's

Zaica Fine Dining
சாய்க்க
பைன்...

The Music Academy
மியூசிக்
அகாடமி

Savera
சவேரா
ஹோட்டல்

My Fortune -
Hotels in Chennai
மீ போர்டுஹேன்...

Hotel Maris
ஹோட்டல்
மாரீஸ்

Raj Park Hotel - Chennai
Posh hotel with
dining, a bar & a pool

New Woodlands Hotel

Packers And MoUers
Chennai Storage

The Museum Company
அருங்காட்சியகம்
நிறுவனத்தின்

Cathedral Rd Flyover

Dr Radha Krishnan

Bishop Wallers Ave

Bishop Wallers S Ave

TT Krishnamachari Road

JJ Rd

JJ Rd

Sri Sankara Hall

KG Foundations Pvt. Ltd

Narada Gana Sabha
நாரத கான சபா

Ramakrishna Mission
Students Home
ராமகிருஷ்ணர்
மிஷன்...

1st Cross St

3rd Cross St

2nd Main Rd

PS Siva Swamy Rd

Publist

3rd St

Estate 2nd St