



UCAL FUEL SYSTEMS LIMITED

9th December 2020

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 2019-20 to be approved and adopted in the Annual General Meeting of the company to be held on Thursday, the 31st December, 2020 at 15:30 hrs through video conferencing or other audio visual means

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

Thanking you

Yours faithfully
For UCAL FUEL SYSTEMS LIMITED


REKHA RAGHUNATHAN
DIRECTOR AND COMPANY SECRETARY

Encl: as above

NOTICE TO THE SHAREHOLDERS

Notice is hereby given that the 34th Annual General Meeting (“AGM”) of the shareholders of UCAL FUEL SYSTEMS LIMITED (“company”), Corporate Identification Number-L31900TN1985PLC012343 will be held on Thursday, 31st December 2020 at 3.30 p.m through Video Conferencing (“VC”) / Other Audio Visual Means (“OAVM”) to transact the following business:

ORDINARY BUSINESS:

1. Item No 1: To adopt the Audited Financial Statements of the company for the financial year ended 31st March 2020 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 2020 together with the Board’s Report and the Report of the Auditors thereon including the Audited Consolidated Financial Statements of the company for the year ended on that date together with the Report of the Auditors thereon, as circulated to the shareholders and presented to the meeting, be and are hereby approved and adopted”

2. Item No.2: 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:

3. Item No 3: 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 Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), 2015, and as recommended by the Nomination and Remuneration Committee, Audit Committee and as 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 2020 to 3rd September 2022 (both days inclusive), whose office shall be liable to determination of retirement by rotation 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 ₹3,50,000/- (Rupees three lakh fifty thousand only) 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 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.”

4. Item No.4: 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 re-enactment(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, 2020 to 20th September, 2022 (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."

5. Item No 5: Appointment of Ms. Lakshminarayanan Priyadarshini (DIN:06592671) as Non-Executive and Independent Director

To consider and if deemed fit, to pass, the following as an Ordinary Resolution:

"Resolved that pursuant to the provisions of Sections 149, 150 and 152 and other applicable provisions, if any, of the Companies Act, 2013 (Act) and Companies (Appointment and Qualification of Directors) Rules, 2014, read with Schedule IV to the Act, as amended from time to time, and pursuant to Regulations 17 and 25 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations"), Ms. Lakshminarayanan Priyadarshini (DIN:06592671, who was appointed Additional Director in the non-executive Independent category by the Board of Directors in their meeting held on 7th December 2020 subject to the appointment being approved by the shareholders at the ensuing Annual General Meeting by an Ordinary resolution and who had submitted a declaration that she meets the criteria for independence as provided in Section 149(6) of the Act, Securities and Exchange Board of India (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 7th December 2020 upto 6th December 2022.

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

6. Item No. 6: Approval of material related party transactions with Magnetic Meter Systems (India) Limited and R.D. Electro Circuits Private Limited:

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Related Party Transactions Policy of the Company and also pursuant to the consent of the Audit Committee and the Board of Directors and subject to such other approvals, consents, permissions and sanctions of other authorities as may be necessary, consent of the shareholders of the company be and is hereby accorded for the below mentioned material related party transaction(s) between (1) the company and M/s Magnetic Meter Systems (India) Limited and (2) the company and M/s R.D. Electrocircuits Private Limited for the financial year 2020-2021 based on the expected value of transactions of ₹16,510 Lakhs which will exceed 10% of the consolidated turnover of the Company for Financial Year 2020-21.

Sl. No	Nature of Transactions	Estimated value of Transactions in aggregate for the financial year 2020-2021 (₹ in Lakhs)
1	Sale, purchase or supply of any goods or materials	
	a) Purchase of Materials from M/s Magnetic Meter Systems (India) Limited	1,500
	b) Sale of Goods to M/s Magnetic Meter Systems (India) Limited	10
	c) Purchase of Materials from R.D. Electrocircuits Private Limited	15,000

"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

REKHA RAGHUNATHAN
DIRECTOR AND COMPANY SECRETARY

Place: Chennai

Date : 7th December, 2020

NOTES

1. The explanatory statement pursuant to Section 102 of the Companies Act, 2013, in respect of Items No. 3 to 6 which sets out the details with respect to the special business to be transacted at the meeting is annexed hereto.
2. In view of the massive outbreak of the COVID-19 pandemic, social distancing is a norm to be followed and pursuant to the Circular No. 14/2020 dated April 08, 2020, Circular No.17/2020 dated April 13, 2020 issued by the Ministry of Corporate Affairs followed by Circular No. 20/2020 dated May 05, 2020, physical attendance of the shareholders to the Annual General Meeting (AGM) venue is not required and AGM be held through Video Conferencing (VC) or Other Audio Visual Means (OAVM). Hence, shareholders can attend and participate in the ensuing AGM through VC/OAVM. In compliance with the provisions of the Companies Act, 2013 ("Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and MCA Circulars, the AGM of the Company is being held through VC / OAVM.
3. The relevant details, pursuant to Regulations [26(4) –Disclosure relating to Non-Executive Director] and 36(3) of the SEBI Listing Regulations and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India, in respect of Director seeking appointment/reappointment at this AGM is annexed.
4. Pursuant to the Circular No. 14/2020 dated April 08, 2020, issued by the Ministry of Corporate Affairs, the facility to appoint proxy to attend and cast vote for the shareholders is not available for this AGM. Accordingly, the facility for appointment of proxies by the shareholders will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.
5. Institutional / Corporate Shareholders (i.e. other than individuals / HUF, NRI, etc.) are required to send a scanned copy (PDF / JPG Format) of its Board or governing body Resolution / Authorization etc., authorizing its representative to attend the AGM through VC / OAVM on its behalf and to vote through remote e-voting. The said Resolution/Authorization shall be sent to the Scrutinizer by email through its registered email address to ufsl.scrutiny@gmail.com with a copy marked to evoting@nsdl.co.in.
6. In compliance with the aforesaid MCA Circulars and SEBI Circular dated May 12, 2020, Notice of the AGM along with the Annual Report 2019-20 is being sent only through electronic mode to those shareholders whose email addresses are registered with the Company/ Depositories. Shareholders may note that the Notice and Annual Report 2019-20 will also be available on the Company's website www.ucalfuel.com, websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively, and on the website of NSDL <https://www.evoting.nsdl.com>. The shareholders who have not registered their email address with depository are requested to follow the instruction given under the heading "Instruction for remote e-Voting"
7. Shareholders attending the AGM through VC/OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
8. 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 24th December 2020. 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.
9. 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).
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. Shareholders are requested to intimate changes, if any, pertaining to their name, postal address, email address, telephone/mobile numbers, Permanent Account Number (PAN), mandates, nominations, power of attorney, bank details such as, name of the bank and branch details, bank account number, MICR code, IFSC code, etc., to their DPs in case the shares are held by them in electronic form
15. Shareholders, holding shares in physical form, are requested to notify / send the following to the Registrar and Share Transfer Agent (Integrated Registry Management Services Private Limited) of the Company: -
 - a) any change in their address / bank mandate.
 - b) particulars of their bank account, in case they have not been sent earlier.
 - c) nomination in Form SH-13, in duplicate, as provided under Section 72 of the Companies Act, 2013, in case they have not been sent earlier.
 - d) share certificate(s) held in multiple accounts in identical names or joint accounts in the same order of names, for consolidation of such shareholdings into one account.
16. Pursuant to the provisions of Section 125 of Companies Act, 2013, the company has transferred the unpaid or unclaimed dividends for the financial years upto 2012-13 from time to time on due dates, to the Investor Education and Protection Fund (the IEPF) established by the Central Government. Pursuant to the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012 the company has uploaded the details of unpaid and unclaimed amounts lying with the company as on 30th September 2019 (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 (2013-14, 2014-15, 2015-16, 2016-17, 2017-18 and 2018-19) are advised to write to the company/Integrated immediately claiming the dividends declared by the company.
17. In terms of requirements of Section 124(6) of the Companies Act, 2013 read with Investor Education and Protection Fund (IEPF) Authority (Accounting, Audit, Transfer and Refund) Amendment Rules 2017("the Rules"), the Company is required to transfer the shares, in respect of which the dividend remains unpaid or unclaimed for a period of seven consecutive years to the IEPF account established by the Central Government. All shares in respect of which the dividend remains unpaid or unclaimed for a period of seven consecutive years have been transferred to the IEPF on the respective due dates.
18. Any person whose shares have been transferred to the Fund, may claim the shares from the authority by submitting an online Application form IEPF-5 available on the website www.iepf.gov.in and after making an application in form IEPF-5, send the same duly signed by him along with requisite documents to the Company for verification of his claim.
19. In compliance with the provisions of Section 108 of the Act, read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended from time to time, and Regulation 44 of the SEBI Listing Regulations, the shareholders are provided with the facility to cast their vote electronically, through the e-Voting services provided by NSDL, on all the resolutions set forth in this Notice. Shareholders holding shares either in physical form or in dematerialized form, as on 24th December 2020 i.e. cut-off date, may cast their vote electronically. The remote e-Voting module shall be disabled by NSDL for voting thereafter. Those shareholders, who will be present in the AGM through VC/OAVM facility and have not cast their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system during the AGM.

20. The shareholders who have cast their vote by remote e-voting prior to the AGM may also attend / participate in the AGM through VC / OAVM but shall not be entitled to cast their vote again.
21. The Voting rights of members shall be in proportion to their share of the paid-up equity share capital of the Company as on the Cut-off date December 24, 2020.
22. Since the AGM will be held through VC / OAVM, the Route Map is not annexed in this Notice.
23. 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).
24. 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.
25. Shareholders are requested to correspond with company at the email address as specified below:
 1. e-mails regarding complaints, queries and grievances – investor@ucal.com
 2. e-mail regarding any general matters – ufsl.ho@ucal.com

26. 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). Shareholders whose names appear on the Register of Members / List of Beneficial Owners as on the Cut-off date of 24th December 2020 will be considered for the purpose of availing Remote e-Voting or Voting in the Annual General Meeting. A person who is not a shareholder as on the cut-off date should treat this Notice for information purposes only.

The remote e-voting period shall commence from 28th December 2020 at 9.00 a.m. and shall close on 30th December 2020 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 30th December 2020 at 5 p.m.

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

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.
- 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 28th December 2020 (9.00 A.M.) and ends on 30th December 2020 (5.00 p.m.). During this period shareholders of the company, holding shares either in physical form or in dematerialised form, as on the cut-off date of 24th December 2020, 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 24th December 2020.
- VII. Mr. P. Sriram, Practising Company Secretary (Membership No. 4862) has been appointed as the Scrutinizer to scrutinize the voting process in a fair and transparent manner.
- VIII. The Scrutiniser, after the conclusion of the e-voting at the AGM, shall unblock the voting cast through remote e-voting and e-voting at the AGM in presence of at least two (2) witnesses not in the employment of the Company and make not later than 48 hours of conclusion of the AGM, a Scrutiniser’s Report to the Chairman or a person authorised by him.
- 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.

THE INSTRUCTIONS FOR SHAREHOLDERS FOR e-VOTING ON THE DAY OF THE AGM ARE AS UNDER: -

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-Voting.
2. Only those Members / Shareholders, who will be present in the AGM through VC / OAVM facility and have not cast their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system at the AGM.
3. Shareholders who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-Voting.

INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:

1. Shareholders will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access the same at <https://www.evoting.nsdl.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush. Further shareholders can also use the OTP based login for logging into the e-Voting system of NSDL.
2. The Shareholders can join the AGM in the VC / OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC / OAVM will be made available for 1000 shareholders on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
3. Shareholders who would like to express their views or ask questions during the AGM may register themselves as a speaker by sending their request from their registered email address mentioning their name, DP ID and Client ID / folio number, PAN, mobile number at investor@ucal.com. from December 18, 2020 (9:00 a.m. IST) to December 25, 2020 (5:00 p.m. IST). Those shareholders who have registered themselves as a speaker will only be allowed to express their views / ask questions during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.
4. Shareholders who need assistance before or during the AGM, can contact NSDL on evoting@nsdl.com or use Toll free No. 1800-222-990 or Contact Ms. Pallavi Mhatre, Manager, (or) Ms. Sarita M, Assistant Manager, NSDL at the designated email ID: evoting@nsdl.com or telephone No 022-2499 4545.

By Order of the Board
For UCAL FUEL SYSTEMS LIMITED

REKHA RAGHUNATHAN
DIRECTOR AND COMPANY SECRETARY

Place: Chennai

Date : 7th December, 2020

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.3, 4,5 and 6 of the accompanying Notice:

Item No.3

Mr. Ram Ramamurthy has been the Whole-time Director of the company from 4th September, 2014 to 3rd September 2020. The Board of Directors has once again approved the reappointment of Mr. Ram Ramamurthy for a further period of two years from 4th September, 2020 to 3rd September, 2022. 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 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 Citi group and its associates for ten years in various capacities.

In the company he has been responsible for close monitoring of various new projects from the initial stage to completion. Working closely with the R&D department he has been a key member of the team that ensured the smooth transition to the BSVI emission norms. He has assisted the Chairman and Managing Director in the management of the subsidiaries and has also monitored the implementation of the CSR schemes. He has streamlined the internal control systems in the organisation and has ensured stricter internal audit of systems and processes. Keeping in mind the work done by him in the last six years and in view of his experience and knowledge the Board is of the opinion that the re-appointment of Mr. Ram Ramamurthy as Whole-time Director is appropriate and in the best interests of the Company and justifiable under Section 196 (3) (a) of the Companies Act, 2013.

Taking into account the following factors i.e., financial position of the company, trend in the industry, qualification and experience of the appointee, his area of expertise, 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 under the provisions of the Companies Act, 2013 for the re-appointment 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, 2020 to 3rd September, 2022. 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. 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 and considering his age criteria specified under Section 196 (3) (a), the company seeks the approval of shareholders for such appointment and for payment of remuneration as detailed in the Notice by way of Special Resolution. Details as required under Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 also forms part of this Notice. The Re-appointment of Mr. Ram Ramamurthy as Whole Time Director of the Company and remuneration payable to him requires the approval of the shareholders of the Company under Section 196 and 197 of the Companies Act, 2013 read with Schedule V of the Companies Act, 2013. The Board/Committees are of the view that the re-appointment of Mr Ram Ramamurthy and remuneration payable to him is commensurate with his duties and responsibilities as the Whole Time Director of the Company. Therefore, the Special Resolution at Item No. 3 is placed before the shareholders for their approval.

Details as required under Regulation 36(3) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings (SS-2) also forms part of this Notice as Annexure -1.

None of the directors, key managerial personnel or their relatives other than Mr Ram Ramamurthy to whom this resolution relates is concerned or interested financial or otherwise in the resolution set out in Item No.3 of the notice.

The Board recommends the resolution set out in Item No. 3 of the Notice for the approval of the shareholders.

Item No. 4

Dr. V. Krishnamurthy was reappointed as Advisor for a period of two years from 21st September 2018. His tenure ended on 20th September 2020. 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 of the company from the year 2004 onwards. The Board of Directors at their meeting held on 7th December 2020, reappointed him as Advisor for a further period of two years with effect from 21st September 2020 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 and 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 19 years now in an advisory capacity. The smooth transition to the BSVI norms was implemented under the guidance of Dr. V. Krishnamurthy. He is instrumental in establishing best management practices across the organisation. His guidance has enabled the company to improve its profitability, work culture and has ensured 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 Original Equipment Manufacturers and was 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 just revamped its entire product portfolio to be BSVI compliant and is also looking at developing components for the electric mobility vehicle. Therefore the Board proposes his appointment as Advisor to the company for a further period of two years from 21st September, 2020 to 20th September, 2022 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 2020 to 20 th September 2022	₹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. 4 of the Notice.

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

Item No. 5

Ms. Lakshminarayanan Priyadarshini (DIN:06592671) was appointed additional director in the non-executive independent category at the Board meeting held on 7th December 2020 subject to the appointment being approved by the shareholders in the ensuing Annual General Meeting. A Declaration has been received from her as per the Sections 149, 150 and 152 of the Companies Act, 2013, for her appointment as an Independent Director. The Nomination and Remuneration Committee, Audit Committee and the Board have recommended her appointment as an Independent Director for the period from 7th December 2020 to 6th December 2022.

She is a B.A. (Hons) Economics graduate from Delhi University and has a Post Graduate Diploma in Business Management (Marketing and Finance). She has worked in ICICI Bank Limited and ABN Amro Bank in various capacities. She was Vice President and Vertical Head - Sales in HSBC Corporate Banking. She was also Business and Sales Head in Onicra Credit Rating Agency. She was a consultant to the Indian Institute of Foreign Trade in Delhi and has conducted Management Development Programs on their behalf. She was also Director - Sales and Marketing in Hughes Global Education and is currently Advisor, Corporate outreach and educator in Vedica Scholars Program for Women. Her areas of expertise include Consultative sales, Education Management, Sourcing Funds, Sales Management, Building Business Partnerships, Corporate Banking, New Client Penetration, Social Sector, Sales and Business Strategy and Key Accounting Management.

Ms. Lakshminarayanan Priyadarshini does not hold any shares in the company. She is not related to any other director of the company. The terms and conditions of appointment of Ms. Lakshminarayanan Priyadarshini as Independent Director will be available for inspection by the shareholders at the Registered Office of the company during normal business hours on any working day.

Except Ms. Lakshminarayanan Priyadarshini, 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. 5 of this Notice as a ordinary resolution.

Item No. 6

As a part of its operations, the Company purchases / sells materials from Magnetic Meter Systems (India) Limited and R. D. Electrocircuits Private Limited, in the normal course of business and at arm's length basis. Both Magnetic Meter Systems (India) Limited and R. D. Electrocircuits Private Limited are related parties.

Pursuant to the provisions of Section 188 of the Companies Act, 2013 ("the Act"), read with the Companies (Meetings of Board and its Powers) Rules, 2014 ('Rules'), the Company is required to obtain consent of the Board of Directors and prior approval of the members by way of ordinary resolution, in case certain transactions with related parties exceeds such sum as is specified in the said Rules. The aforesaid provisions of the Companies Act 2013 are not applicable in respect of transactions which are in the ordinary course of business and on arm's length basis.

However, pursuant to Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, approval of the shareholders through ordinary resolution is required for all material related party transactions, even if they are entered into in the ordinary course of business and on arm's length basis. For this purpose, a transaction is considered material, if the transaction/transactions to be entered into individually or taken together with previous transactions during a Financial Year exceed 10% of the annual consolidated turnover of the Company, as per the last audited financial statements of the Company.

The Company proposes to enter into contracts/ arrangements with related parties as mentioned below, which are in the ordinary course of business and at arms length basis . Further, the estimated value of the proposed transaction is likely to exceed 10% of the annual consolidated turnover of the Company for the financial year 2020-2021 and therefore may exceed the materiality threshold as prescribed under Regulation 23 of the Listing Regulations. Thus, these transactions would require the approval of the Members by way of Ordinary Resolution. The Audit Committee and the board had reviewed and approved the related party transactions as mentioned in the resolution set out under Item No. 6 of the Notice, at its meeting held on 10/02/2020.

Approval of the Members is sought to enable the Board for entering into contracts/ arrangements/ agreements/ transactions (including any modifications, alterations, amendments or renewal thereto) with the said parties subject to the limits mentioned in the table below:

Sl. No	Name of related party	Nature of Relationship	Nature of transaction	Estimated value of Transactions in aggregate for the financial year 2020-2021 (₹ In Lakhs)
1	M/s Magnetic Meter Systems (India) Limited (MMSL)	Ms. Rekha Raghunathan is a Director in MMSL and MMSL is controlled by a relative of a Key Managerial Personnel (KMP)	Purchase of Materials	1,500
2	M/s Magnetic Meter Systems (India) Limited	Ms. Rekha Raghunathan is a Director in MMSL and MMSL is controlled by a relative of a Key Managerial Personnel (KMP)	Sale of Goods	10
3	R.D. Electrocircuits Private Limited (RDEPL)	Mr. Jayakar Krishnamurthy and Mr. Ram Ramamurthy are Directors in RDEPL and RDEPL is a fellow subsidiary	Purchase of Materials	15,000

Regulation 23 (7) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 provides that all entities falling under the definition of related parties shall not vote to approve any related party transaction, irrespective of whether the entity is a party to the transaction or not.

The Board considers that the proposed arrangements with the related parties, are in the ordinary course of business.

None of the Directors or Key Managerial Personnel of the Company and their relatives except Mr. Jayakar Krishnamurthy, Mr. Ram Ramamurthy (being the Directors of M/s R.D. Electrocircuits Private Limited and Ms. Rekha Raghunathan (being Director of M/s Magnetic Meter Systems (India) Limited) and their relatives, are concerned or interested, directly or indirectly, in this Resolution.

The shareholders approval is solicited for the resolutions at Item No. 6 of the accompanying Notice as Ordinary Resolution.

By Order of the Board
For UCAL FUEL SYSTEMS LIMITED

Place: Chennai

Date : 7th December, 2020

REKHA RAGHUNATHAN
DIRECTOR AND COMPANY SECRETARY

ANNEXURE -1

Information about directors seeking appointment/re-appointment at the forthcoming Annual General Meeting in compliance with Regulations [26(4)–Disclosure relating to Non-Executive Director] and 36(3)of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations,2015 and Secretarial Standard on General Meetings (SS-2)**Ms. Rekha Raghunathan (DIN: 00057774)**

Ms. Rekha Raghunathan, daughter of Mr. K. Raghunathan is an Associate Member of the Institute of the Company Secretaries of India and also holds a Master's degree in Corporate Secretaryship. Born on 29th November 1970, she has been the company Secretary of Cauvery Palm Oil Limited and Bharat Technologies Auto Components Limited before joining the company and has over 19 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. Her area of expertise is given in detail in the corporate governance report. She has been on the Board of the company from 25th March 2015 onwards. 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 four board meetings held during the financial year 2019-20. She does not hold any shares in the company. She is not related to any other director of the company.

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. 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, 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. His area of expertise is given in detail in the corporate governance report.

He has been the Whole-time Director of the company from 4th September 2014 onwards and was appointed Chief Financial Officer with effect from 12th November 2015. He is stepped down as Chief Financial Officer of the Company with effect from the end of the working day of 1st August 2020. He did 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 six board meetings held during the financial year 2019-20. 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.

During the last six 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, his area of expertise, 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 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 2020 to 3rd September 2022.

Mr. Ram Ramamurthy does not hold any shares in the company. He is not related to any other director of the company. Details as required under Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 also forms part of this Notice.

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	

Ms. Lakshminarayanan Priyadarshini (DIN:06592671)

Born on 2nd July 1974, Ms. Lakshminarayanan Priyadarshini, is the daughter of Mr. S. Lakshminarayanan. She is a B.A. (Hons) Economics graduate from Delhi University and has a Post Graduate Diploma in Business Management (Marketing and Finance). She has worked in ICICI Bank Limited and ABN Amro Bank in various capacities. She was Vice President and Vertical Head - Sales in HSBC Corporate Banking. She was also Business and Sales Head in Onicra Credit Rating Agency. She was a consultant to the Indian Institute of Foreign Trade in Delhi and has conducted Management Development Programs on their behalf. She was also Director - Sales and Marketing in Hughes Global Education and is currently Advisor, Corporate outreach and educator in Vedica Scholars Program for Women. Her areas of expertise include Consultative sales, Education Management, Sourcing Funds, Sales Management, Building Business Partnerships, Corporate Banking, New Client Penetration, Social Sector, Sales and Business Strategy and Key Accounting Management.

Ms. Lakshminarayanan Priyadarshini does not hold any shares in the company. She is not related to any other director of the company. The terms and conditions of appointment of Ms. Lakshminarayanan Priyadarshini 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.

Details of her other directorships and membership/chairmanship of committees are given below:

Name of the company	Position Held	Committee membership/chairmanship
1. Shriram Housing Finance Limited	Independent Director	Chairman - Corporate Social Responsibility Committee Member - Audit Committee Member - Risk Management Committee Member - Nomination and Remuneration Committee Member - Internal Complaints Committee Chairman - IT Security Committee
2. Spectrum Solusys Private Limited	Director	

By Order of the Board
For UCAL FUEL SYSTEMS LIMITED

Place: Chennai
Date : 7th December, 2020

REKHA RAGHUNATHAN
DIRECTOR AND COMPANY SECRETARY



UCAL FUEL SYSTEMS LIMITED

FUELLING A TRIAL
Blazing Path of Excellence...

ANNUAL REPORT
2019-20

Board of Directors

Mr. Jayakar Krishnamurthy	Chairman and Managing Director
Mr. Ram Ramamurthy	Whole-time Director. He was also Chief Financial Officer upto 01.08.2020
Mr. S. Balasubramanian	Independent Director
Mr. S. Natarajan	Independent Director
Ms. Lakshminarayanan Priyadarshini	Independent Director with effect from 07.12.2020
Ms. Rekha Raghunathan	Director and Company Secretary
Dr. V. Sumantran	Independent Director (upto 24.07.2020)

Audit Committee

Mr. S. Natarajan	Chairman
Mr. S. Balasubramanian	Member
Mr. Jayakar Krishnamurthy	Member
Dr. V. Sumantran	Member (upto 24.07.2020)

Chief Executive Officer

Mr. P.H. Narayanan	Upto 31.01.2020
Mr. Syed Abdul Hadi	With effect from 01.02.2020

Chief Financial Officer

Mr. Ram Ramamurthy	Upto 01.08.2020
Mr. V. Ramanathan	With effect from 02.08.2020

Statutory Auditor

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

Secretarial Auditor

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

Cost Auditor

Mr. L. Thriyambak, Cost Accountant
Membership No. 40720, Sole Proprietor Reg. No. 000902
No.3, Socrates Street, Anna Nagar,
Chitlapakkam, Chennai - 600 064

Bankers

Kotak Mahindra Bank
State Bank of India

Registrar & Share Transfer Agent

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

Registered Office

“Raheja Towers”, Delta Wing - Unit 705
177 Anna Salai, Chennai - 600 002
Tel : 044 - 42208111; Fax : 044 - 28605020
E-mail : investor@ucal.com; 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 34th Annual Report together with the audited accounts of the company for the year ended 31st March 2020.

FINANCIAL HIGHLIGHTS

The performance of the company for the year ended 31st March 2020 is as follows:

(₹ in lakhs)

Particulars	For the year ended	
	31.03.2020	31.03.2019
Revenue from operations	50,967.70	59,612.98
Total Expenditure	43,964.26	49,934.85
Operating Income	7,003.44	9,678.13
Other Income	766.39	391.11
Profit before Interest, Depreciation, Tax and Exceptional items	7,769.83	10,069.24
Interest	2,185.44	2,295.15
Depreciation	2,051.98	1,768.39
Profit before Tax & Exceptional items	3,532.41	6,005.70
Exceptional items	(10,509.00)	-
Profit/(Loss) before Tax	(6,976.59)	6,005.70
Tax Expense/(credit)	1,598.45	2,127.44
Profit/(Loss) after Tax	(8,575.04)	3,878.26
Balance of profit brought forward from last year	21,316.27	20,060.19
Amount available for appropriation	12,741.23	23,938.45
Appropriations		
Transfer to general reserve	-	-
Dividend paid during the year	(1,990.23)	(2,211.36)
Tax on dividend	(392.93)	(437.75)
Other comprehensive Income/(Loss)	(93.10)	26.93
Balance profit carried to Balance Sheet	10,264.97	21,316.27

DIVIDEND

The Directors are constrained from declaring a dividend for the financial year 2019-2020. Though the companies operations resulted in a pre-tax profit, in view of the recognition of impairment loss on the investments made in Ucal Holdings Inc., (UHI) a wholly-owned subsidiary as mandated under the Accounting standards, the company suffered a substantial loss. The financial year 2020-2021 is a major business transition year for the automotive / auto component industry because of change in emission norms from BSIV to BSVI. The Covid pandemic that hit the world has added to the unpredictability of the business in the financial year 2020-2021, Hence the board has decided to preserve the cash to meet any exigency that may arise in financial year 2020-2021. The board of directors is fully aware of the desires and aspirations of the individual shareholders of getting a return on their investment in the form of dividend. The Board believes that this financial year 2019-2020 is a year of exception for non payment of dividend.

TRANSFER TO GENERAL RESERVE

There has been no transfer to the general reserve of the company for the financial year 2019-2020.

SHARE CAPITAL

The paid-up equity share capital of the company as on 31st March 2020 was ₹22,11,36,250. The company has not issued any shares nor granted stock options or sweat equity during the financial year 2019-2020.

FINANCIAL PERFORMANCE

The net revenue from the operations of the company stood at ₹50,968 lakhs in the financial year 2019-2020 as against ₹59,613 lakhs in the financial year 2018-19 resulting in a decreased revenue of 14.5%. This can be attributed to the reduced offtake by the existing customers owing to the ensuing change in the emission norms from 1st April 2020 and also due to a general slowdown in the economy. The earnings before Interest, Tax and Depreciation (EBITDA) stood at ₹7,770 lakhs in the financial year 2019-2020 as against ₹10,069 lakhs in the financial year 2018-19 as in addition to a decrease in the net revenue from operations there was also a constraint in raising selling prices despite an increase in the input cost.

The exports stood at ₹740 lakhs in the financial year 2019-2020 as compared to ₹550 lakhs in the financial year 2018-19. Continuous efforts are on to enhance the company's presence in the export market. The spares sales of the company in the financial year 2019-2020 stood at ₹6,690 lakhs as against ₹5,976 lakhs in the previous financial year. The offtake by the dealers and the Original Equipment Manufacturers (OEMs) increased in 2019-2020 resulting in a 12% increase. The company has put in extra efforts to expand its dealership network and become competitive in the spares market which is beset with spurious products.

The Profit/(Loss) After Tax (PAT) for the financial year 2019-2020 stood at ₹(8,575) lakhs as against a profit of ₹3,878 lakhs of the previous financial year. The company's earnings per share is "Nil" for the financial year 2019-2020 due to the exceptional item of ₹10,509 lakhs which is the provision for impairment of value of investment made in Ucal Holdings Inc as mandated under the Accounting Standards. However the consolidated financial statements of the company show a profit of ₹2,115 lakhs with an earnings per share of ₹9.56 as the provision for impairment of value of investment made in Ucal Holdings Inc., gets offset in the consolidated financial statements.

To augment its capacity to meet the requirements of its customers, under the stringent BSVI emission norms, the company has spent ₹6,092 lakhs in capital investment in the financial year 2019-2020 as compared to ₹3,855 lakhs spent in the financial year 2018-19. The company continues its thrust on R&D and has spent ₹1,585 lakhs in the financial year 2019-2020 as against an amount of ₹1,375 lakhs spent in the previous financial year.

The new BSVI emission norms came into effect from 1st April 2020 and the company has successfully developed and commercialised the electronic carburettor and other relevant components. Efforts are on to expand the indigenous market for the same. The company continues to supply the mechanical carburettor for the export market in addition to supplying spares to both OEMs and dealers.

DIRECTORS

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 reappointment 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.

Ms. Lakshminarayanan Priyadarshini (DIN: 06592671) was appointed Additional Director (non-executive and Independent category) in the Board meeting held on 7th December 2020, 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 her appointment as Independent Director.

Mr. Ram Ramamurthy's (DIN: 06955444) term as Whole-time Director ends on 3rd September 2020. It is proposed to reappoint him as Whole-time Director for a further period of two years from 4th September 2020 to 3rd September 2022 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.

Dr. V. Sumantran (DIN: 02153989) resigned from the Board at the end of the working day of 24th July, 2020. The Company has benefited greatly from his association and the Board places on record its sincere appreciation for the services rendered by him during his tenure as director.

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

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

- (a) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to any material departures;
- (b) Such accounting policies have been selected and applied consistently and such judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year 31st March 2020 and of the profit and loss of the company for the year ended 31st March 2020
- (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.

APPOINTMENT OF CHIEF FINANCIAL OFFICER

Mr. Ram Ramamurthy stepped down as Chief Financial Officer of the Company with effect from the end of the working day of 1st August 2020. Consequent to his stepping down, Mr.V. Ramanathan has been appointed as Chief Financial Officer with effect from 2nd August 2020.

AUDIT COMMITTEE

The audit committee conforms to the requirements of Section 177 of the Companies Act, 2013 and Regulation 18 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. With the resignation of Dr. V. Sumantran from the board, the members of the Audit Committee as on date of this report are Mr. S. Natarajan, Mr. S. Balasubramanian and Mr. Jayakar Krishnamurthy. Mr. S. Natarajan continues as the Chairman of the Audit committee. The committee met 6 times during the year. Detailed disclosure on the terms of reference and meetings are mentioned in the corporate governance report.

STATUTORY AUDITORS

M/s R. Subramanian and Company LLP, Chartered Accountants, Chennai (Registration Number: 004137S/S200041) were appointed statutory auditors of the company for a period of five consecutive years commencing from the conclusion of the 31st Annual General Meeting held on 28th September 2017 till the conclusion of the 36th Annual General meeting subject to the ratification of their appointment by the shareholders at the Annual General Meeting every year. However, as per the amendment in Section 40 of the Companies Amendment Act 2017, the ratification of the appointment of statutory auditor at the Annual General Meeting every year is not required. The emphasis of matter specified in the Independent auditor's report on the Standalone Financial Statements has been explained in Note No. 38 (c) of the notes to accounts.

SECRETARIAL AUDITOR

Pursuant to the provisions of section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the company had appointed M/s. P. Sriram & Associates, a firm of practising company secretaries as secretarial auditor of the company to undertake secretarial audit of the company for the financial year 2019-2020. The report of

the secretarial auditor is given in Annexure-I and forms part of this report. It does not contain any qualification, reservation, adverse remark or disclaimer. The Board of Directors has reappointed M/s. P. Sriram & Associates, as secretarial auditor for the financial year 2020-2021. Necessary consent has been received from them to act as secretarial auditor.

INTERNAL AUDITORS

M/s. P. Chandrasekar, Chartered Accountants, continue as internal auditors of the company. Their scope of work is periodically reviewed and updated by the audit committee. It includes among other things a review of the operational efficiency, effectiveness of systems and controls in existence, review of the processes to safeguard the assets of the company and assessing the strength of the internal control in all areas. The internal auditor's report is discussed with the concerned stakeholders and corrective remedial action is taken on a regular basis in consultation with the audit committee. The internal auditors were present at the audit committee meetings as and when required.

COST AUDITOR

The cost audit for the financial year 2019-20 was conducted by Mr. L. Thriyambak who was appointed by the Board as the cost auditor of the Company for the financial year 2019-20.

SUBSIDIARY COMPANIES

The company has two wholly-owned subsidiaries.-.

Ucal Polymer Industries Limited (UPIL)-The revenue from operation of UPIL stood at ₹4,994 lakhs in the financial year 2019-2020 as against ₹5,917 lakhs in the financial year 2018-2019. The decreased revenue can be attributed to the decreased offtake by UCAL Fuel Systems Limited (UFSL) which continues to be the only major customer of UPIL. The net profit after tax stood at ₹648 lakhs in the financial year 2019-2020. UPIL continues to support the operations of UFSL by providing it an advantage in terms of pricing, quality and timeliness of supplies. UPIL has successfully met the new business requirements of UFSL as per BSVI emission norms.

Ucal Holdings Inc., (UHI)-The revenue from operations of UHI was ₹21,780 lakhs in the financial year 2019-2020 as against ₹27,784 lakhs in the financial year 2018-2019. In terms of US dollar, the revenue from operations was \$ 300 lakhs during financial year 2019-2020 as compared to \$ 411 lakhs in the financial year 2018-2019 recording a decrease of 27%. UHI has earned a net profit/(loss) after tax of ₹(757) lakhs during the financial year 2019-2020 as against a profit of ₹484 lakhs in the financial year 2018-2019. The reduced revenue from operations and the profitability is due to the down turn in the US economy which had a direct impact on the operations of the company.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements for the year ended 31st March 2020 of the company and its subsidiaries together with the auditor's report thereon are enclosed. The statement pursuant to sub section(3) of Section 129 of the Companies Act, 2013 read with Rule 5 of Companies (Accounts) Rules, 2014 in the prescribed form AOC-1 relating to the subsidiary companies is given in Annexure-II.

The consolidated results of the company and its subsidiaries show that a net profit after tax of ₹2115 lakhs has been achieved during the financial year 2019-2020 as against ₹4,581 lakhs in the financial year 2018-2019. The consolidated financial statements of 2019-2020 have been prepared taking into account the audited financial statements of all the subsidiary companies for the financial year 2019-2020 and all adjustments have been given effect to in the consolidated statements.

In terms of section 136 of the Companies Act, 2013 the company has not attached the financial statements of the subsidiary companies. However, the financial information of the subsidiary companies is disclosed in the annual report. The annual accounts, reports and other documents of the subsidiary companies will be available for inspection during business hours, by any shareholder of the company at the registered office of the company and also at the registered office of the concerned subsidiary and has also been posted on the website of the company www.ucalfuel.com. The annual accounts, reports and other documents of the subsidiary companies will be dispatched to the shareholders upon receipt of a request from them.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The company's CSR activities are in the field of education, sports, health, sanitation and preservation of culture and heritage. As per Section 135 of the Companies Act, 2013, the CSR Policy was formulated by the CSR Committee and thereafter approved by the Board. The CSR policy is displayed on the website of the company www.ucalfuel.com, weblink: <http://www.ucalfuel.com/policy-csr.pdf>. Mr. S. Balasubramanian is the chairman of the committee and Mr. Ram Ramamurthy and Mr. Jayakar Krishnamurthy are the other members of the committee. For the financial year 2019-2020 the report on corporate social responsibility is given as Annexure-III and forms part of the Board's Report.

PUBLIC DEPOSITS

During the financial year 2019-2020, 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 3,4,11 and 43 of the notes to accounts of the Standalone Financial Statements.

MATERIAL CHANGES AND COMMITMENTS

The lockdown due to the Covid pandemic and the transition to BSVI emission norms had an impact on the turnover and the profitability of the company for the first two quarters of the financial year 2020-21. The impact of COVID-19 will be felt in the Financial Year 2020-21 as it is expected to further drag the slowness in the auto / auto component industry and the revival is bound to be slow. The Company has gradually resumed operations in its facilities, as per the guidelines issued by the Ministry of Health and Family Welfare. The Company has taken steps to build in all the safety and precautionary measures across all its facilities and locations. In spite of the various challenges due to the lockdown, the overall financial position of the company continues to remain stable.

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 2019-2020 as per Section 188 of Companies Act, 2013. All transactions entered into with related parties were at an arm's length basis and in the ordinary course of business. Form AOC-2 as required under Section 134(3)(h) of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules 2014, is given in Annexure-VI and forms part of this report. The company's related party transactions have been entered into for meeting the requirements of operations and at an arm's length basis and in the ordinary course of business.

CHANGE IN NATURE OF BUSINESS

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

REGULATORY/COURT ORDERS

During the year 2019-2020 no significant and material orders were passed by the courts, regulators or tribunals affecting the going concern status of the company and its future operations.

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

No company has become or ceased to be the company's subsidiary, joint venture or associate company during the financial year 2019-2020.

PARTICULARS OF EMPLOYEES

Mr. Jayakar Krishnamurthy, Mr. Ram Ramamurthy, Ms.Rekha Raghunathan and Mr. Syed Abdul Hadi hold the office of key managerial personnel of the company as on 31st March 2020. Mr. Ram Ramamurthy stepped down as Chief Financial Officer with effect from the end of the working day of 1st August 2020. Consequent to his stepping down, Mr.V. Ramanathan has been appointed as Chief Financial Officer with effect from 2nd August 2020. Mr. V. Ramanathan, will also be a Key Managerial Personnel for the purpose of Compliance of Section 203 of Companies Act, 2013. 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 2019-2020.

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 Securities and Exchange Board of India (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 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.

BUSINESS RESPONSIBILITY REPORT

The Business Responsibility Report as applicable to the Company in terms of Regulation 34(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the financial year 2019-20 is provided in Annexure-XI to this report. The Company practices various business responsibility initiatives as per the framework developed under the guidance of the chairman and managing director who is also responsible for the implementation of the same. The Business Responsibility Policies and the Business Responsibility Report are displayed on the website of the company website: www.ucalfuel.com., weblink: <http://www.ucalfuel.com/policy.asp> and weblink: <http://www.ucalfuel.com/business-responsibility-report.asp>

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 2019-2020.

ANNUAL GENERAL MEETING

In view of government advisories on travel and public gatherings to combat the prevailing COVID-19 pandemic and to support the health and well-being of all stakeholders, the 34th AGM would be conducted through Video Conferencing (VC) or Other Audio Visual Means (OAVM) on 31st December, 2020 at 15:30 hrs IST, as per the framework notified by the Ministry of Corporate Affairs. The notice convening the 34th AGM shall contain detailed instructions and notes in this regard.

The electronic copies of the annual report and the notice convening the 34th AGM would be sent to the shareholders whose e-mail addresses are registered with the Company or their respective Depository Participants (DP). In terms of General Circulars no. 14/2020 dated April 08, 2020, 17/2020 dated April 13, 2020 and 20/2020 dated May 05, 2020 issued by the Ministry of Corporate Affairs (MCA) read with SEBI circular no. SEBI/HO/CFD/CMD1/CIR/P/2020/84 dated May 12, 2020, the Company has not printed physical copies of annual report for distribution. The full Annual Report shall be made available on the website of the Company and also shall be disseminated to the stock exchanges where shares of the Company are listed.

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: 7th December 2020

JAYAKAR KRISHNAMURTHY
CHAIRMAN AND MANAGING DIRECTOR

ANNEXURE I TO BOARD'S REPORT

Form No. MR-3

SECRETARIAL AUDIT REPORT
FINANCIAL YEAR ENDED 31st MARCH, 2020

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

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

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

Based on my verification of Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2020 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, 2020 according to the provisions of:

- 1) The Companies Act, 2013 (the Act) and the rules made thereunder;
- 2) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- 3) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- 4) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment;
- 5) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and any amendment from time to time;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
 - (d) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 in relation to Companies Act and dealing with client;
 - (e) The Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulation, 2015

Other Specific Laws applicable to the company

- 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.

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 for the period under review. There were no changes in the composition of the Board of Directors that 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.

The Company has replied to the notices/communication sent by ROC/MCA from time to time.

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, Proprietor
P. Sriram & Associates
FCS No. 4862
CP No: 3310
UDIN:F004862B001408154

Place: Chennai

Date: 4th December 2020

ANNEXURE “A” TO SECRETARIAL AUDIT REPORT OF EVEN DATE

To
**THE MEMBERS,
UCAL FUEL SYSTEMS LIMITED
“Raheja Towers”, Delta Wing – Unit 705
177 Anna Salai, Chennai – 600 002
CIN : L31900TN1985PLC012343**

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

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

Signature:

**P. Sriram, Proprietor
P. Sriram & Associates**

FCS No. 4862

CP No: 3310

UDIN: F004862B001408154

Place: Chennai

Date: 4th December 2020

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)

	Ucal Polymer Industries Limited (UPIL)	Ucal Holdings Inc., (UHI)
Reporting Period	31st March 2020	31st March 2020
Reporting Currency	INR	INR
Exchange Rate		
Share Capital	163.52	20,877.28
Reserves & Surplus	4,838.92	(27,726.87)
Total Assets*	6,159.75	18,401.50
Total Liabilities**	1,157.31	25,251.09
Investments	-	-
Turnover	4,994.23	21,779.92
Profit before taxation	909.41	(1,232.85)
Provision for taxation	261.17	476.05
Profit after taxation	648.24	(756.80)
% of Proposed Dividend	-	-
% 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, 2020 for the Balance Sheet and average rate for Income/Expenditure.

Place : Chennai	REKHA RAGHUNATHAN	RAM RAMAMURTHY	JAYAKAR KRISHNAMURTHY
Date : 7 th December 2020	DIRECTOR AND COMPANY SECRETARY	WHOLE-TIME DIRECTOR	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". Towards this vision, the company supports the activities of Dr. V. Krishnamurthy Educational Foundation, Tiruchirapalli and Culture and Heritage Trust of Karuveli, Karuveli. The CSR committee reiterated its intention to continue to support the activities of Dr. V. Krishnamurthy Educational Foundation and Culture and Heritage Trust of Karuveli for some more years to come. It is proposed to continue to support the infrastructure development of the college and the schools run by Dr. V. Krishnamurthy Educational Foundation and also support the conservation and restoration of heritage buildings in and around Karuveli. 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:

Mr. S. Balasubramanian is the chairman of the committee and Mr. Ram Ramamurthy and Mr. Jayakar Krishnamurthy are the other members of the committee.

3. Average net profit of the company for the last three financial years: ₹2,05,71,500

4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above): – ₹4,11,430

5. Details of CSR spent during the financial year: ₹4.11 lakhs

Total amount to be spent for the financial year: – ₹4.11 lakhs

Amount unspent, if any: Nil

6. Manner in which the amount was spent during the financial year:

(₹ In lakhs)

1	2	3	4	5	6	7	8
Sl. 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	Cumulative expenditure up to the reporting period	Amount spent: Direct or through implementing agency*
					Subheads:		
					(1) Direct expenditure on projects or programs		
					(2) Overheads:		
1.	Promotion of education, employment, enhancing vocational skills and sanitation	Education/ Sanitation	Tamil Nadu– Tiruchirapalli, Tiruchirapalli District	4.11	4.11	4.11	Implementing Agency : Dr. V Krishnamurthy Educational Foundation
TOTAL				4.11	4.11	4.11	

* Details of implementing agency: Dr. V. Krishnamurthy Educational Foundation is the implementing agency. Dr. V. Krishnamurthy Educational Foundation has been registered as a Society. It has the benefit of 80(G) deduction and is 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.

JAYAKAR KRISHNAMURTHY

CHAIRMAN AND
MANAGING DIRECTOR

S. BALASUBRAMANIAN

CHAIRMAN OF
THE CSR COMMITTEE

Place : Chennai

Date : 7th December 2020

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 2019-20 improvements have been made for Energy Conservation in shop floor lighting, office area lighting, Electric furnace, compressor and Vacuum pump. The installation of LED lights was implemented by replacing the metal halide and CFL Lamps thereby saving up to 0.25 lakh units of power. Efficiency improvement in compressor by modification of pipelines led to a savings of up to 1.2 lakh units of power. Vacuum pump units consumption reduction by Pipeline modification and adding reservoir led to a savings of up to 0.5 lakh units of power. Conversion of Cold chamber to Hot chamber furnace led to a saving of 0.4 lakh units of power in the financial year 2019-20. Overall there was a cost-saving of around ₹21 lakhs in the financial year 2019-20 as a result of the above energy conservation measures.

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

Power was not purchased from alternate sources during the financial year 2019-20. The Company’s windmills operated efficiently and generated 20.04 lakh units during the financial year 2019-20. The company is planning to install solar panels gradually to meet a portion of its power requirements.

c. The capital investments on energy conservation requirements

There was no major capital investment on energy conservation measures during the financial year 2019-20.

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

The company in line with its objective has been providing technical solutions to its Customers by fully absorbing the technologies, adapting the same for various applications through product innovations. This involves design, development and validation of products / technologies such as electronic air fuel management system, electrically operated air suction valve, electric Pumps and Intake Throttle Valve. The company continues to work jointly with the manufacturers to improve the product performance, quality and durability to comply with the BSVI emission norms. The company’s continued focus on R&D enabled it to develop innovative products to meet the Customer requirements and market needs in the two-wheelers, passenger cars, commercial vehicles and utility engines. With the advent of technological changes in mobility, the company is focused on developing auxiliary electric and electronic products / systems and R&D is upgrading its competencies to design and develop such products.

2. Benefits derived as a result of the above efforts

- The company through its innovative technological solutions has been able to meet the customer and market requirements in terms of performance and emission norms.
- Through the technical demonstration of the company’s capability and technical support, new business opportunities have been created.
- Improvements in the performance and durability of the products.
- Validation of the product from new sources, value engineering thereby reducing the product cost.
- Development of futuristic products to meet the market needs and Customer requirements.
- Knowledge repository building within the organization to reduce the development lead-time.
- Improvements in the manufacturing process and quality through innovative design changes to the product.

The new developments through indigenous efforts include

- Electronic air-fuel management system for 2 models of entry level Motorcycle segment
- Electronic air-fuel management system for 2 models of executive Motorcycle segment
- Electronic air-fuel management system for 1 model of premium Motorcycle segment
- Constant Depression (CD) carburettor for 1 model of executive Motorcycle segment
- Constant Depression (CD) carburettor for 1 model of Premium Motorcycle segment
- Variable Depression (VD) carburettor for 1 model of entry level Motorcycle segment
- Electric Air suction valve for Moped segment
- Electric Air suction valve for 2 models of premium Motorcycle segment
- Electric Air suction valve for 1 model of executive Motorcycle segment
- Variable Depression (VD) carburettor for 4 models of Three-Wheeler segment
- Fuel rail assembly for Passenger car segment

3. In case of imported technology (imported during the last three years reckoned from the beginning of the financial year) the following information may be furnished - Not applicable

4. Expenditure on R&D

Particulars	₹ in lakhs
a. Capital	331.24
b. Revenue (recurring) includes amount transferred to Deferred revenue expenses	1,253.46
c. Total	1,584.70
d. Total R&D expenditure as a percentage of total turnover	3.11%

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

The earnings of foreign exchange were on account of export of carburettors, MPFI parts and pumps during the year. The foreign exchange outgo was mainly on account of purchase of components, capital goods and foreign travel. During the financial year 2019-2020, the total foreign exchange outgo was ₹1,725.44 lakhs while the foreign exchange earned was ₹525.80 lakhs resulting in a net foreign exchange outgo of ₹1,199.64 lakhs.

For and on behalf of the Board

Place: Chennai

Date: 7th December 2020

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 31.03.2020

[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	64
2	Pumps	29301	13

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No.	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% of shares held	Applicable Section
1.	Carburettors Limited “Raheja Towers”, Delta Wing Unit 705, 177 Anna Salai, Chennai-600 002	U35999TN1959PLC003804	Holding	51.19%	Section 2(46) of Companies Act,2013
2.	Ucal Polymer Industries Limited, B116 PIPDIC Industrial Estate, Mettupalayam, Puducherry-605 009	U25199PY1999PLC001488	Subsidiary	100%	Section 2(87) of Companies Act,2013
3.	Ucal Holdings Inc., 1875 Holmes Road, Elgin, IL60123	Foreign company	Subsidiary	100%	Section 2(87) of Companies Act,2013
4.	UPIL USA, Inc 225N Columbus DRAPT7905 CHICAGO IL 60601	Foreign company	Subsidiary of Ucal Polymer Industries Limited	100%	Section 2(87) of Companies Act,2013
5.	Ucal Systems Inc., 1875 Holmes Road, Elgin, IL 60123	Foreign company	Subsidiary of Ucal Holdings Inc.,	100%	Section 2(87) of Companies Act,2013
6.	Amtec Molded Products Inc, USA 1355 Holmes Road, Unit A Elgin, IL 60123	Foreign company	Subsidiary of Ucal Holdings Inc.,	100%	Section 2(87) of Companies Act,2013

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

(i) Category-wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	5,57,799		5,57,799	2.53	5,61,399		5,61,399	2.54	0.01
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):-	1,51,95,452		1,51,95,452	68.72	1,51,99,052		1,51,99,052	68.73	0.01
(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)	1,55,49,660		1,55,49,660	70.32	1,55,53,260		1,55,53,260	70.33	0.01
B. Public									
1. Institutions									
a) Mutual Funds	1,120		1,120	0.01	1,120		1,120	0.01	-
b) Banks/FI	14,206		14,206	0.06	34,235		34,235	0.15	0.09
c) Central Govt									
d) State Govt(s)									
e) Venture Capital									
f) Insurance									
g) FIIs	31,268	400	31,668	0.14	83,755		83,755	0.38	0.24
h) Foreign Venture Capital Funds									
i) Others (specify)									
Sub-total(B)(1):-	46,594	400	46,994	0.21	1,19,110		1,19,110	0.54	0.33
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	7,94,402	2,400	7,96,802	3.60	7,42,633	1,920	7,44,553	3.37	(0.23)
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹1 lakh	46,51,339	1,33,897	47,85,236	21.64	50,20,258	1,20,497	51,40,755	23.25	1.61

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	8,15,832		8,15,832	3.69	4,38,716		4,38,716	1.98	(1.71)
c) Others (specify) - Non-Resident Indians	1,18,901	200	1,19,101	0.54	1,17,031	200	1,17,231	0.53	(0.01)
Sub-total(B)(2):-	63,80,474	1,36,497	65,16,971	29.47	63,18,638	1,22,617	64,41,255	29.13	(0.34)
Total Public Shareholding (B)=(B)(1) +(B)(2)	64,27,068	1,36,897	65,63,965	29.68	64,37,748	1,22,617	65,60,365	29.67	(0.01)
C. Shares held by Custodian for GDRs & ADRs									
Grand Total(A+B+C)	2,19,76,728	1,36,897	2,21,13,625	100.00	2,19,91,008	1,22,617	2,21,13,625	100.00	-
Total Public Shareholding (B)=(B)(1) +(B)(2)	64,27,068	1,36,897	65,63,965	29.68	64,37,748	1,22,617	65,60,365	29.67	(0.01)
C. Shares held by Custodian for GDRs & ADRs									
Grand Total(A+B+C)	2,19,76,728	1,36,897	2,21,13,625	100.00	2,19,91,008	1,22,617	2,21,13,625	100.00	-

(ii) Shareholding of Promoter

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			%change in share holding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1	Carburettors Limited	1,13,20,089	51.19	7.51	1,13,20,089	51.19	6.00	-
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	5,57,799	2.53		5,61,399	2.54		0.01
7	Mr. Jayakar Krishnamurthy	3,54,208	1.60		3,54,208	1.60		-
	Total	1,55,49,660	70.32	7.51	1,55,53,260	70.33	6.00	0.01

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

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year		
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company	
1	Carburettors Limited					
	At the beginning of the year	1,13,20,089	51.19			
	At the end of the year			1,13,20,089	51.19	
2	Minica Real Estates Private Limited					
	At the beginning of the year	13,41,882	6.07			
	At the end of the year			13,41,882	6.07	
3	Southern Ceramics Private Limited					
	At the beginning of the year	15,58,515	7.05			
	At the end of the year			15,58,515	7.05	
4	Bangalore Union Services Private Limited					
	At the beginning of the year	2,75,484	1.24			
	At the end of the year			2,75,484	1.24	
5	Sujo Land and Properties Private Limited					
	At the beginning of the year	1,41,683	0.64			
	At the end of the year			1,41,683	0.64	
6	Dr. V. Krishnamurthy					
	At the beginning of the year	5,57,799	2.53			
	Datewise increase/decrease in shareholding during the year. Reason for increase/decrease in shareholding during the year - Transfer	01/04/2019	1,591	0.00		
		05/04/2019	2,008	0.01		
		08/04/2019	1	0.00		
At the end of the year			5,61,399	2.54		
7	Mr. Jayakar Krishnamurthy					
	At the beginning of the year	3,54,208	1.60			
	At the end of the year			3,54,208	1.60	

(iv) Shareholding Pattern of top ten Shareholders:

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

Sl. No.	For Each of the top 10 Shareholders		Shareholding at the beginning of the year (as on 01.04.2019)		Cumulative Shareholding during the year (as on 31.03.2020)	
1	TVS MOTOR COMPANY LIMITED					
	PAN: AAACS7032B					
	At the beginning of the year		91,760	0.415		
	At the end of the year				91,760	0.415
2.	PENSION RESERVES INVESTMENT TRUST FUND - ACADI					
	PAN: AAATC7934R					
	At the beginning of the year		66,852	0.302		
	Datewise increase/decrease in shareholding during the year. Reason for increase/decrease in shareholding during the year - Transfer	31/05/2019	-1,358	-0.006	65,494	0.296
		07/06/2019	-3,091	-0.014	62,403	0.282
		14/06/2019	-2,128	-0.010	60,275	0.273
		19/07/2019	-3,600	-0.016	56,675	0.256
		26/07/2019	-4,188	-0.019	52,487	0.237
	At the end of the year				52,487	0.237
3.	S.GANESH					
	PAN: AAGPS5047M					
	At the beginning of the year		50,505	0.228		
	At the end of the year				50,505	0.228
4.	SANTOSH SITARAM GOENKA					
	PAN: AACPG6728R					
	At the beginning of the year		50,506	0.228		
	Datewise increase/decrease in shareholding during the year. Reason for increase/decrease in shareholding during the year - Transfer	20/09/2019	-3,002	-0.013	47,504	0.215
		At the end of the year			47,504	0.215
5.	VIRJI DEVRAJ GADA					
	PAN: AACPG5213B					
	At the beginning of the year		20,000	0.090		
	Datewise increase/decrease in shareholding during the year. Reason for increase/decrease in shareholding during the year - Transfer	17/05/2019	18,077	0.082	38,077	0.172
		24/05/2019	5,587	0.025	43,664	0.197
		18/10/2019	3,336	0.015	47,000	0.213
	At the end of the year				47,000	0.213
6.	ASHISH JAIN					
	PAN: ABFPJ6898P					
	At the beginning of the year		38,803	0.175		
	At the end of the year				38,803	0.175
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

Sl. No.	For Each of the top 10 Shareholders	Shareholding at the beginning of the year (as on 01.04.2019)		Cumulative Shareholding during the year (as on 31.03.2020)		
8.	ICICI BANK LIMITED					
	PAN :AAACII195H					
	At the beginning of the year	4,191	0.019			
		05/04/2019	14,468	0.065	18,659	0.084
		12/04/2019	469	0.002	19,128	0.086
		19/04/2019	99	0.001	19,227	0.087
		26/04/2019	165	0.001	19,392	0.088
		03/05/2019	10,198	0.046	29,590	0.134
		10/05/2019	784	0.004	30,374	0.137
		17/05/2019	383	0.002	30,757	0.139
		24/05/2019	383	0.002	31,140	0.141
		31/05/2019	-19,912	-0.090	11,228	0.051
		07/06/2019	-82	0.001	11,146	0.050
		14/06/2019	-324	-0.001	10,822	0.049
		21/06/2019	4,912	0.022	15,734	0.071
		28/06/2019	-653	-0.003	15,081	0.068
		05/07/2019	1,682	0.008	16,763	0.076
		12/07/2019	18,988	0.086	35,751	0.162
		19/07/2019	-230	-0.001	35,521	0.161
		26/07/2019	-218	-0.001	35,303	0.160
		02/08/2019	-7,842	-0.035	27,461	0.124
		09/08/2019	-19	0.000	27,442	0.124
		16/08/2019	-1,988	-0.009	25,454	0.115
		23/08/2019	-1,175	-0.005	24,279	0.110
		30/08/2019	-9,162	-0.041	15,117	0.068
		06/09/2019	2,015	0.009	17,132	0.077
		13/09/2019	-471	-0.002	16,661	0.075
		20/09/2019	856	0.004	17,517	0.079
		27/09/2019	197	0.001	17,714	0.080
		30/09/2019	-1,146	-0.005	16,568	0.075
		04/10/2019	1,123	0.005	17,691	0.080
		11/10/2019	6	0.000	17,697	0.080
		18/10/2019	40	0.000	17,737	0.080
		25/10/2019	1,439	0.007	19,176	0.087
		01/11/2019	298	0.001	19,474	0.088
		08/11/2019	2,059	0.009	21,533	0.097
		15/11/2019	379	0.002	21,912	0.099
		22/11/2019	4,527	0.020	26,439	0.120
		29/11/2019	1,173	0.005	27,612	0.125
		06/12/2019	358	0.002	27,970	0.126
		13/12/2019	-48	0.000	27,922	0.126
		20/12/2019	258	0.001	28,180	0.127
		27/12/2019	-194	-0.001	27,986	0.127
		31/12/2019	-537	-0.002	27,449	0.124
		03/01/2020	-74	0.000	27,375	0.124
	Datewise increase/decrease in shareholding during the year. Reason for increase/decrease in shareholding during the year - Transfer					

Sl. No.	For Each of the top 10 Shareholders	Shareholding at the beginning of the year (as on 01.04.2019)		Cumulative Shareholding during the year (as on 31.03.2020)		
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company	
	Datewise increase/decrease in shareholding during the year. Reason for increase/decrease in shareholding during the year - Transfer	10/01/2020	8,169	0.037	35,544	0.161
		17/01/2020	-3,136	-0.014	32,408	0.147
		24/01/2020	820	0.004	33,228	0.150
		31/01/2020	2,732	0.012	35,960	0.163
		07/02/2020	-728	-0.003	35,232	0.159
		14/02/2020	224	0.001	35,456	0.160
		21/02/2020	1,041	0.005	36,497	0.165
		28/02/2020	-310	-0.001	36,187	0.164
		06/03/2020	-4,081	-0.018	32,106	0.145
		13/03/2020	244	0.001	32,350	0.146
		20/03/2020	-1,332	-0.006	31,018	0.140
27/03/2020	3,117	0.014	34,135	0.154		
	At the end of the year			34,135	0.154	
9.	DEEPAK K NATESAN					
	PAN :AAHPN6655K					
	At the beginning of the year	29,682	0.134			
	Datewise increase/decrease in shareholding during the year. Reason for increase/decrease in shareholding during the year - Transfer	26/04/2019	1,710	0.008	31,392	0.142
		03/05/2019	2,250	0.010	33,642	0.152
		25/10/2019	975	0.004	34,617	0.157
		08/11/2019	939	0.004	35,556	0.161
		15/11/2019	-1,900	-0.009	33,656	0.152
	At the end of the year			33,656	0.152	
10.	DEVARSONS TRADEIN LLP					
	PAN :AALFD1436C					
	At the beginning of the year	28,691	0.130			
	Datewise increase/decrease in shareholding during the year. Reason for increase/decrease in shareholding during the year - Transfer	02/08/2019	2,000	0.009	30,691	0.139
		09/08/2019	1,000	0.005	31,691	0.143
		30/08/2019	1000	0.005	32,691	0.148
	At the end of the year			32,691	0.148	

(v) Shareholding of Directors and Key Managerial Personnel

Sl. No.	For each of the Directors/ Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Mr. Jayakar Krishnamurthy				
	At the beginning of the year	3,54,208	1.60	-	-
	At the end of the year	-	-	3,54,208	1.60
2	Mr. Ram Ramamurthy				
	At the beginning of the year	-	-	-	-
	At the end of the year	-	-	-	-
3	Ms. Rekha Raghunathan				
	At the beginning of the year	-	-	-	-
	At the end of the year	-	-	-	-
4	Mr. Syed Abdul Hadi				
	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
(₹ in lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	10,606.63	6,935.72		17,542.35
ii) Interest due but not paid	-	-		-
iii) Interest accrued but not due	68.93	-		68.93
Total (i+ii+iii)	10,675.56	6,935.72		17,611.28
Change in Indebtedness during the financial year				
Addition	3,500.00	-		3,500.00
Reduction	2,843.71	1,719.80		4,563.51
Net Change	656.29	(1,719.80)		(1,063.51)
Indebtedness at the end of the financial year				
i) Principal Amount	11,287.04	5,215.92		16,502.96
ii) Interest due but not paid	-	-		-
iii) Interest accrued but not due	44.81			44.81
Total(i+ii+iii)	11,331.85	5,215.92		16,547.77

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl. No.	Particulars of Remuneration	Name of CMD / WTD / Manager		Total Amount
		Mr. Jayakar Krishnamurthy Chairman and Managing Director	Mr. Ram Ramamurthy* Whole-time Director & Chief Financial Officer	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	1,87,86,000	36,00,000	2,23,86,000
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	3,54,000		3,54,000
	(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			
	- others, specify...			
5	Others			
	Contribution to Provident Fund	10,32,000	-	10,32,000
	Contribution to Superannuation to the extent exempt under the Income Tax Act	1,50,000		1,50,000
	Total (A)	2,03,22,000	36,00,000	2,39,22,000
	Ceiling as per the Act **	2,03,22,000	1,20,00,000	3,23,22,000

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

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

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

B. Remuneration to other directors:

(in ₹)

Sl No.	Particulars of Remuneration	Name of Directors			Total Amount
		Mr S. Natarajan	Dr. V. Sumantran	Mr.S.Balasubramanian	
1	Independent Directors				
	Fee for attending Board/ committee meetings	4,25,000	4,25,000	4,70,000	13,20,000
	Commission				
	Others, please specify				
	Total (1)	4,25,000	4,25,000	4,70,000	13,20,000
2	Other Non-Executive Directors				
	Fee for attending Board/ committee meetings				
	Commission				
	Others, please specify				
	Total (2)				-
	Total (B)=(1+2)	4,25,000	4,25,000	4,70,000	13,20,000
Total Managerial Remuneration (A)+(B)				2,52,42,000	
Overall Ceiling as per the Act***				3,23,22,000	

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

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

(in ₹)

Sl No	Particulars of Remuneration	Ms. Rekha Raghunathan * Director and Company Secretary	Mr. Syed Abdul Hadi **Chief Executive Officer
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	28,20,700	12,98,620
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	25,000	
	(c) Profits in lieu of salary under section 17(3) Income Tax Act, 1961	-	
2	Stock Option	-	
3	Sweat Equity	-	
4	Commission	-	
	- as % of profit	-	
5	Others:	-	
	Contribution to Provident Fund	1,11,240	72,000
	Total	29,56,940	13,70,620

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

** Mr. Syed Abdul Hadi was appointed as Chief Executive Officer with effect from 01.02.2020

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

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

For and on behalf of the Board

Place : Chennai
Date : 7th December 2020

JAYAKAR KRISHNAMURTHY
CHAIRMAN AND MANAGING DIRECTOR

ANNEXURE VI TO BOARD'S REPORT

FORM NO. AOC-2

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

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

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

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

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

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

Details of transactions with the related parties are provided in Note No 41(1) and (2) to the Standalone Accounts for the Financial year 2019-2020.

- (b) Nature of contracts/arrangements/transactions

Details of transactions with the related parties are provided in Note No 41(3) to the Standalone Accounts for the Financial year 2019-2020

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 2019-2020 and hence, none of them are material in nature.

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

For and on behalf of the Board

Place: Chennai

Date: 7th December 2020

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	52.39
Mr. Ram Ramamurthy	9.28
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	(28.35%)
Mr. Ram Ramamurthy - Whole-time Director	10.93%
Ms. Rekha Raghunathan - Director and Company Secretary	0.05%

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

(iv) The number of permanent employees on the rolls of company – 981 (during the year).

(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 6.83% as compared to the average decrease in the managerial remuneration of 22.23%.

(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	(Mr. P.H. Narayanan) Chief Executive Officer upto 31.01.2020	Mr. Syed Abdul Hadi Chief Executive Officer w.e.f. 01.02.2020
(ii)	Remuneration received	2,03,22,000	83,85,669	12,98,620
(iii)	Nature of employment, whether contractual or otherwise	Permanent	Permanent	Permanent
(iv)	Qualifications and experience of the employee	MBA-Finance - Duke University	B. Sc (Maths)	Bachelor of Engineering, Electronics, Bangalore University
			B. Tech (Production Technology)	EGMP at IIM, Bangalore
			Master of Science (Manufacturing Systems Engineering)	
		34 years experience	35 years experience	30 years experience
(v)	Date of commencement of employment	01.09.2001	23.08.2013	01.02.2020
(vi)	The age of such employee	59 years	58 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	Managing Director, Bosch Electrical Drives India Private Limited, Chennai
(viii)	The percentage of equity shares held by the employee in the company	1.60%	Nil	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	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	Not Applicable	Not Applicable
	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	Yes	Yes
	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	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 of six directors as on 31st March, 2020. The composition of the Board is in conformity with Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 as on 31.03.2020. 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 2019-2020. 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 list of directors for the financial year 2019-2020 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. Balasubramanian Mr. S. Natarajan Dr. V. Sumantran *

* Dr.V. Sumantran resigned from the Board from the end of the working day of 24th July 2020

** Ms. Lakshminarayanan Priyadarshini was appointed as Independent Director with effect from 7th December 2020

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 2019-2020 are given below:-

Name of director	Category	Number of directorships in other companies		Number of committee/ chairmanship/ memberships in other companies	
		Chairman	Member	Chairman	Member
Mr. Jayakar Krishnamurthy Chairman and Managing Director	Executive	-	2	-	
Mr. Ram Ramamurthy, Whole-time Director and Chief Financial Officer	Executive	-	1	-	
Ms. Rekha Raghunathan Director and Company Secretary	Executive	-	2	-	2
Mr. S. Natarajan	Non-Executive & Independent	-	4		1
Dr. V. Sumantran	Non-Executive & Independent	-	2	1	1
Mr. S. Balasubramanian	Non-Executive & Independent	-	6	-	4

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.
- c. There is no inter-se relationship among the Directors of the company.

b) Details of Directors appointment / reappointment

Relevant details are furnished in the Notice convening the Annual General Meeting to be held on 31st December 2020.

c) Board Meetings and Attendance at Board Meetings

The Board met 6 times during the financial year 2019-2020. 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	27.05.2019	6	6
2	14.08.2019	6	5
3	31.08.219	6	6
4	02.11.2019	6	5
5	31.01.2020	6	6
6	10.02.2020	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 on the operations of the company at every board meeting. The Chairman and Managing Director appraises the Board on the overall performance of the company at every Board meeting. Legal issues, write-offs, provisions, purchase and disposal of capital assets are all brought to the notice of the Board. The Board reviews the performance, approves capital expenditure, sets the strategy the company should follow and ensures financial stability. The effective execution of the decisions, suggestions and directions of the Board are followed up periodically. The minutes of the meeting of the audit committee and the other committees are placed before the Board. The Board also takes on record the actions taken by the company on all its decisions periodically. The Board takes note of the declaration made by the company secretary, Chairman and Managing Director and the 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.

Skills, expertise and competence of the Board

The Board comprises of qualified members who bring in the required skills, competence and expertise that allows them to make effective contributions to the Board and Committees. The Board ensures and maintains the highest standards of corporate governance. As on March 31, 2020, the skills, expertise and competencies identified by the Board, in the context of the auto component business in which the Company operates and for it to function effectively, inter-alia, are as follows:

Areas / Fields	Skills / Competence / Expertise	Name of the Director
Industry and Technology	Possessing industrial, technical and operational expertise and experience in automotive, auto components, ancillary and emerging technologies and associations with industrial bodies and professional network	Mr. Jayakar Krishnamurthy Dr. V.Sumantran

Areas / Fields	Skills / Competence / Expertise	Name of the Director
Business Development	Experience in driving business success across various geographies, diverse business environment, economic conditions and its cultures and global market opportunities.	Mr. Jayakar Krishnamurthy Mr. Ram Ramamurthy Dr. V. Sumantran
Governance	Having insight into maintaining effective Board and management relationship, protecting stakeholder's interest and observing appropriate governance practices.	Mr. S. Natarajan Mr. S. Balasubramanian Ms. Rekha Raghunathan
Allied Disciplines	Expertise or leadership experience in allied disciplines like finance, law, management, sales, marketing, administration, research, corporate governance, technical operations and human resource.	Mr. S. Natarajan Mr. S. Balasubramanian Mr. Jayakar Krishnamurthy Mr. Ram Ramamurthy Dr. V. Sumantran Ms. Rekha Raghunathan

Independent directors

Mr. S. Natarajan, Dr. V. Sumantran and Mr. S. Balasubramanian were Independent Directors as on 31st March 2020. Dr.V. Sumantran resigned from the Board from the end of the working day of 24th July 2020 and Ms. Lakshminarayanan Priyadarshini was appointed as Independent Director with effect from 7th December 2020. Performance evaluation of all independent directors has been done as per the criteria laid down and also taking into account the policy on board diversity. 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>.

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

Remuneration policy

The policy for appointment, remuneration and evaluation of the directors and senior management of the company is based on the recommendations of the Nomination and Remuneration committee which lays down the criteria for the same. The remuneration policy has been framed in such a way that it will support and ensure a good work culture in the organisation. The company does not have stock options. Therefore such instruments do not form part of the remuneration policy. The remuneration policy is designed keeping in mind various factors like financial position of the company, trend in the industry, qualification and experience of the appointee, past performance and past remuneration of the appointee. The remuneration relating to certain senior management positions and chief executive officer has a fixed and variable component which is based on achieving certain fixed targets thereby aligning the vision and goals of the organisation to the compensation. The philosophy behind the remuneration policy is to attract and retain talented individuals and develop and motivate them to achieve the goals of the organisation. The remuneration to the Chairman and Managing Director and Whole-time Director shall be in accordance to the limits / percentage / conditions laid down in the Companies Act 2013. The remuneration to other employees will be such that it ensures a direct relationship to their performance. The remuneration policy is disclosed in the website of the company www.ucalfuel.com, weblink: <http://www.ucalfuel.com/policy-rp.pdf>.

Policy on Board diversity

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

Board Evaluation

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

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

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

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

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

2. AUDIT COMMITTEE

The audit committee conforms to Section 177 of the Companies Act, 2013, the SEBI guidelines and Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in its constitution, duties, roles and responsibilities. The audit committee assists the board in the dissemination of financial information and in overseeing the financial and accounting processes in the company. The terms of reference of the audit committee covers all matters specified in Regulation 18 of

SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and also those specified in the Companies Act, 2013. The terms of reference broadly include reviewing the system of internal controls, internal audit reports and action taken reports, assessing the efficacy of the internal control systems/ financial reporting systems, reviewing the adequacy of the financial policies and practices followed by the company and also approving related party transactions. As regards related party transactions, the audit committee annually grants omnibus approvals for transactions that are routine or repetitive in nature and which are proposed to be undertaken / entered in the ordinary course of business at arm's length basis. While according omnibus approvals, the Audit Committee takes into consideration the following factors viz., maximum value of the transactions and extent and manner of disclosures made to the Audit Committee. On a quarterly basis the Audit Committee reviews related party transactions entered into by the company pursuant to each of the omnibus approval. The appointment and fixing of remuneration of statutory, internal and cost auditors are done by the board on the recommendation of the audit committee. The audit committee reviews the compliance with legal and statutory requirements and the quarterly and annual financial statements and reports its findings to the Board. The committee also reviews the performance of the internal auditor, statutory auditor and cost auditor and recommends their appointment/reappointment.

The audit committee takes note of any default in the payments to creditors, shareholders and governmental agencies. The audit committee reviews the inter-corporate loans and investments and analyses the financial health of the company and the results of its operations. The audit committee reviews the effectiveness of IT application across the company and ensures its full implementation. The committee also looks into those matters specifically referred to it by the Board. Any changes in accounting policies and practice, major accounting entries involving an exercise of judgment by the management and significant adjustment in the financial statements are all approved by the audit committee. Valuation of the assets or undertaking also requires approval of the audit committee as and when it is undertaken. All the recommendations to the Board by the audit committee during the year were accepted by the Board. The statutory auditor was present at all Audit Committee meetings and the internal auditors were present whenever required by the committee. As on 31st March 2020 the committee comprised of three independent and one executive director all of whom are financially literate and have relevant finance/audit exposure.

Mr. S. Natarajan is the chairman of the audit committee. The members of Audit Committee as on 31st March 2020 is as follows;

1. Dr. V. Sumantran
2. Mr. S. Balasubramanian
3. Mr. Jayakar Krishnamurthy

Consequent to the resignation of Dr.V.Sumantran from the Board with effect from the end of the working day of 24th July 2020, Dr.V. Sumantran ceased to be a member of the Audit Committee with effect from the end of that date onwards. Mr.Ram Ramamurthy stepped down as Chief Financial Officer with effect from the end of the working day of 1st August 2020 and Mr.V. Ramanathan was appointed as Chief Financial Officer with effect from 2nd August 2020. The Whole-time Director and Chief Financial Officer, Director and Company Secretary 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 30th September, 2019. The audit committee met six times during the year.

Sl. No	Date	Committee Strength	No.of Directors Present
1	27.05.2019	4	4
2	14.08.2019	4	4
3	31.08.2019	4	4
4	02.11.2019	4	4
5	31.01.2020	4	4
6	10.02.2020	4	4

Attendance of each Director at Audit Committee Meetings

Name of the Director	Number of audit committee meetings attended
Mr. S. Natarajan	6
Dr. V. Sumantran	6
Mr. S. Balasubramanian	6
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 includes a) formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to the remuneration of the directors, Key Managerial Personnel (KMP) and Senior Management Personnel (SMP), 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 policy on appointment and remuneration of Directors, KMP and SMP is available on the website of the Company at www.ucalfuel.com, weblink: <http://www.ucalfuel.com/policy-rp.pdf>. The Nomination and Remuneration Committee comprises non-executive and independent directors. Mr. S. Natarajan, is the chairman of the committee. As on 31st March 2020 Mr. S. Balasubramanian and Dr. V. Sumantran are the other members of the committee. The company secretary is the secretary to the committee. During the financial year 2019-2020 the committee met four times. The committee meets as and when required. The details are as follows:

S.No	Date	Committee Strength	No.of Directors Present
1	27.05.2019	3	3
2	14.08.2019	3	3
3	31.08.2019	3	3
4	31.01.2020	3	3

Consequent to the resignation of Dr.V.Sumantran from the Board with effect from the end of the working day of 24th July 2020, Dr.V. Sumantran ceased to be a member of the Nomination and Remuneration Committee with effect from the end of that date. The Nomination and Remuneration committee was reconstituted to include Ms. Lakshminarayanan Priyadarshini as its member with effect from 7th December 2020.

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	4
Dr. V. Sumantran	4
Mr. S. Balasubramanian	4

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. Mr. S. Balasubramanian is the chairman of the committee. Mr. Jayakar Krishnamurthy and Mr. Ram Ramamurthy are the other members of the committee. For administrative convenience the stakeholders relationship committee set up a share transfer committee with Ms. Rekha Raghunathan, Director and Company Secretary, 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 2019-20 the share transfer committee met 2 times and the stakeholder relationship committee met two times during the year. The details are as follows:

Sl. No	Date	Committee Strength	No.of Directors Present
1	27.05.2019	3	3
2	10.02.2020	3	3

Attendance of each Director at Stakeholders relationship committee Meetings

Name of the Director	Number of stakeholder relationship committee meetings attended
Mr. S. Balasubramanian	2
Mr. Jayakar Krishnamurthy	2
Mr. Ram Ramamurthy	2

Complaints received and redressed during the year 2019-2020

The Company has not received any stakeholder complaints through SEBI, Stock Exchange, Investor Association, Direct Holders and through Company during the Financial Year 2019-2020. However shareholder requests received under the informations and services category for the Financial Year 2019-2020 is given below:

S. No	Particulars	Received	Resolved	Pending at the end of the year
1.	Regarding Share Certificate	1	1	-
2.	Regarding Annual Report	67	67	-
3.	Revalidation of dividend warrant	22	22	-
4.	Issue of duplicate dividend warrant	8	8	-
5.	Non receipt of dividend	11	11	-
6.	Correction in dividend warrant	13	13	-
7.	Procedure for transmission	2	2	-
8.	General queries	17	17	-
9.	Unclaimed dividend warrant	92	92	-
10.	Procedure for loss of share certificate	11	11	-
11.	IEPF5	6	6	-
12.	Issue of duplicate share certificate	2	2	-
	Total	252	252	-

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 information and services requests 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 2019-2020 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 2019-2020

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	36,00,000
House Rent Allowance	33,00,000	
Other Allowances	57,46,000	
Other perquisites	3,54,000	
Contribution to Provident Fund	10,32,000	-
Contribution to Superannuation Fund	12,90,000	
Total	2,03,22,000	36,00,000

b) Details of Sitting Fees paid to Non-Executive Directors during the financial year 2019-2020

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	1,80,000	1,65,000	80,000	-	-	4,25,000
Dr. V.Sumantran	1,80,000	1,65,000	80,000	-	-	4,25,000
Mr.S.Balasubramanian	1,80,000	1,65,000	80,000	30,000	15,000	4,70,000
Total	5,40,000	4,95,000	2,40,000	30,000	15,000	13,20,000

c) Details of shareholding of Directors as on 31st March 2020

Of the executive directors only Mr.Jayakar Krishnamurthy holds 3,54,208 equity shares in the company as on 31st March 2020. The independent directors do not hold any shares in the company.

6. CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

Mr. S. Balasubramanian is the chairman of the committee and Mr. Ram Ramamurthy and Mr. Jayakar Krishnamurthy are the other members of the committee. During the year under review the CSR committee met once and all the members attended the meeting. The company secretary acts as secretary to the committee. It recommends to the Board the CSR policy to be followed by the company, monitors the implementation of these initiatives, reviews new proposals and recommends the expenditure to be made on CSR activities. For the year 2019-20 the company had spent ₹4.11 lakhs towards Corporate Social Responsibility activities.

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 and Time
Tag Centre, Alwarpet, Chennai	2016-17	September 28, 2017 – 09.30 a.m
Tag Centre, Alwarpet, Chennai	2017-18	September 29, 2018 – 10.45 a.m
Tag Centre, Alwarpet, Chennai	2018-19	September 30, 2019 – 10.15 a.m

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

AGM/EGM	Subject	Voting Pattern	
		Votes cast in favour	Votes cast Against
AGM held on 28 th September 2017	Nil		
AGM held on 29 th September 2018	i. Special resolution passed for appointment of Mr. S.Balasubramanian as Independent Director of the company	15,645,419 99.32%	107,180 0.68%
	ii. Special resolution passed for reappointment of Mr. Ram Ramamurthy as Whole-time Director and remuneration payable to him.	15,645,038 99.32%	107,561 0.68%
AGM held on 30 th September 2019	i. Special resolution passed for reappointment of Mr.S.Natarajan as an Independent Director of the company	15,767,718 99.99%	130 0%
	ii. Special resolution passed for reappointment of Dr.V.Sumantran as an Independent Director of the company	15,767,718 99.99%	130 0%
	iii). Special resolution passed for remuneration payable to Mr.Jayakar Krishnamurthy as Managing Director for the remaining period of his tenure from 1.09.2019 to 31.08.2021	15,682,314 99.46%	85,504 0.54%

Mr. P. Sriram, (C.P. No.3310), Partner, M/s. P. Sriram and Associates, Practising Company Secretaries was appointed as the Scrutiniser and he conducted the voting process at the Annual General Meeting in a fair and transparent manner. The e-voting option was extended to all shareholders for the Annual General Meeting held on 30th September, 2019. No Extraordinary General Meeting was held in the last three years. No special resolutions were required to be passed by the shareholders of the company through postal ballot during the year 2019-20.

8. SUBSIDIARY COMPANIES

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

9. RISK MANAGEMENT

The company has devised a suitable framework to identify and evaluate risks. Periodic assessments to identify the risk are carried out and the management is briefed on the risks in advance to enable the company to control the risk through a properly defined plan. The risks are classified as financial risks, operational risks, market risks and statutory compliance risks. The risks are evaluated based on previous experience, probability of occurrence, probability of non deletion and its impact on business. The risks are taken into account while preparing the annual business plan for the year. Insurable risks are covered by insurance policies to protect the company interests. The Board is also periodically informed of the risks and the actions taken to manage them. The company manages its risks by incurring prudent capital expenditure, by ensuring that customers underwrite the capacities created specifically for their requirements, by determining the prices of its products on a scientific basis based on detailed studies, by prudent financial management, by localization to protect itself from exchange risks, constant R&D efforts and by spreading its markets and manufacturing facilities geographically. The strategy development committee assists the management in assessing the market risks, competitors risks, product obsolescence risk and devises strategies to overcome the same. Dr. V Sumantran, Mr. Jayakar Krishnamurthy and Mr. Ram Ramamurthy are the members of this committee as on 31st March 2020. Mr. Jayakar Krishnamurthy is the Chairman of the committee. Consequent to the resignation of Dr. V.Sumantran from the Board with effect from the end of the working day of 24.07.2020, Dr.V. Sumantran ceased to be a member of Risk Management Committee with effect from the end of that date onwards.

10. DISCLOSURES – RELATED PARTY TRANSACTIONS

All related party transactions for the financial year 2019-20 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 is given in Note no. 41(1) & (2) and 41 (3) in Notes on accounts. The Board and audit committee are presented with the details of related party transactions on a quarterly basis.

There have been no instances of non-compliance by the company on any matters related to the capital markets, nor have any penalty/strictures been imposed on the company by the Stock Exchanges or SEBI or any other statutory authority on such matters during the preceding 3 years. The company has complied with all mandatory requirements as stipulated in the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015. There are no pecuniary relationships or transactions of Non-Executive Directors vis-à-vis the company which has potential conflict with the interests of the company.

11. OTHER DISCLOSURES

The Company has complied with all mandatory requirements specified in Regulation 17 to 27 and Regulation 46 (2) (b) to (i) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Board has accepted / considered all the recommendation(s) made by Committee(s) to the Board in the relevant financial year under review.

The total fees for all services paid by the Company, to the Statutory Auditor and its network entities are given as under. The Company has not availed any services from any network entities of the Statutory Auditors, during the year under review:

Particulars	Financial Year 2019-20	Financial Year 2018-19
R. Subramanian and Company LLP, Chartered Accountants	30.05	21.34
Net Work entities and firms (if any)	-	-
Total	30.05	21.34

12. WHISTLE BLOWER POLICY

The company has an established mechanism for employees to report about unethical behaviour, illegal and unethical practices, actual or suspected fraud, or violation of the code of conduct or ethics policy and genuine concerns. It also provides for adequate safeguards against victimization of employees who avail of the mechanism. The whistleblower policy has been communicated to all employees across all locations of the company. The policy lays down the procedure to be followed for dealing with complaints and in exceptional cases provides direct appeal to the chairman of the audit committee. The audit committee oversees the vigil mechanism. The company affirms that no personnel has been denied access to the audit committee. The policy has been disclosed in the website of the company www.ucalfuel.com, weblink: <http://www.ucalfuel.com/policy-wbp.pdf>.

13. NON - MANDATORY DISCLOSURES:

The non-mandatory requirements have been adopted to the extent and in the manner as stated under the appropriate headings detailed below:

Shareholder rights

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

Audit Qualifications

The statutory financial statements of the company continue to remain unqualified. There is no qualification by the practising company secretary in their Secretarial Audit report for the financial year 2019-20.

Separate posts of Chairman and Managing Director

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

Reporting of internal auditors

The internal auditors report to the audit committee.

14. MEANS OF COMMUNICATION

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

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

Pursuant to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, all data related to quarterly financial results, shareholding pattern, etc., are filed in NEAPS and LISTING.BSE within the timeframe prescribed in this regard.

No presentations have been made to institutional investors or to analysts.

The company website contains all relevant information and complies with Regulation 46 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Shareholders are requested to correspond with company at the email address as specified below:

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

15. CODE OF CONDUCT

The standards for business conduct provide that the directors and the senior management will uphold ethical values and legal standards as the company pursues its objectives, and that honesty and personal integrity will not be compromised under any circumstances. A code of conduct has been laid down for the Board members and senior management of the company. A copy of the said code of conduct is available on the website www.ucalfuel.com, 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 2019-20. A declaration to this effect signed by the Chairman and Managing Director is annexed to this report.

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

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

17. GENERAL SHAREHOLDER INFORMATION:

a) Annual General Meeting

Date and time	31 st December 2020 at 3.30 p.m
Venue	The meeting will be conducted through Video Conferencing / Other Audio Video Means
Financial Year	1 st April 2019 to 31 st March 2020

b) Financial Calendar 2020-2021 (tentative)

The Board meeting for the approval of	2020-2021 (Tentative Calendar)
Unaudited results for Quarter ended June 30, 2020	14 th September 2020
Unaudited results for Quarter ended September 30, 2020	12 th November 2020
Unaudited results for Quarter ending December 31, 2020	Between 1 st January 2021 and 14 th February 2021
Audited Results for the year ended March 31, 2021	On or before 30 th May 2021

c) Particulars of Dividend for the year ended 31st March, 2019

Date of declaration	30 th September, 2019
Rate of dividend	90%
Book Closure Date	21 st September, 2019 to 30 th September, 2019
Date of Payment of dividend	10 th October 2019
Amount of dividend paid	₹19,90,22,625
Share Capital	₹2,21,13,625 Equity Shares of ₹10/- each

d) Listing of Shares

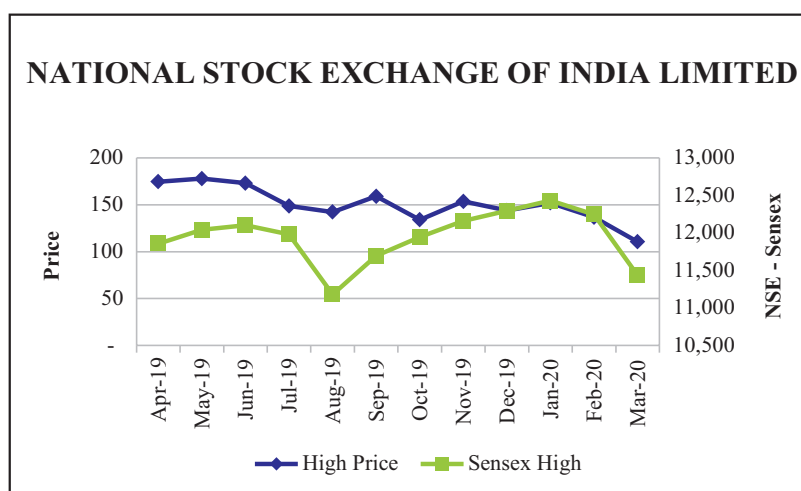
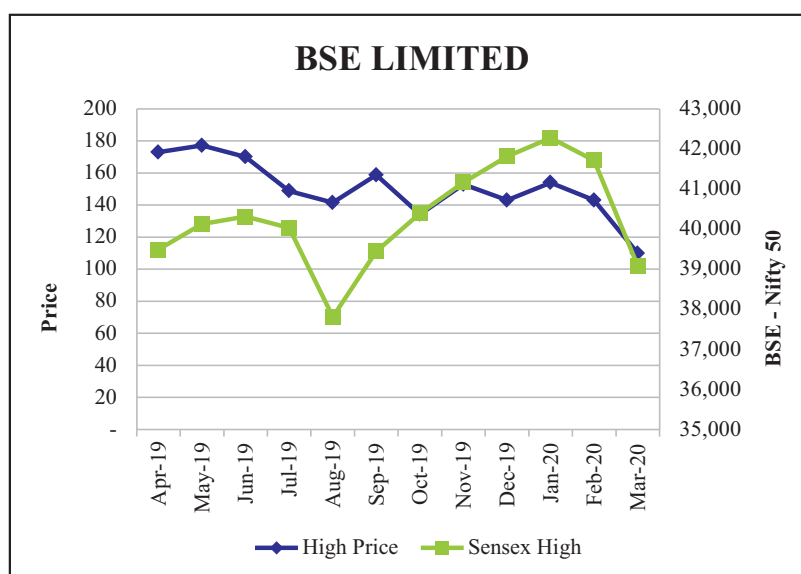
Name of the Stock Exchange	Stock Code
BSE Limited (BSE)	500464
National Stock Exchange of India Limited (NSE)	UCAL FUEL
ISIN allotted by Depositories (Company ID Number)	INE139B01016

(Note: Annual Listing fees for the year 2020-21 were duly paid to the above stock exchanges)

e) Stock Market Data

Month	BSE Limited				National Stock Exchange of India Limited			
	Price- Rs		Index- Sensex		Price- Rs		Index- Sensex	
	High	Low	High	Low	High	Low	High	Low
Apr-19	172.95	160.30	39,487.45	38,460.25	174.50	160.00	11,856.15	11,549.10
May-19	177.15	150.00	40,124.96	36,956.10	177.90	149.00	12,041.15	11,108.30
Jun-19	170.00	135.00	40,312.07	38,870.96	173.00	135.00	12,103.05	11,625.10
Jul-19	148.75	111.20	40,032.41	37,128.26	148.70	113.00	11,981.75	10,999.40
Aug-19	141.50	110.00	37,807.55	36,102.35	142.20	109.60	11,181.45	10,637.15
Sep-19	158.70	124.50	39,441.12	35,987.80	158.95	123.35	11,694.85	10,670.25
Oct-19	134.20	111.60	40,392.22	37,415.83	134.00	111.00	11,945.00	11,090.15
Nov-19	152.85	124.75	41,163.79	40,014.23	153.55	124.00	12,158.80	11,843.55
Dec-19	143.00	120.00	41,809.96	40,135.37	143.80	118.70	12,293.90	11,832.30
Jan-20	154.00	132.20	42,273.87	40,476.55	152.00	132.00	12,430.50	11,929.60
Feb-20	143.00	105.00	41,709.30	38,219.97	136.75	104.00	12,246.70	11,175.05
Mar-20	109.90	63.00	39,083.17	25,638.90	110.55	61.35	11,433.00	7,511.10

f) Share performance in comparison to broad-based indices



g) Shareholding Pattern as on 31st March 2020

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		9,15,607	9,15,607	4.14
Public Shareholding					
I. Institutions					
a. Mutual Funds/UTI	5		1,120	1,120	0.01
b. Financial Institutions/Banks	2		34,235	34,235	0.15
c. Foreign Portfolio Investors	3		83,755	83,755	0.38
II. Non Institutions					
a. Bodies Corporate	266	1,920	4,61,675	4,63,595	2.10
b. Individuals	18,916	1,20,497	54,58,974	55,79,471	25.23
c. Non Resident Indians	223	200	1,17,031	1,17,231	0.53
d. IEPF	1		82,335	82,335	0.37
e. Limited Liability Partnership	4		5,765	5,765	0.03
f. HUF	378		1,92,858	1,92,858	0.87
Total	19,805	1,22,617	2,19,91,008	2,21,13,625	100.00

h) Distribution of Shareholding as on 31st March 2020

Sl.no	Number of Equity Shares held	Number of Shareholders	% of Shareholders	Number of Shares	% of Capital
1	Up to 500	17,733	89.54	22,04,904	9.97
2	501 - 1000	1,124	5.68	8,97,735	4.06
3	1001 - 2000	534	2.70	8,04,939	3.64
4	2001 - 3000	156	0.79	3,94,304	1.78
5	3001 - 4000	78	0.39	2,80,933	1.27
6	4001 - 5000	42	0.21	1,94,054	0.88
7	5001 - 10000	85	0.43	6,39,701	2.89
8	Above 10001	53	0.27	1,66,97,055	75.51
	Total	19,805	100.00	2,21,13,625	100.00

i) Registrar and Share Transfer Agents

Integrated Registry Management Services Private Limited, having its registered office at Kences Towers, II Floor, No.1, Ramakrishna Street, T.Nagar, Chennai 600017 are the Registrars for the demat segment and also the share transfer agents of the company, to whom communications regarding share transfer and dematerialisation 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 dematerialisation of shares of the company.

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

Under the provisions of the Companies Act, 2013 dividend that remain unclaimed for a period of seven years from the date of declaration are required to be transferred to the Investor Education and Protection Fund (IEPF) administered by the Central Government. The unclaimed dividend as on March 31, 2020 is as follows:

Financial Year	Unpaid/Unclaimed dividend as on 31 st March, 2020	Date of declaration	Cut-off date for transfer to IEPF
2012-13	2,45,310	30.09.2013	05.11.2020
2013-14	2,35,382	29.09.2014	04.11.2021
2014-15	4,25,476	30.09.2015	05.11.2022
2015-16	7,26,838	28.09.2016	03.11.2023
2016-17	11,00,985	28.09.2017	03.11.2024
2017-18	10,78,780	29.09.2018	04.11.2025
2018-19	9,15,939	30.09.2019	05.11.2026

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

k) Unpaid/Unclaimed Dividend and Transfer to IEPF

During the financial year 2019-2020, the company had transferred to IEPF an unclaimed dividend of ₹7,78,772 pertaining to the financial year 2011-12. During the financial year 2020-2021, the company had transferred to IEPF an unclaimed dividend of ₹2,30,650 for the financial year 2012-13. Further the company had filed with Registrar of Companies, the details of unpaid and unclaimed dividends lying with the company as on date of last Annual General Meeting and the same has been uploaded on the website of the company <https://www.ucalfuel.com>.

l) Unclaimed shares

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

Pursuant to the notification of Section 124(6) and 125 of the Companies Act, 2013 read with Investor Education and Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended from time to time, the company is required to transfer shares in respect of which dividend has not been paid or claimed for seven consecutive years or more. The Ministry of Corporate Affairs has notified depository accounts to which such shares are required to be transferred. The company has already transferred shares pertaining to Unclaimed dividend of 2011-12 and 2012-13 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 website of the Company www.ucalfuel.com. The concerned shareholders are requested to claim their shares before the due dates of transfer of shares to the IEPF.

m) Request to Investors

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

- Shareholders are requested to convert their physical holding to demat/electronic form through any of the DPs to avoid any possibility of loss, mutilation etc., of physical share certificates and also to ensure safe and speedy transaction in securities.
- Shareholders holding shares in physical form, should communicate the change of address, if any, directly to the Registrars and Transfer Agent of the company.
- It has become mandatory for transferees to furnish a copy of Permanent Account Number for registration of transfer of shares held in physical mode.

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 unauthorised persons.

n) Reconciliation of Share Capital Audit

A quarterly audit was conducted by the 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 2020 there was no difference between the issued and listed capital and the aggregate of shares held by shareholders in both physical form and in electronic form with the depositories 2,19,91,008 equity shares representing 99.44% of the paid-up equity capital have been dematerialised as on 31st March 2020.

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

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

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

q) Information to Shareholders

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

r) Green Initiative in Corporate Governance

MCA has launched a “Green Initiative in Corporate Governance” by allowing paperless compliances by companies through electronic mode and introduced e-mail address as one of the modes of sending communication to the shareholders. This initiative will facilitate fast communication and will also lead to cost saving. 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 dematerialised form and with the Registrar and Transfer Agent, in case the shares are held in physical form and also intimate changes, if any, in their registered email addresses to the Registrar and Transfer Agent/DPs from time to time.

s) Plant Locations

The company has manufacturing plants in the following locations

E9-E12 Industrial Complex, Maraimalai Nagar – 603 209
Kancheepuram District, Tamil Nadu, India
Tel.No.: 044-67488200
Email: ufsl.mmn@ucal.com

A98/100, A 106 & A107 PIPDIC Industrial Estate
Mettupalayam, Puducherry – 605 009, India
Tel.No.: 0413-6666201
Email: ufsl.pondy@ucal.com

A3/A3, A4, A5, CMDA Industrial complex,
Maraimalai Nagar, Kancheepuram, Tamil Nadu – 603 209, India
Tel.No.: 044-67488400
E-mail: ufsl.pl6@ucal.com

B-22, SIDCO Industrial Estate,
Maraimalai Nagar, Kancheepuram, Tamil Nadu – 603 209, India
Tel.No.: 044-47400139
E-mail: ufsl.pl7@ucal.com

B132 & 133, PIPDIC Industrial Estate
Mettupalayam, Puducherry – 605 009, India
Tel.No.: 0413-4204161
E-mail: ufsl.pl9@ucal.com

Plot No.9, Sector 5
Growth Centre, Bawal, Rewari
Tel.No.: 01284-266000
E-mail: ufsl.bwl@ucal.com

A A4, Auto Ancillary SEZ Unit, 6th Avenue
Mahindra World City, Anjur Village,
Natham Sub Post Office, Chengalpattu – 603002, Tamil Nadu
E-mail: ufsl.ho@ucal.com

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
E-mail: ufsl.abr1@ucal.com

t) Address for Correspondence

To contact Registrars & Share Transfer Agents on 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@integratedindia.in
For any other general matters or in case of any difficulties/grievance	Ms. Rekha Raghunathan Director and Company Secretary & Compliance Officer UCAL Fuel Systems Limited, “Raheja Towers”, Delta Wing–Unit 705 177 Anna Salai, Chennai 600 002 Tel:044-42208111, Fax:044-28605020 E-mail: investor@ucal.com

Shareholders are requested to correspond with company at the email address as specified below:

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

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

To
The Shareholders
UCAL Fuel Systems Limited

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

It is hereby confirmed that the Members of the Board and the Senior Management Personnel of the company have affirmed compliance with the respective provisions of the Code of Conduct of the company for the year ended 31st March 2020.

Place : Chennai
Date : 7th December 2020

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. V. Ramanathan, 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, 2020 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.

V RAMANATHAN

CHIEF FINANCIAL OFFICER

JAYAKAR KRISHNAMURTHY

CHAIRMAN AND
MANAGING DIRECTOR

Place : Chennai

Date : 7th December 2020

ANNEXURE - IX TO BOARD'S REPORT

INDEPENDENT AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE

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

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

To
The Members of UCAL Fuel Systems Limited

- 1) We have examined the compliance of conditions of corporate governance by UCAL FUEL SYSTEMS LIMITED ("the company"), for the year ended March 31st, 2020, 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, 2020.

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

Restriction on Use

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

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

K Jayasankar
Partner

M. No.014156

UDIN: 20014156AAAABU9366

Place: Chennai

Date : 5th December 2020

Certificate from Company Secretary in Practice

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

To the Members of

UCAL Fuel Systems Limited, [CIN: L31900TN1985PLC012343]

“Raheja Towers”, Delta Wing - Unit 705

177 Anna Salai, Chennai - 600 002

We hereby certify that none of the directors on the Board of UCAL Fuel Systems Limited (“the Company”) as on the 31st March 2020, have been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India (SEBI) or the Ministry of Corporate Affairs, Government of India (MCA).

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

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

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

Date: 5th December 2020

Place: Chennai

(P. Sriram)

FCS No. 4862/CPNo: 3310

ANNEXURE X TO BOARD'S REPORT

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

1. GENERAL OVERVIEW

2019-20 was a key milestone for the Automobile industry. The industry had to change over from BSIV emission norms, leapfrogging to BSVI. This was a major change, as the emission norms were stringent with almost 80% reduction in the engine out emission as the target. The automobile industry as a whole degrew by 15% in the financial year 2019-20 as compared to that of financial year 2018-19. Two-wheeler sales registered a degrowth of 14% over April-March 2020 compared to the same period last year. Within the two-wheeler segment Motorcycle sales degrew by 13% and scooter's sales degrew by 15% in April to March 2020 over the same period last year. Due to BSVI change over from 1st April 2020 and sudden stoppage of production from 23rd March 2020 due to the pandemic lockdown almost all Original Equipment Manufacturers (OEM) ended the year in a negative trajectory. The Indian automobile emission norms are now on par with the global leaders. Though the changes in the revenues of the company were proportional to that of the auto component / auto industry as a whole, the company was able to make a technology innovation with a breakthrough product in electronic carburettor (e-Carb) which is a cost effective solution to meet BSVI norms in the two-wheeler segment. The company's efforts from many years to meet the stringent emission norms from the year 2020 have borne fruit. With sustained R&D efforts, Electronic Carburettor has proved to be an optimum solution to meet the BSVI norms with minimum vehicle level changes. The company also developed Electronic Air Suction valve which is a key part in reducing the initial emissions in the vehicle. With continuous monitoring of the stocks and inventory, the company ensured almost zero non-moving stocks during the changeover from BSIV to BSVI. The company is continuously in the process of controlling the rising material, financial and administration costs through prudent management practices. The company's R&D is continuously responding to the competitive environment created by the various changing models of the OEMs, 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 products continues. The auto component industry is expected to follow the Original Equipment Manufacturer (OEM) in adoption of the electric vehicle technologies. The global move towards electric vehicles will generate new opportunities for auto component suppliers and the company is gearing up for the same.

2. FUTURE BUSINESS STRATEGY

The company is undergoing a technological transformation as it prepares to expand the e-Carb system to not only meet BSVI norms but also the OBD II requirements which will be mandatory from 1st April 2023. The company continues to invest in R&D and create and acquire intellectual property towards this end. The graduation to the BSVI norms was a formidable task and the company is continuously working on improving this technology through acquisition, absorption, skilling of manpower and by creating the required infrastructure. The efforts are continuing to develop the Electronic Fuel Injection (EFI) System and mechanical and electrical Throttle Body Assembly which will be the key products in the two-wheeler segment.

The EFI development is under various stages of testing and validation. Thus the company is working towards establishing itself as a supplier of mechanical and electronic carburettors and fuel injection systems. 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 and four-wheeler industry and efforts are continuing towards achieving this objective.

3. ANALYSIS OF 2019-2020 SALES OF UCAL FUEL SYSTEMS LIMITED (UFSL) Vis-a-vis INDUSTRY

The year started off with slackness, due to increase in vehicle prices because of introduction of safety norms through Antilock Braking System and Combi Break system. Industry registered a degrowth of almost 14% in the first half of the financial year as compared to the higher base of 2018-19. The trend continued in the second half of the financial year due to the challenges of change over to BSVI norms. The company ended 2019-20 with a 14.5% drop in turnover as compared to 2018-19. The introduction of new carburettors for the <125cc Segment and 160cc Segment in two-wheelers had some positive impact on the turnover. The oil pump and vacuum pump sales registered a degrowth in 2019-20 as compared to 2018-19. Export sales have increased compared to 2018-19 due to Oil Pump exports. While there has been a good improvement in the offtake of spares by dealers, the offtake by the OEMs has been flat predominantly due to the change in the emission norms. The spares segment registered a positive growth of 12%.

4. SWOT ANALYSIS STRENGTHS

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 technology and infrastructure) to develop products for meeting BSVI norms.
- Electronic design, development and manufacturing capability.
- Facilities in plastic and rubber molding.
- 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

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

5. RESEARCH AND DEVELOPMENT (R&D)

The company is committed to provide value by providing engineering solutions to the customers through product / technological innovation. The focus for R&D in the financial year 2019-2020 had been to adopt and implement the electronic air-fuel management system, electric air suction valve for the various customer applications to meet the stringent BSVI emission regulations. Gearing-up for the technology changes in the mobility segment, R&D is developing products like e-Coolant pumps and electrification of auxiliary components for various applications.

New facilities and upgradation of existing facilities are being installed to design, develop and validate technologies and products. The R&D validation lab continues to have the accreditation by NABL and the recognition from the Department of Scientific and Industrial Research, Ministry of Science and Technology. The engineers from R&D continue to present technical papers in the National and International conferences. Key products / technologies developed in the financial year 2019-2020 include electronic air-fuel management system including the system integration and calibration, electric air suction valve, mechanical throttle body assembly, intake throttle valve, e-Coolant Pumps and e-Vacuum Pumps.

6. MANUFACTURING CAPABILITIES, FACILITIES AND OPERATIONS

Our major focus during 2019-20 was to establish e-Carb and electronic Air Suction Valve (e-ASV) facilities, in order to cater to BSVI norms. Towards this end the company has established multiple lines simultaneously, thereby reducing the lead

time for creating capacity. State-of-the-art tooling, using Poly Crystalline Diamond in combination with CNC machines were employed in e-Carb machining which has enhanced the process capability, to meet stringent emission norms required for BSVI. Establishment of on-line SPC technique helped in constant monitoring of process data and to provide a real time feedback, to initiate corrective and preventive measures as and when needed.

The company employs German technology, to achieve high level of product cleanliness. e-Carb and e-ASV are assembled and tested in a cleanroom environment to improve product quality. Manual work content has been reduced due to the introduction of semi-automated Assembly and Testing processes. Automated tuning and testing methods were established to avoid defective product reaching the customer. End-to-end data capturing and traceability is being established to ensure supply of zero defect product to customer. In order to avoid/reduce new investment, constant efforts were made to identify and utilize existing unused equipment in new projects.

7. HUMAN RESOURCES AND INDUSTRIAL RELATIONS

The Human Resource development framework followed at the company include Workforce planning, Employee engagement, Performance and Compensation management, Learning and Development, Career and Succession planning and Organization Development. Towards sustenance and delivering improved results, these constituents have a structured approach, policies which are reviewed and updated periodically. Current and future skill-based competency development are planned and executed through both in-house programs and nationally acclaimed programs, continuing education, challenging project assignments and job rotations.

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

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

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

To foster a positive workplace environment, free from harassment of any nature, the company has institutionalized an Internal Complaints Committee (ICC) in all locations across India to consider and address sexual harassment complaints in accordance with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

There were no incidents of sexual harassment reported during the year under review, in terms of the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

The Company continues to maintain its record of good industrial relations without any interruption in work.

8. HEALTH, SAFETY AND ENVIRONMENT

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

9. CAUTIONARY STATEMENT

The information and opinion expressed in this report describing the company's objectives, projections, estimates, future business developments and expectations could contain certain "forward-looking statements" within the meaning of the applicable laws and regulations. Actual results could differ materially from those expressed or implied in this report. Important factors that could make a difference to the company's operations include, among others, economic conditions affecting demand/supply, price conditions in the domestic and overseas markets in which the company operates, changes in the government regulations, tax laws and other incidental factors.

ANNEXURE XI TO BOARD'S REPORT

BUSINESS RESPONSIBILITY REPORT

The Directors present the Business Responsibility Report of the Company for the financial year ended on 31st March, 2020, pursuant to Regulation 34 (2)(f) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended by Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Fifth Amendment) Regulations, 2019.

Section A: General information about the Company

1.	Corporate Identity Number (CIN) of the Company	L31900TN1985PLC012343
2.	Name of the Company	UCAL FUEL SYSTEMS LIMITED
3.	Registered address	Raheja Towers, Delta Wing - Unit 705 177, Anna Salai, Chennai -600002
4.	Website	www.ucalfuel.com
5.	E-mail id	ufsl.ho@ucal.com
6.	Financial Year reported	2019-2020
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	Auto Components
8.	List three key products/services that the Company manufactures/provides (as in balance sheet)	Carburetors (29301) Pumps (29301) Air Suction Valves (29301)
9.	Total number of locations where business activity is undertaken by the Company	The Company has 3 National Locations.
	(a) Number of International Locations (Provide details of major 5)	Nil
	(b) Number of National Locations	National Locations 3: Tamilnadu, Pondicherry and Haryana
10.	Markets served by the Company – Local/State/National/International	The company serves Local / State / National / International markets

Section B: Financial details of the Company

1.	Paid up Capital (INR)	₹22,11,36,250
2.	Total Turnover (INR)	₹50,967.70 Lakhs
3.	Total Profit / (Loss) after taxes (INR)	₹(8,575.04) Lakhs
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	2%
5.	List of activities in which expenditure in 4 above has been incurred:	The company's vision is "to be a responsible corporate citizen by contributing to the wellbeing of the society at large keeping in mind the national vision of ensuring a healthy, educated and a poverty-free India and to protect the culture and heritage of this great ancient land". Towards this vision, the company supports the activities of Dr. V. Krishnamurthy Educational Foundation, Tiruchirapalli and Culture and Heritage Trust of Karuveli, Karuveli. It is proposed to continue to support the infrastructure development of the college and the schools run by Dr. V. Krishnamurthy Educational Foundation and also support the conservation and restoration of heritage buildings in and around Karuveli. During the year the Company has spent on Education / sanitation details of which are furnished in the CSR Report that forms part of the Board's Report.

Section C: Other Details

1.	Does the Company have any Subsidiary Company/ Companies?	Yes
2.	Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)	The Subsidiary companies do not participate in the BR initiatives of the Company
3.	Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]	No. The other entities with which the Company does business with viz suppliers, distributors etc. do not participate in the BR initiatives of the Company.

Section D: BR Information

1. Details of Director/Directors responsible for BR

a) Details of the Director/Directors responsible for implementation of the BR policy/policies

1. DIN Number	00018987
2. Name	JAYAKAR KRISHNAMURTHY
3. Designation	Chairman and Managing Director

b) Details of the BR head

1. DIN Number	00018987
2. Name	JAYAKAR KRISHNAMURTHY
3. Designation	Chairman and Managing Director
4. Telephone number	044 – 42208111
5. e-mail id	jk@ucal.com

2. Principle-wise (as per NVGs) BR Policy/policies

(a) Details of compliance (Y/N)

S.No	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have a policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
2.	Has the policy been formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3.	Does the policy conform to any national /international standards? If yes, specify	Y	Y	Y	Y	Y	Y	Y	Y	Y
4.	Has the policy being approved by the Board? If yes, has it been signed by MD/ owner/CEO/appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5.	Does the company have a specified committee of the Board/ Director/Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6.	Indicate the link for the policy to be viewed online?	Y	Y	Y	Y	Y	Y	Y	Y	Y
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8.	Does the company have in-house structure to implement the policy/policies	Y	Y	Y	Y	Y	Y	Y	Y	Y
9.	Does the company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10.	Has the company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	Y	Y	Y

(b) If answer to the question at serial number 1 against any principle, is 'No', please explain why

S.No	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	The company has not understood the Principles	Not Applicable								
2.	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles									
3.	The company does not have financial or manpower resources available for the task									
4.	It is planned to be done within next 6 months									
5.	It is planned to be done within the next 1 year									
6.	Any other reason (please specify)									

c) Governance related to BR

S.No	Questions	
a)	Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year	Annually
b)	Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?	Yes. The BR Report is published as part of this annual report and the same is available on the company's website www.ucalfuel.com

Section E: Principle-Wise Performance

Principle 1: Business Ethics [Businesses should conduct and govern themselves with ethics, transparency and accountability]

S.No	Questions	
1.	Does the policy relating to ethics, bribery and corruption cover only the company? Does it extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs /Others?	Yes
2.	How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management?	The Company has not received any stakeholder complaints through SEBI, Stock Exchange, Investor Association, Direct Holders and through Company during the Financial Year 2019-2020. However the shareholder requests received under the informations and services category is given in detail in the Corporate Governance Report. There are no shareholder requests unresolved at the end of the Financial Year 2019-2020.

Principle 2: Product Responsibility [Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle]

S.No	Questions	
1.	List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.	<p>The Company incorporates innovative designs for its products with an imperative to protect the environment, conserve natural resources for achieving sustainable economic growth.</p> <p>The Company provides engineering solution to its Customers through product / technological innovation, which involves conceptualisation, design, development, validation.</p> <p>e-Carb, e-Air Suction Valve for the 2-Wheeler segment for meeting the Bharat Stage VI emission norms with a value proposition.</p> <p>Carburettor for the 2 and 3-Wheeler segment for the export applications to meet the European emission requirements.</p> <p>Intake Throttle Valve for the Commercial vehicle applications to meet the Bharat Stage VI emission norms with a value proposition.</p> <p>e-Pumps for the Hybrid and Electric Vehicle applications.</p>
2.	<p>For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product(optional)</p> <p>a) Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?</p> <p>b) Reduction during usage by consumers (energy, water) has been achieved since the previous year.</p>	<p>The Company manufactures product to satisfy the BSVI emission norms in an effort to reduce harmful toxic emissions and create a pollution free environment for a healthy living</p> <p>(a) The company focusses on continuous reduction in resources – Raw material localization, Modular / Platform approach in design, Value engineering, reducing wastages through process capability improvements</p> <p>(b) Ease in service and maintainability through an established product set-up</p>
3.	Does the company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof	The Company is having a well-established sustainable sourcing process, which includes selection, assessment, evaluation and upfront involvement in the development process, Quality certification and financial sustainability.
4.	Has the company taken any steps to procure goods and services from local and small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?	<p>The Company has a wide range of local supplier base. Periodic training of the suppliers is being conducted for improving the product quality, wastage reduction and for sustainable development.</p> <p>The company provides technical help to vendors for upgradation of their equipment and product quality improvements to enhance the capacity and capability.</p>
5.	Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof?	<p>The company deploys optimum use of resources and practices reduce, recycle and re-use principles. The various initiatives that enable effective recycling of products are:</p> <ul style="list-style-type: none"> • Reusable environmental friendly plastic crates in place of wooden pallets to the extent feasible • Recycled paper usage • STP / ETP - Zero discharge by using the water for gardening

Principle 3 : Well being of Employees [Businesses should promote the wellbeing of all employees]

S.No	Questions	
1.	Please indicate the Total number of employees	883
2.	Please indicate the Total number of employees hired on temporary/contractual/casual basis.	1373
3.	Please indicate the Number of permanent women employees	128
4.	Please indicate the Number of permanent employees with disabilities	01
5.	Do you have an employee association that is recognized by the management?	Yes
6.	What percentage of your permanent employees is members of this recognized employee association?	45%
7.	Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year	NIL
8.	What percentage of your undermentioned employees were given safety & skill upgradation training in the last year? (a) Permanent Employees (b) Permanent Women Employees (c) Casual/Temporary/Contractual Employees (d) Employees with Disabilities	(a) Permanent Employees - 53% (b) Permanent Women Employees – 60% (c) Casual/Temporary/Contractual Employees – 72% (d) Employees with Disabilities – 100%

Principle 4 : Stakeholder engagement [Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised]

S.No	Questions	
1.	Has the company mapped its internal and external stakeholders	Yes
2.	Out of the above, has the company identified the disadvantaged, vulnerable and marginalised stakeholders?	No discrimination is made amongst the stakeholders within the category they belong to. The business transactions are done purely on merits and evaluation. Given an opportunity, disadvantaged and marginalised stakeholders are considered on priority for any form of engagement.
3.	Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalised stakeholders. If so, provide details thereof, in about 50 words or so?	The Company has both formal and informal mechanisms to engage with various stakeholders to understand their concerns and expectations. The Company supports various special initiatives to engage with disadvantaged, vulnerable and marginalised stakeholders as and when circumstances arise.

Principle 5 : Human Rights [Businesses should respect and promote human rights]

S.No	Questions	
1.	Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/ Suppliers/ Contractors/ NGOs/Others?	Yes
2.	How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?	No complaints have been received in the past financial year

Principle 6 : Environment [Businesses should respect, protect and make efforts to restore the environment]

S.No	Questions	
1.	Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others	The policy of the Company covers all Group Companies with intent to help integrate sustainability aspects in the business strategies, its decisions and key work processes.
2.	Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? If yes, please give hyperlink for webpage etc	Yes, the Company makes efforts to address global environmental issues such as reducing harmful toxic emissions and ensuring sustainability across all operations. The Company constantly focuses its efforts on reduction of energy consumption, water conservation, improving green cover in the plants, etc. The Company adhere to all pollution norms thereby continuously improving the environment systems. Water conservation, reduction in use of hazardous chemicals, waste management and adopting renewable energy.
3.	Does the company identify and assess potential environmental risks?	All manufacturing operations and plants adhere to all pollution norms continuously there by improving the environmental management systems. Water conservation, reduction in use of hazardous chemicals, waste management and adopting renewable energy continue to be given emphases. Potential Environmental risks are identified and assessed based on ISO-14001 standards, periodic reviews & audits are done to prevent / mitigate the potential risks identified.
4.	Does the company have any project related to Clean Development Mechanism? If so, provide details thereof Also, if Yes, whether any environmental compliance report is filed?	Office rooms constructed with waste wooden scraps instead of using aluminium partitions. Carton box as packing material has been replaced with Returnable plastic crates. Reduces use of carton boxes significantly.
5.	Has the company undertaken any other initiatives on –clean technology, energy efficiency, renewable energy, etc. If yes, please give hyperlink for web page etc.	Yes. Several Initiatives on-clean technology, renewable energy and sustainability development have been done. <ol style="list-style-type: none"> 1. Factory construction provided for use of natural lighting and ventilation by providing the acrylic sheet on the roofs. 2. Enhancement of renewable energy sources like windmill, Existing 1.75 MW, (Wind Plant – 225 kw – 2 nos, 250 kw – 5 nos.) 3. Use of energy efficient, LED Lamps, and motor helped in reduction of energy consumption significantly. 4. Solar Panel implementation in progress expected to complete by May 2021.
6.	Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?	The emissions / waste generated by the Plants are within the permissible limits as prescribed by CPCB / SPCB compliance. Reports are submitted on a periodical basis.
7.	Number of show cause / legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.	NIL

Principle 7 : Public Policy [Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner]

S.No	Questions	
1.	Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with	Yes. (a) Member in ACMA (Automotive Component Manufacturers Association of India) (b) Member in CII (The confederation of Indian Industry), Southern Region, Chennai (c) Engineering Export Promotion Council, Ministry of Commerce (d) Indo American chamber of Commerce (IACC) (e) Aerospace Industry Development Association of Tamil Nadu (AIDAT)
2.	Have you advocated/lobbied through above associations for the advancement or improvement of public good? If yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)	Yes. The Company has supported all activities of the associations which are relevant to the industry. The Company has represented in activities of the associations which are relevant to the Company's business for improving the sustainable business environment.

Principle 8 : CSR [Businesses should support inclusive growth and equitable development]

S.No	Questions	
1.	Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8?	Yes
2.	Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?	Please refer the section on CSR Activities of the Annual Report for further details.
3.	Have you done any impact assessment of your initiative?	Yes
4.	What is your company's direct contribution to community development projects-Amount in INR and the details of the projects undertaken?	NA
5.	Have you taken steps to ensure that this community development initiative is successfully adopted by the community?	NA

Principle 9 : Customer Relations [Businesses should engage with and provide value to their customers and consumers in a responsible manner]

S.No	Questions	
1.	What percentage of customer complaints/consumer cases are pending as on the end of financial year?	Nil The Company has a robust system for addressing customer complaints. The complaints received are analysed, appropriate countermeasures are presented to customers. Implementation and effectiveness is monitored.
2.	Does the company display product information on the product label, over and above what is mandated as per local laws?	Yes
3.	Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year?	No
4.	Did your company carry out any consumer survey/ consumer satisfaction trends?	Customer Satisfaction survey are carried out by our own Marketing Team, marks will be given by customer for each categories as per customer satisfaction survey format (Yearly monitoring trend graph).

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
M/s UCAL FUEL SYSTEMS LIMITED

Report on the audit of Standalone Ind AS Financial Statements**Opinion**

We have audited the accompanying Standalone Ind AS Financial Statements of UCAL FUEL SYSTEMS LIMITED ("The Company"), which comprise the Balance Sheet as at 31st March 2020, the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity, the Statement of Cash Flows for the year ended on that date and Notes to the Financial Statements, including a summary of the Significant Accounting Policies and other explanatory information (hereinafter referred to as 'the Standalone Financial Statements').

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2020, the loss (Including Other Comprehensive Income), the changes in Equity, and its cash flows for the year ended on that date.

Basis for Opinion

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

Emphasis of Matter

We draw attention to:-

- i. Note 38 (c) forming part of the financial statements for the year in connection with the non-availability of RBI approval for writing off made during the year 2017-18 in respect of Trade receivable and Loan receivable aggregating to ₹15,191.85 Lakhs due from foreign subsidiary (UCAL Holdings Inc., formerly Amtec Precision Products Inc.,)

Our opinion on the financial statements is not modified in respect of the above matter.

Key Audit Matters

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

Key Audit Matters	Response to Key Audit Matters
<p>1. Evaluation of uncertain tax positions</p> <p>The Company has material uncertain tax positions including matters under dispute which involved significant judgement to determine the possible impact arising from the outcome of these disputes.</p> <p>Refer Note 43 to the standalone financial statements</p>	<p>Principal Audit Procedures</p> <p>We have carried out the validation of the information provided by the management by performing the following procedures:</p> <ul style="list-style-type: none"> - Evaluating reasonableness of the underlying assumptions - Examining the relevant documents on record - Relying on relevant external evidence available including legal opinion, relevant judicial precedents and industry practices - Getting management confirmation wherever necessary

Key Audit Matters	Response to Key Audit Matters
<p>2. Physical verification of inventory</p> <p>Due to the disruption caused by the COVID-19 global pandemic, the Company could not carry out the physical verification on or before the reporting date. The physical inventory taking was however carried out by the Company on an alternate date.</p>	<p>Principal Audit Procedures</p> <p>Even though we could not physically attend the inventory count we have performed alternate audit procedures to obtain sufficient appropriate audit evidence for our purpose which includes:</p> <ul style="list-style-type: none"> (i) Examination of production and consumption records (ii) Understanding the plan and coverage of the management for carrying out the inventory count (iii) Examination of the working papers relating to physical verification

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information in the Annual Report, comprising of the Director's Report and its annexures, but does not include the Standalone Financial Statements and our Auditor's Report thereon.

Our opinion on the Standalone Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Standalone Financial Statements, our responsibility is to read the other information when it is made available and, in doing so, consider whether the other information is materially inconsistent with the Standalone Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that if there is a material misstatement of this other information, we are required to report that fact.

Management Responsibility for the Standalone Financial Statements

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

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

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

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

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

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

We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143 (3) (i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate Internal Financial Controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Standalone Financial Statements, including the disclosures, and whether the Standalone Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Standalone Financial Statements that individually or in aggregate makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and quantitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Financial Statements.

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, we report, that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid Standalone Ind As Financial Statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the companies (Accounts) Rules, 2014.
 - e) On the basis of the written representations received from the Directors as on 31st March, 2020 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March 2020 from being appointed as a Director in terms of Section 164(2) of the Act.
 - f) With respect to the adequacy of the Internal Financial Controls over financial reporting of the Company, and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197 (16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of Section 197 of the Act.

- h) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its Standalone Financial Statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts required to be transferred to the Investor Education and Protection Fund by the Company.
2. As required by the companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143 (11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For M/s R. SUBRAMANIAN AND COMPANY LLP

Chartered Accountants
FRN: 004137S/S200041

K JAYASANKAR

Partner

Membership No.014156

UDIN: 20014156AAAABH1561

Place: Chennai

Date: 31st July 2020

ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT OF EVEN DATE ON THE STANDALONE IND AS FINANCIAL STATEMENTS OF UCAL FUEL SYSTEMS LIMITED.**Report on the Internal Financial Controls under Clause (i) of Sub-Section 3 of Section 143 of the Companies Act, 2013 (“The Act”).**

We have audited the Internal Financial Controls over Financial Reporting of UCAL FUEL SYSTEMS LIMITED (“The Company”) as of 31st March 2020 in conjunction with our audit of the Standalone Ind AS Financial Statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

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

Auditors’ Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate Internal Financial Controls System over Financial Reporting and such Internal Financial Controls over Financial Reporting were operating effectively as at 31st March 2020, based on the Internal Control over Financial Reporting criteria established by the Company, considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by ICAI.

For M/s R. SUBRAMANIAN AND COMPANY LLP

Chartered Accountants
FRN: 004137S/S200041

K JAYASANKAR

Partner
Membership No.014156
UDIN: 20014156AAAABH1561

Place: Chennai

Date: 31st July 2020

ANNEXURE “B” TO THE INDEPENDENT AUDITORS’ REPORT OF EVEN DATE ON THE STANDALONE IND AS FINANCIAL STATEMENTS OF UCAL FUEL SYSTEMS LIMITED.

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

- (i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) These fixed assets have been physically verified by the Management at reasonable intervals and the evaluation of the outcome of verification is in progress. Consequent adjustments if any would be carried out in future.
- (c) The title deeds of immovable properties are held in the name of the Company.
- (ii) The inventories could not be physically verified by the management during the year due to the disruption caused by the COVID-19 pandemic. However, physical verification was conducted at key locations post the balance sheet date. Material differences noticed have been appropriately adjusted in the books of accounts in the Financial Year 2019-20 after roll back procedures.
- (iii) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company during the year has not provided any loans secured or unsecured to companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Consequently, the provisions of clauses iii (a) and iii (b) are not applicable.
- (iv) According to the information and explanations given to us, and on the basis of our examination of the books of account, the Company during the year has not provided any loan or Investment or Guarantees or securities which falls under the purview of Section 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making Investments and providing guarantees and securities, as applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits from the public and consequently the directives issued by the Reserve Bank of India and provisions of Section 73 to 76 or any other relevant provisions of the Companies Act, 2013 and companies (Acceptance of Deposits) amended Rules, 2015 are not applicable.
- (vi) On the basis of the records produced to us, we are of the opinion that, prima facie, the cost records prescribed by the Central Government under Sub-Section (1) of Section 148 of the Act have been made and maintained. However, we are not required to and have not carried out any detailed examination of such records.
- (vii) According to the information and explanations given to us in respect of Statutory dues:
- (a) The Company is regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess, Goods and Service Tax and other material Statutory Dues to the appropriate authorities. There were no undisputed amounts payable which were in arrears as at 31st March 2020 for a period of more than six months from the date they became payable except as below:

Nature of Dues	Amount ₹ in Lakhs
Advance income tax due on 15 th June 2019	79.21
Advance income tax due on 15 th September 2019 (excluding the portion already due on 15 th June 2019)	158.42
Customs Duty	172.98

- (b) As per the information and explanations given us by the Company, the following are the statutory dues which have not been deposited on account of disputes:

Nature of Dues/Statute	Period	Amount ₹ in Lakhs	Forum where dispute is pending
Income Tax Act,1961	Income Tax AY 2000-01	3.59	High Court of Madras
Income Tax Act,1961	Income Tax AY 2003-04	146.58	CIT (Appeals), Chennai
Income Tax Act,1961	Income Tax AY 2017-18	388.56	CIT (Appeals), Chennai

Nature of Dues/Statute	Period	Amount ₹ in Lakhs	Forum where dispute is pending
Sales Tax and Value Added Tax	Central Sales Tax – FY 2006-07- Plant 8	4.77	Additional Deputy Commissioner (Appellate), Chennai
Sales Tax and Value Added Tax	Haryana – VAT-AY 2014-15	37.50	ETO cum Assessing Officer, Gurgaon
Sales Tax and Value Added Tax	TN VAT and CST AY 2011-12 to AY 2015-16	1,870.70	High Court of Madras
Sales Tax and Value Added Tax	FY 2013-14 – VAT	158.75	Assessing Officer, Pondicherry
Sales Tax and Value Added Tax	FY 2011-12 – CST	78.16	Assessing Officer, Pondicherry
Sales Tax and Value Added Tax	FY 2012-13 – CST	210.51	Assessing Officer, Pondicherry

- (viii) On the basis of verification of records and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowing to a financial institution, Bank or Government. The Company has not issued any debentures. The Company has applied to its lenders for moratorium with respect to the instalments due in March 2020.
- (ix) In our opinion and according to the information and explanations given to us the term loans availed by the Company have been applied for the purpose for which they were obtained. According to the information and explanations given to us, the Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) during the year.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given to us by the management, the Company has not noticed or reported any fraud by the Company or any fraud on the Company by its Officers or employees during the year.
- (xi) In respect of the Financial Year 2019-20, the managerial remuneration paid or provided by the Company is in accordance with the provisions of Section 197 of the Companies Act, 2013.
- (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 Section 188 of the Companies Act, 2013, where applicable and the details have been disclosed in the Financial Statements, etc., as required by the applicable Indian Accounting Standards.
- (xiv) According to the information and explanations given to us and based on our examination of records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence reporting under clause 3 (xiv) of the Order is not applicable to the Company.
- (xv) According to the information and explanations given to us and based on our examination of records of the Company, the Company has not entered into any non-cash transactions with Directors or persons connected with its Directors.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

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

K JAYASANKAR

Partner

Membership No.014156

UDIN: 20014156AAAABH1561

Place: Chennai

Date: 31st July 2020

STANDALONE BALANCE SHEET AS AT 31ST MARCH 2020

(All amounts in ₹ Lakhs unless otherwise stated)

	Note	As at 31 st March 2020	As at 31 st March 2019
ASSETS			
I. NON-CURRENT ASSETS			
(a) Property, Plant and Equipment	2A	33,578.05	29,308.54
(b) Capital Work-in-Progress		136.00	1,388.23
(c) Intangible Assets other than Goodwill	2B	3,741.88	2,910.06
(d) Financial Assets			
(i) Investments	3	11,108.97	21,682.03
(ii) Loan and Advances	4	271.00	163.83
(e) Deferred Tax Asset (Net)	5	857.97	1,501.70
(f) Other Non-current Assets	6	4,272.11	4,024.37
Total Non Current Assets		53,965.98	60,978.77
II. CURRENT ASSETS			
(a) Inventories	7	5,025.03	4,798.44
(b) Financial Assets			
(i) Investments		-	-
(ii) Trade Receivables	8	5,227.29	8,184.02
(iii) Cash and Cash Equivalents	9	138.57	130.31
(iv) Other Bank balances	10	62.92	47.66
(v) Loans and Advances	11	253.65	248.50
(vi) Other Financial Assets	12	17.65	20.94
(c) Other Current Assets	13	841.55	1,275.33
Total Current Assets		11,566.66	14,705.21
TOTAL ASSETS (I+II)		65,532.64	75,683.98
EQUITY AND LIABILITIES			
I. EQUITY			
(a) Equity Share Capital	14	2,211.36	2,211.36
(b) Other Equity	15	29,162.13	40,213.43
Total Equity		31,373.49	42,424.79
LIABILITIES			
II. NON-CURRENT LIABILITIES			
(a) Financial Liabilities			
(i) Borrowings	16	4,645.61	4,437.54
(ii) Trade Payables		-	-
(A) Total outstanding dues to Micro Enterprises and Small Enterprises		-	-
(B) Total outstanding dues to creditors other than Micro and Small Enterprises		-	-
(iii) Other Financial Liabilities	17	64.44	90.32
(b) Deferred Tax Liabilities (Net)		-	-
(c) Provisions	18	671.57	526.26
(d) Other Non-Current Liabilities		-	-
Total Non Current Liabilities		5,381.62	5,054.12
III. CURRENT LIABILITIES			
(a) Financial Liabilities			
(i) Borrowings	19	8,341.13	10,350.60
(ii) Trade Payables	20		
(A) Total outstanding dues to Micro Enterprises and Small Enterprises		1,869.13	1,442.05
(B) Total outstanding dues to creditors other than Micro and Small Enterprises		13,028.56	10,585.82
(iii) Other Financial Liabilities	21	4,614.26	4,036.37
(b) Other Current Liabilities	22	209.50	756.24
(c) Provisions	23	106.88	68.77
(d) Current Tax Liabilities (Net)		608.07	965.23
Total Current Liabilities		28,777.53	28,205.07
TOTAL EQUITY AND LIABILITIES (I+II+III)		65,532.64	75,683.98

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

For and on behalf of the Board of Directors

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

K JAYASANKAR
 PARTNER
 M. NO. 014156

 Place: Chennai
 Date: 31st July 2020

REKHA RAGHUNATHAN
 DIRECTOR AND
 COMPANY SECRETARY

JAYAKAR KRISHNAMURTHY
 CHAIRMAN AND MANAGING DIRECTOR

RAM RAMAMURTHY
 WHOLE TIME DIRECTOR AND
 CHIEF FINANCIAL OFFICER

STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2020

(All amounts in ₹ Lakhs unless otherwise stated)

	Note	Year Ended 31 st March 2020	Year Ended 31 st March 2019
INCOME			
I. Revenue From Operations	24	50,967.70	59,612.98
II. Other Income	25	766.39	391.11
III. Total Income		51,734.09	60,004.10
EXPENSES			
(a) Cost of Materials Consumed		26,603.48	31,618.60
(b) Purchases of stock-in-trade		729.78	-
(c) Changes in Inventories of Work-in-Progress and Finished Goods		(324.36)	(30.41)
(d) Employee Benefit Expenses	26	7,824.61	8,195.62
(e) Finance Costs	27	2,185.44	2,295.15
(f) Depreciation and Amortization Expense	28	2,051.98	1,768.39
(g) Other Expenses	29	9,130.75	10,151.05
IV. Total Expenses		48,201.68	53,998.40
V. Profit/(Loss) Before Exceptional items and Tax		3,532.41	6,005.70
VI. Exceptional Items	30	(10,509.00)	-
VII. Profit/(Loss) before Tax		(6,976.59)	6,005.70
VIII. Tax Expense:			
Current tax	31	908.07	965.23
MAT Credit	31	(487.77)	(722.95)
Deferred tax Charge	31	1,178.15	1,885.16
Tax Expense/(Credit)		1,598.45	2,127.44
IX. Profit/(Loss) After Tax for the year (VII) - (VIII)		(8,575.04)	3,878.26
X. Other Comprehensive Income/(Loss)			
A. Items that will not be reclassified to profit or loss			
(i) Remeasurements of Defined benefit Plans		(139.75)	41.39
(ii) Income Tax Benefit/(Expense) relating to items that will not be reclassified to profit and loss		46.65	(14.46)
Total Other Comprehensive Income/(Loss), net of taxes		(93.10)	26.93
XI. Total Comprehensive Income/(Loss) for the year (IX) + (X)		(8,668.14)	3,905.19
XII. Earnings per equity share:			
Basic & Diluted	32	(38.78)	17.54

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: 31st July 2020

REKHA RAGHUNATHAN
DIRECTOR AND
COMPANY SECRETARY

RAM RAMAMURTHY
WHOLE TIME DIRECTOR AND
CHIEF FINANCIAL OFFICER

STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2020

(All amounts in ₹ Lakhs unless otherwise stated)

	Year Ended 31 st March 2020	Year Ended 31 st March 2019
A. Cash Flow from Operating Activities		
Net Profit /(Loss) before tax	(6,976.59)	6,005.70
Add/(Less):		
Exceptional Items	10,509.00	-
Depreciation and Amortization	2,051.98	1,768.39
(Profit)/Loss on sale of Fixed Assets (net)	50.64	(9.10)
Decrease/(Increase) in Fair Value of Investment	64.07	(37.99)
Dividend Income	(83.66)	(83.00)
Interest income	(4.40)	(1.91)
Finance Cost	2,185.44	2,295.15
Operating Profit before Working Capital Changes	7,796.48	9,937.24
Adjustments for:		
Changes in Trade Receivables	2,956.73	607.65
Changes in Inventories	(226.59)	48.21
Changes in Other Current Assets	433.78	(37.31)
Changes in Loans and advances	(112.31)	42.34
Changes in Other Financial Assets	3.29	17.07
Changes in Other Non Current Assets	(217.23)	-
Changes in Trade Payables	2,869.82	540.68
Changes in Other Financial Liabilities (excluding current maturity of long term loans)	602.01	(141.72)
Changes in Other Current Liabilities	(572.61)	(81.23)
Changes in Provisions	183.42	61.55
Changes in Other Non-Current Liabilities		(9.77)
Cash Generated From Operations	13,716.79	10,984.70
Direct Taxes Paid	(1,435.49)	(238.88)
Net Cash Flow from Operating Activities (A)	12,281.30	10,745.82
B. Cash Flow from Investing Activities		
Purchase of Property, Plant and Equipment	(4,916.81)	(2,128.39)
Purchase of Intangible Assets	(1,175.08)	(1,726.55)
Sale of Fixed Assets	140.18	25.80
Interest Received	4.40	1.91
Dividends Received	83.66	83.00
Net cash from /(used in) investing Activities (B)	(5,863.65)	(3,744.24)

STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2020

(All amounts in ₹ Lakhs unless otherwise stated)

	Year Ended 31 st March 2020	Year Ended 31 st March 2019
C Cash Flow from Financing Activities		
Borrowings:		
Term loan availed	3,500.00	3,000.00
Term loan (repaid)	(3,291.93)	(2,712.50)
Short term borrowings net availed / (repaid)	(1,719.81)	1,058.85
Changes in Other Bank Balances	(15.26)	18.51
Finance Cost Paid	(2,209.56)	(2,288.09)
Dividend and Dividend Tax Paid	(2,383.16)	(2,642.05)
Net Cash from/(used in) Financing Activities (C)	(6,119.72)	(3,565.28)
Total (A) + (B) + (C)	297.93	3,436.30
Cash and Cash Equivalents at the beginning of the year	(3,284.57)	(6,720.87)
Cash and Cash Equivalents at the end of the year	(2,986.64)	(3,284.57)
D Net increase / (decrease) in cash and cash equivalents	297.93	3,436.30

- (a) Cash and Cash Equivalents include cash in hand, balances with scheduled Bank including term deposit and working capital facilities repayable on demand.
- (b) The above statement of cash flows is prepared using indirect method
- (c) Previous Year figures have been regrouped wherever necessary

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

For and on behalf of the Board of Directors

FOR M/s R. SUBRAMANIAN AND COMPANY LLP

Chartered Accountants
FRN:004137S/S200041

K JAYASANKAR
PARTNER
M. NO. 014156

JAYAKAR KRISHNAMURTHY
CHAIRMAN AND MANAGING DIRECTOR

Place: Chennai
Date: 31st July 2020

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 2020

A. EQUITY SHARE CAPITAL

(All amounts in ₹ Lakhs unless otherwise stated)

	For the Year Ended	
	31 st March 2020	31 st March 2019
Balance at the beginning of the year	2,211.36	2,211.36
Change in Equity Share Capital during the year	-	-
Balance at the end of the year	2,211.36	2,211.36

B. OTHER EQUITY

	Capital Reserve	Reserves and Surplus			Total
		General Reserves	Securities Premium	Retained Earnings	
2018-19					
Balance as at April 1, 2018 (A)	160.00	16,571.82	2,165.34	20,060.19	38,957.36
Profit for the year	-	-	-	3,878.26	3,878.26
Other Comprehensive Income	-	-	-	26.93	26.93
Total Comprehensive Income for the year 2018-19 (B)	-	-	-	3,905.19	3,905.19
Dividend paid for 2017-18 approved by shareholders in Annual General Meeting	-	-	-	(2,211.36)	(2,211.36)
Dividend distribution tax on above dividend	-	-	-	(437.75)	(437.75)
Total - (C)	-	-	-	(2,649.11)	(2,649.11)
Balance as at March 31, 2019 (D) = (A)+(B)+(C)	160.00	16,571.82	2,165.34	21,316.27	40,213.43
2019-20					
Balance as at April 1, 2019 (A)	160.00	16,571.82	2,165.34	21,316.27	40,213.43
Profit/ (Loss) for the year	-	-	-	(8,575.04)	(8,575.04)
Other Comprehensive Income	-	-	-	(93.10)	(93.10)
Total Comprehensive Income for the year 2019-20 (B)	-	-	-	(8,668.14)	(8,668.14)
Dividend paid for 2018-19 approved by shareholders in Annual General Meeting	-	-	-	(1,990.23)	(1,990.23)
Dividend distribution tax on above dividend	-	-	-	(392.93)	(392.93)
Total (C)	-	-	-	(2,383.16)	(2,383.16)
Balance as at March 31, 2020 (D)=(A)+(B)+(C)	160.00	16,571.82	2,165.34	10,264.97	29,162.13

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: 31st July 2020

For and on behalf of the Board of Directors

JAYAKAR KRISHNAMURTHY
CHAIRMAN AND MANAGING DIRECTOR

RAM RAMAMURTHY
WHOLE TIME DIRECTOR AND
CHIEF FINANCIAL OFFICER

REKHA RAGHUNATHAN
DIRECTOR AND
COMPANY SECRETARY

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

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 in 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 as amended from time to time.

c) Basis of Preparation:

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

d) 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 40
- ii) Estimation of useful life of Property, Plant and Equipment Refer Note No 1(i) and 1(j)
- iii) Estimation and evaluation of provisions and contingencies relating to tax litigations Refer Note No 43
- iv) Recoverability/Recognition of Deferred Tax Assets Refer Note No 36.
- v) Estimation of value of the Investment in UCAL Holding Inc. (wholly owned foreign subsidiary) - Refer Note no 33.
- vi) Estimation of uncertainty relating to global health pandemic- COVID 19

The Manufacturing facilities and all offices of the Company were closed on 23rd March 2020 following the nationwide lockdown due to COVID-19 coupled with transition from emission norm BS IV to BS VI, the performance of 4th quarter of F.Y. 2019-20 was affected. The Company has since obtained required permissions and restarted its manufacturing facilities and all offices partially in compliance with the government norms, as applicable. Based on assessment of the impact of COVID-19 on the operations of the Company and ongoing discussions with customers, vendors and service providers, the Company is confident of obtaining regular supply of raw materials and components, resuming supply chain logistics and serving customers. The Company has considered the possible effects of COVID-19 on the carrying amounts of Property, Plant and Equipment, Investments, Inventories, Trade Receivable and Other Current Assets. In developing the assumptions relating to the possible future uncertainties in the economic conditions because of this pandemic, the Company, as at the date of approval of the financial results, has used external and internal sources of information / indicators to estimate the future performance of the Company. Based on current estimates the Company expects the carrying amount of these assets to be recovered.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (CONTD)**e) Current and Non-Current Classification:**

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

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

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

A liability is treated as current when:

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

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

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

f) Revenue Recognition:

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

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

Sale of Products:

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

Interest Income:

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

Dividend Income:

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

Rental Income:

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

g) Cost Recognition:

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

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (CONTD)

h) Property, Plant and Equipment:

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

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

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

i) 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 life 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.

j) 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 amortization and accumulated Impairment, if any.

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

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

The amortization period for intangible assets with finite useful life is reviewed at least at each year-end. Changes in expected useful life 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 benefit.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (CONTD)**k) Leases:**

Effective 1st April 2019, the Company has applied Ind AS 116 on Lease Accounting. Ind AS 116 replaces Ind AS 17.

The Company has chosen the practical expedient provided by the standard to apply Ind AS 116 only to contracts that were previously identified as leases under Ind AS 17 and therefore has not reassessed whether a contract is or contains a lease at the date of initial application. Consequently, the application of the standard has no transition impact.

The Company, as a lessee, recognises, at inception of a contract, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At the date of commencement of the lease, the Company recognizes a right-of-use (“ROU”) asset representing its right to use the underlying asset for the lease term and a lease liability for all lease arrangements in which it is a lessee except for leases with a term of 12 months or less (short term leases) and leases for which the underlying assets is of low value. For such short term and assets of low value leases, the Company recognizes the lease payment as an expense on a straight line basis over the term of the lease.

At commencement date, the ROU asset is measured at cost. The cost of the ROU asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred. The ROU assets are subsequently measured at cost less any accumulated depreciation, accumulated Impairment losses, if any.

The ROU assets are depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of ROU assets. The estimated useful life of ROU assets are determined on the same basis as those of PPE. Right-of-use assets are tested for Impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognized in the statement of profit and loss.

At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the Company’s incremental borrowing rate.

Lease liabilities and ROU assets are separately presented in the Balance Sheet. Lease payments are classified as financing cash flows while short-term lease payments, payment for leases of low value assets are classified within operating activities.

l) Impairment:

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

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

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

(ii) Transactions and Balances

- a) Transactions in foreign currencies are recorded at the spot exchange rates prevailing on the date of transaction.
- b) Foreign currency monetary assets and liabilities are translated at year end exchange rates.
- c) Non-monetary items denominated in foreign currency are valued at the exchange rate prevailing on the date of transaction if the item is valued at historical cost.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (CONTD)

- d) Non-monetary items that are measured at fair value in foreign currency are translated using the exchanges rates at the date when the fair value is measured.
- e) Exchange differences arising on settlement of transactions and translation of monetary items are recognized as income or expense in the year in which they arise.

n) Inventories:

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

o) Employee Benefits:

i) Short Term Obligations:

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

ii) Long term Post-employment obligation:

The Company has the following post-employment benefit obligations:

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

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

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

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 are 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. Remeasurement as a result of experience adjustments and changes in actuarial assumptions are recognised in other comprehensive income. The obligation is classified as current and non-current based on the policy stated in the notes.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (CONTD)**p) 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 carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available to utilize those unused tax credits and losses.

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

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

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

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

q) Government Grants:

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

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

r) Provisions and Contingent Liabilities:**i) Provision**

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

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

ii) Contingent Liabilities:

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

s) Segment Reporting:

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

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (CONTD)

t) Cash and Cash Equivalents:

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

u) Financial Instruments:

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

i) Financial Assets:

Classification:

The Company classifies its financial assets in the following categories:

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

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

Measurement:

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

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

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

Debt Instruments:

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

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.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (CONTD)**Investment in Subsidiary Companies:**

Investment in Subsidiary Companies is measured at cost less Provision for Impairment, if any.

Trade receivables:

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

Impairment:

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

Derecognition and write-off:

A financial asset is derecognized only when:

- 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 amounts in ₹ Lakhs unless otherwise stated)

Description	Gross Carrying Amount			Depreciation/Amorization			Net Carrying Amount		
	As at 01.04.2019	Additions	Disposals	As at 31.03.2020	As at 31.03.2019	Charge During the year	Disposal	Upto 31.03.2020	As at 31.03.2020
(a) Land									
- Freehold	14,476.40	-	-	14,476.40	-	-	-	-	14,476.40
- Leasehold*	2,713.53	-	-	2,713.53	94.50	31.50	-	126.00	2,587.53
(b) Buildings	5,061.04	178.35	-	5,239.40	644.80	210.77	-	855.57	4,383.83
(c) Plant and Machinery	11,819.81	5,785.72	1,153.74	16,451.79	4,504.73	1,382.75	1,069.85	4,817.63	11,634.16
(d) Furniture and Fixtures	187.77	57.34	-	245.11	70.71	14.18	-	84.89	160.23
(e) Vehicles	176.51	31.55	51.47	156.59	76.36	34.34	45.94	64.76	91.82
(f) Office Equipment	372.97	14.80	2.48	385.29	108.38	35.19	2.36	141.21	244.07
	34,808.03	6,067.76	1,207.69	39,668.11	5,499.49	1,708.73	1,118.16	6,090.06	33,578.05
Description	Gross Carrying Amount			Depreciation/Amorization			Net Carrying Amount		
	As at 01.04.2018	Additions	Disposals	As at 31.03.2019	As at 31.03.2018	Charge During the year	Disposal	Upto 31.03.2019	As at 31.03.2019
(a) Land									
- Freehold	14,476.40	-	-	14,476.40	-	-	-	-	14,476.40
- Leasehold*	2,713.53	-	-	2,713.53	63.00	31.50	-	94.50	2,619.03
(b) Buildings	4,825.26	235.78	-	5,061.04	423.51	221.29	-	644.80	4,416.24
(c) Plant and Machinery	10,040.46	1,794.73	15.38	11,819.81	3,229.97	1,274.76	-	4,504.73	7,315.08
(d) Furniture and Fixtures	157.83	29.94	-	187.77	55.39	15.32	-	70.71	117.06
(e) Vehicles	138.70	39.12	1.31	176.51	50.16	26.20	-	76.36	100.14
(f) Office Equipment	346.45	26.52	-	372.97	75.90	32.48	-	108.38	264.59
	32,698.63	2,126.10	16.70	34,808.03	3,897.93	1,601.56	-	5,499.49	29,308.54

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

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (CONTD)

2B Intangible Assets

(All amounts in ₹ Lakhs unless otherwise stated)

Description	Gross Carrying Amount			Depreciation/Amorization			Net Carrying Amount
	As at 01.04.2019	Additions	Disposals	As at 31.03.2020	Charge During the year	Disposal	Upto 31.03.2020
(a) Technical Know-how	3,079.41	1,137.10	-	4,216.51	289.61	-	523.81
(b) Computer Software	173.50	37.97	-	211.47	53.64	-	162.30
	3,252.91	1,175.07	-	4,427.98	343.25	-	686.11
							3,741.88

Description	Gross Carrying Amount			Depreciation/Amorization			Net Carrying Amount
	As at 01.04.2018	Additions	Disposals	As at 31.03.2019	Charge During the year	Disposal	Upto 31.03.2019
(a) Technical Know-how	1,379.41	1,700.00	-	3,079.41	128.23	-	234.20
(b) Computer Software	146.94	26.56	-	173.50	38.61	-	108.66
	1,526.35	1,726.56	-	3,252.91	166.84	-	342.86
							2,910.06

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (CONTD)

(All amounts in ₹ Lakhs unless otherwise stated)

	As at 31 st March 2020	As at 31 st March 2019
3 Investments		
Equity instruments - Unquoted		
Subsidiary Companies		
a) 16,35,217 (Previous Year 16,35,217) Equity Shares of Ucal Polymer Industries Limited	571.59	571.59
b) 1,000 (Previous Year 1,000) Equity Shares of UCAL Holding Inc. (previously Amtec Precision Products Inc.,) of USD 0.01/- each	20,877.28	20,877.28
Less: Provision for Impairment (Refer Note No. 33)	10,509.00	-
Sub-total	<u>10,939.87</u>	<u>21,448.87</u>
Investments measured at Fair Value through Profit and Loss		
Equity Shares		
Unquoted		
c) 600 (Previous Year 600) Equity Shares of ₹10/- each of Suryadev Alloys and Power Private Limited	0.82	0.82
Sub Total-Unquoted shares	<u>10,940.69</u>	<u>21,449.69</u>
Investments measured at Fair Value through Profit and Loss		
Equity Shares		
Quoted		
a) HDFC Bank Limited (19,000 fully paid-up shares of ₹1/- each)	163.76	220.30
b) The Karnataka Bank Limited (3,367 fully paid-up equity shares of ₹10/- each)	1.42	4.50
c) Industrial Development Bank of India Limited (15,578 fully paid-up shares of ₹10/- each)	3.01	7.26
d) Union Bank of India (Erst, Corporation Bank) (330 fully paid shares of ₹10/- each)	0.09	0.29
Sub Total-Quoted shares	<u>168.28</u>	<u>232.34</u>
Total	<u>11,108.97</u>	<u>21,682.03</u>
Aggregate amount of Unquoted Investments	10,940.69	21,449.69
Aggregate amount of Quoted Investments at Market Value	168.28	232.34
Aggregate amount of Quoted Investments at Cost	4.52	4.52
4 Loans and Advances		
(a) Secured, Considered Good	-	-
(b) Unsecured, Considered Good		
(i) Security Deposits	271.00	163.83
(c) Loans with significant increase in Credit Risk	-	-
(d) Loan Receivables - Credit Impaired	-	-
Total	<u>271.00</u>	<u>163.83</u>

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (CONTD)

(All amounts in ₹ Lakhs unless otherwise stated)

	As at 31 st March 2020	As at 31 st March 2019	
5 Deferred Tax			
Deferred Tax Asset			
(a) Unabsorbed Losses	1,551.63	2,108.32	
(b) Disallowed Employee Benefit Expenses	338.58	62.13	
(c) MAT Credit	1,210.72	722.95	
(A) Sub-Total	3,100.93	2,893.40	
Deferred Tax Liability			
(d) Depreciation	2,242.96	1,388.44	
(e) Others	-	3.26	
(B) Sub-Total	2,242.96	1,391.70	
Net Deferred Tax Asset/(Liability)	857.97	1,501.70	
Movement in Deferred Tax	Depreciation	Others	Total
As at 31st March 2018-(Liability)/Asset (Charged)/ Credited:			2,678.37
- To Profit and Loss	(1,518.94)	(3.26)	(1,162.20)
- To Other Comprehensive Income		(14.46)	(14.46)
As at 31st March 2019-(Liability)/Asset			1,501.70
- To Profit and Loss	(2,242.96)	1,552.58	(690.38)
- To Other Comprehensive Income		46.65	46.65
As at 31st March 2020-(Liability)/Asset			857.97
	As at 31 st March 2020	As at 31 st March 2019	
6 Other Non-current Assets			
(a) Capital Advances to Related Parties	2,100.00	2,100.00	
(b) Capital Advances to Suppliers	635.42	-	
(c) Advance Income Tax and TDS Receivable (Net of Provisions)	1,536.69	1,924.37	
Total	4,272.11	4,024.37	
7 Inventories*			
(As certified by the management)			
(a) Raw Materials and Components	1,886.76	1,853.52	
(b) Work-in-Progress	493.34	460.05	
(c) Finished Goods	938.45	647.38	
(d) Stores & Spares	52.75	68.27	
(e) Tools & Consumables	1,653.73	1,769.22	
Total	5,025.03	4,798.44	

*Please Refer Note 1(n) for Valuation of Inventories.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (CONTD)

(All amounts in ₹ Lakhs unless otherwise stated)

	As at 31 st March 2020	As at 31 st March 2019
8 Trade Receivables		
(a) Trade Receivables Considered Good - Secured	-	-
(b) Trade Receivables Considered Good - Unsecured	5,227.29	8,184.02
(c) Trade Receivables which have significant increase in Credit Risk	-	-
(d) Trade Receivables - Credit Impaired	152.35	-
	<u>5,379.64</u>	<u>8,184.02</u>
Less: Allowance for Doubtful Debts	152.35	-
Total	<u>5,227.29</u>	<u>8,184.02</u>
9 Cash and Cash Equivalents		
Cash on Hand	7.10	8.24
Balances with Banks in Current Accounts	131.47	122.07
Total	<u>138.57</u>	<u>130.31</u>
Overdrafts Utilized [Grouped under Financial Liabilities] [Refer Note No. 19]	<u>(3,125.21)</u>	<u>(3,414.88)</u>
Cash and Cash Equivalents for the purpose of Cash Flow Statements	<u>(2,986.64)</u>	<u>(3,284.57)</u>
10 Other Bank Balances		
(a) Fixed Deposit held under lien by Bank as Margin Money*	15.63	0.63
(b) Unpaid Dividend Account Balances	47.29	47.03
Total	<u>62.92</u>	<u>47.66</u>
*With more than 3 months and upto 12 months maturities		
11 Loans and Advances - Current		
(a) Secured, Considered Good	-	-
(b) Unsecured, Considered Good		
(i) Loans and Advances to Related Parties	-	-
(ii) Security Deposits	253.65	248.50
(c) Loans with significant increase in Credit Risk	-	-
(d) Loan Receivables - Credit Impaired	-	-
Total	<u>253.65</u>	<u>248.50</u>
12 Other Financial Assets- Current		
(a) Claims Receivable	17.65	20.94
Total	<u>17.65</u>	<u>20.94</u>

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (CONTD)

(All amounts in ₹ Lakhs unless otherwise stated)

	As at 31 st March 2020	As at 31 st March 2019
13 Other Current Assets		
Advances to Suppliers	578.84	758.93
Prepaid Expenses	33.27	35.15
Staff Advances	18.54	0.08
Balances with GST Authorities	210.90	481.17
Total	841.55	1,275.33
14 Equity Share Capital		
(a) Authorised Capital		
7,50,00,000 (7,50,00,000) Equity Shares of ₹10/- each	7,500.00	7,500.00
(b) Issued, Subscribed and Paid Up Capital		
2,21,13,625 (2,21,13,625) Equity Shares of ₹10/- each Fully Paid	2,211.36	2,211.36
Total	2,211.36	2,211.36

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

Particulars	For the Year 2019-20		For the Year 2018-19	
	No. of Shares	Amount	No. of Shares	Amount
Balance as at the Beginning of the Year	2,21,13,625	2,211.36	2,21,13,625	2,211.36
Add: Issue of Shares	-	-	-	-
Balance as at the End of the Year	2,21,13,625	2,211.36	2,21,13,625	2,211.36

(d) Rights and restrictions attached to shares

Equity Shares: The Company has one class of equity shares having a par value of ₹10/- per share. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

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

Name of the Shareholder	As at 31 st March 2020		As at 31 st March 2019	
	No. of Shares	%	No. of Shares	%
Carburettors Limited	1,13,20,089	51.19%	1,13,20,089	51.19%
Southern Ceramics Private Limited	15,58,515	7.05%	15,58,515	7.05%
Minica Real Estates Private Limited	13,41,882	6.07%	13,41,882	6.07%

(f) No Shares were allotted as fully paid bonus shares during the 5 years immediately preceding 31st March 2020. 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 31st March 2020.

(g) Shareholding of Group Companies

Category	As at 31 st March 2020	As at 31 st March 2019
Shares held by Holding Company	51.19%	51.19%

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (CONTD)

(All amounts in ₹ Lakhs unless otherwise stated)

	As at 31 st March 2020	As at 31 st March 2019
15 Other Equity (Refer Statement of Changes in Equity)		
(a) General Reserve	16,571.82	16,571.82
(b) Capital Reserve	160.00	160.00
(c) Securities Premium	2,165.34	2,165.34
(d) Retained Earnings	10,264.97	21,316.27
Total	29,162.13	40,213.43

General Reserve:

General Reserve is created out of profits transferred from Retained Earnings. General Reserve is created by a transfer from one component of equity to another and is not an item of Other Comprehensive Income. It is a free reserve eligible for distribution to shareholders subject to the provisions of The Companies Act, 2013.

Capital Reserve:

Capital Reserve represents gains that are capital in nature.

Securities Premium:

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

	As at 31 st March 2020	As at 31 st March 2019
16 Non-Current Borrowings		
(i) Term Loans		
Terms Loans (Secured) (Refer Note 42)		
- From Banks	1,679.76	4,437.54
- From Others	2,965.85	-
Total	4,645.61	4,437.54

Please Refer Note No. 21 for Current Maturities of Long Term Debt Period and continuing default on the Balance Sheet – **NIL**

17 Other Non - Current Financial Liabilities

(a) Security Deposits	64.44	72.81
(b) Other Financial Liabilities	-	17.51
Total	64.44	90.32

18 Non-Current Provisions

(i) Towards Employee Benefit Obligations		
(a) Gratuity	613.65	443.17
(b) Compensated Absences	57.92	83.09
Total	671.57	526.26

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (CONTD)

(All amounts in ₹ Lakhs unless otherwise stated)

	As at 31 st March 2020	As at 31 st March 2019
19 Current Borrowings		
(a) Loans Repayable on Demand*		
- From Banks (Secured)	3,125.21	3,414.88
- From Other Parties	-	-
(b) Short Term Borrowings from Banks (Unsecured)	4,515.92	6,227.52
(c) Short Term Borrowings from Others (Unsecured)	700.00	708.20
Total	8,341.13	10,350.60
* Please Refer Note No. 42 on Security Provided		
20 Trade Payables - Current		
(a) Total outstanding dues of Creditors to Micro Small and Medium Enterprises	1869.13	1,442.05
(b) Total outstanding dues of Creditors other than Micro Small and Medium Enterprises	13,028.56	10,585.82
Total	14,897.69	12,027.87
Disclosure requirement as per Schedule III (As Certified by the Management)		
i) Principal amount and the interest due thereon remaining unpaid to each supplier at the end of each accounting year.	1,869.13	1,442.05
ii) Interest paid by the Company in terms of Section 16 of Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of payment made to the supplier beyond the appointed day during each accounting year.	NIL	NIL
iii) Interest due and payable for the year of delay in making payment which have been paid but beyond the appointed day during the year without payment of interest specified under Micro, Small and Medium Enterprises Development Act, 2006.	NIL	NIL
iv) Interest accrued and remaining unpaid at the end of each accounting year.	62.57	NIL
21 Other Financial Liabilities - Current		
(a) Current Maturities of Long-Term Debt	3516.22	2,754.21
(b) Interest Accrued but not Due on Borrowings	44.81	68.93
(c) Unclaimed Dividend	47.29	47.03
(d) Employee Dues	593.73	878.17
(e) Other Current Financial Liabilities	412.21	288.03
Total	4,614.26	4,036.37
22 Other Current Liabilities		
(a) Statutory Dues	206.05	756.24
(b) Other Current Liabilities	3.45	-
Total	209.50	756.24
23 Provisions - Current		
(i) Provision for Employee Benefits		
(a) Gratuity	91.71	54.78
(b) Compensated Absences	15.17	13.99
Total	106.88	68.77

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (CONTD)

(All amounts in ₹ Lakhs unless otherwise stated)

	Year Ended 31 st March 2020	Year Ended 31 st March 2019
24 Revenue From Operations		
(a) Sale of Products	49,971.62	59,272.21
(b) Revenue from Trading Activity	730.78	-
(c) Other Operating Revenues	265.30	340.77
Total	50,967.70	59,612.98
25 Other Income		
(a) Interest Income	4.40	1.91
(b) Dividend Income	83.66	83.00
(c) Rental Income	140.34	130.24
(d) Profit on Sale of Property, Plant & Equipment	89.17	14.11
(e) MTM - Investment measured at Fair Value through Profit or Loss	-	37.99
(f) Exchange Gain (Net)	19.71	-
(g) Other Non Operating Income	429.11	123.86
Total	766.39	391.11
26 Employees Cost & Benefits		
(a) Salaries and Wages	6,963.69	7,139.38
(b) Contribution to Provident and Other Funds	482.84	511.09
(c) Staff Welfare Expenses	378.08	545.15
Total	7,824.61	8,195.62
27 Finance Costs		
(a) Interest Expenses	2,151.82	2,233.35
(b) Other Borrowing Cost	33.62	61.80
Total	2,185.44	2,295.15
28 Depreciation and amortisation expense		
(a) Depreciation of Property, Plant and Equipment	1,677.23	1,570.05
(b) Amortisation of Intangible Assets	343.25	166.84
(c) Depreciation on Leasehold Land	31.50	31.50
Total	2,051.98	1,768.39

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (CONTD)

(All amounts in ₹ Lakhs unless otherwise stated)

	Year Ended 31 st March 2020	Year Ended 31 st March 2019
29 Other Expenses		
Tools and Stores Consumed	1,954.16	2,720.17
Power & Fuel	1,681.37	1,944.00
Repairs & Maintenance		
- Building	10.99	15.34
- Plant & Machinery	226.32	331.60
- Others	242.33	333.13
Postage, Telephone, Fax, etc.	75.05	84.11
Insurance	40.64	74.40
Rates and Taxes	117.62	42.80
Rent	673.53	607.28
Directors Sitting Fees	13.37	8.65
Auditors Remuneration		
- For Audit Fees	17.50	17.50
- For Certificates	3.53	0.33
- For Limited Review	3.00	2.25
- For Other Services	6.00	-
- For out of Pocket Expenses	0.02	1.26
Travelling Expenses	486.72	693.48
Packing Charges	401.55	398.11
Sub-Contract Charges	258.05	315.63
Carriage Outwards	562.20	560.70
Professional Charges	791.31	672.58
Corporate Social Responsibility	4.11	5.01
Exchange Loss	-	87.80
Loss on Sale of Fixed Assets	38.53	5.01
MTM Loss on Investments	64.07	-
Other Expenses	1,306.43	1,229.93
Allowance for Doubtful Debts	152.35	-
Total	9,130.75	10,151.05
30 Exceptional Items		
Provision for Impairment in value of Investment made in Subsidiary	(10,509.00)	-
Total	(10,509.00)	-

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (CONTD)

(All amounts in ₹ Lakhs unless otherwise stated)

	Year Ended 31 st March 2020	Year Ended 31 st March 2019
31 Income Tax Expenses		
(a) Income Tax Expense		
Current Tax		
Current Tax on Profits for the Year - MAT	608.07	965.23
Income Tax - Prior Years	300.00	-
Sub-Total (A)	908.07	965.23
(b) Deferred Tax		
Decrease / (Increase) in Deferred Tax Assets - MAT Credit	(487.77)	(722.95)
Decrease / (Increase) in Deferred Tax Assets - Other	1,530.90	1,388.17
(Decrease) / Increase in Deferred Tax Liabilities	(352.75)	496.99
Sub-Total (B)	690.38	1,162.21
(A)+(B)	1,598.45	2,127.44
(c) Reconciliation of Tax Expense and the accounting profit multiplied by India's Tax Rate		
Profit before Income Tax Expense	(6,976.59)	6,005.70
Tax at Indian Tax Rate of 33.384% (34.94%)	(2,329.06)	2,098.39
Deduction under Scientific and Research Expenditure Sec 35(2AB)	(100.12)	(401.60)
Income Tax impact of difference between Book Depreciation and Depreciation under Tax Laws	(555.73)	(145.34)
Expenses not allowed under the Income Tax Act, 1961	87.09	15.51
Incomes not chargeable to Tax	(71.75)	(47.20)
Carried Forward as Business Loss	-	-
Loss brought forward set off - Regular Provisions	(531.84)	(1,473.59)
Expenses allowable Only upon payment under the Income Tax Act, 1961	27.37	-
Impairment of Investment in Subsidiary	3,508.32	-
Additional Income Tax on account of applicability of Sec 115JB	573.80	1,245.81
Income Tax relating to earlier Years	300.00	(326.75)
Current Tax	908.07	965.23
Deferred Tax on Business Loss (Created)/Charged	556.69	1,295.29
Deferred Tax Other Items	621.46	589.87
Minimum Alternate Tax Credit u/s. 115JAA	(487.77)	(722.95)
Income Tax Expense	1,598.45	2,127.44
Effective Rate of Tax	(22.91%)	35.42%
32 Earnings per Share (EPS) Calculation (Basic and Diluted) :		
a) Amount used as the numerator Profit after Taxation	(8,575.04)	3,878.26
b) Weighted average number of Equity Shares used as denominator (nos.)	2,21,13,625	2,21,13,625
c) Nominal Value of Shares	2,211.36	2,211.36
d) Earnings per Share	(38.78)	17.54

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (CONTD)**33. Investment in Equity:**

The Company has Equity Investment aggregating to ₹20,877.28 Lakhs in UCAL Holdings Inc., USA (Previously Amtec Precision Products Inc.,) a Wholly Owned Subsidiary. In light of difficulties in obtaining independent valuation due to COVID, the management carried out an Impairment test of this Investment and concluded that a provision for Impairment was necessary. Accordingly, a provision of ₹10,509.00 Lakhs has been created towards Impairment of this Investment and the same has been presented as an exception item.

34. Windmill Power Generation:

Electricity charges debited to Profit & Loss Account is net of ₹107.29 Lakhs (Previous Year ₹110.95 Lakhs) being the electricity generated through Company owned Wind Turbine Generators.

35. Managerial Remuneration:

Managerial Remuneration provided / paid for the Year Ended 31st March 2020 based on the approval of the shareholders in the AGM held on 30th September 2016 and Central Government approval letter no. G25307442/3/2006-CLVII dated 12th July 2017 (upto August 2019) and approval in Annual General Meeting held on 30th September 2019 (from September 2019 to March 2020) stands at ₹203.22 Lakhs.

36. Deferred Tax

Major Component of Deferred Tax Asset is on account of the set off benefits likely to accrue on account of unabsorbed depreciation / business loss under the Income Tax Act, 1961 and other components of Deferred Tax Asset and Deferred Tax Liability is furnished under Note No.5. Based on the orders on hand and expected improvements in the performance of the Company as a whole, in the view of the Management, the Company will have adequate taxable income in future and there exists virtual certainty of the Deferred Tax Asset (DTA) getting realised.

37. Fair Value Measurements:

Classification of Financial Instruments:

(₹ in Lakhs)

Description	As at 31 st March 2020		As at 31 st March 2019	
	FVTPL*	Amortized Cost	FVTPL*	Amortized Cost
Financial Assets				
Investments				
Equity Instruments	169.10		233.16	
Security Deposits		524.65		412.33
Trade Receivables		5,227.29		8,184.02
Cash and Cash Equivalents		138.57		130.31
Other Financial Assets		80.57		68.61
Total	169.10	5,971.08	233.18	8,795.27
Financial Liabilities				
Borrowings		16,502.96		17,542.35
Trade Payables		14,897.69		12,027.87
Other Financial Liabilities		1,162.48		1,372.48
Total		32,563.13		30,942.70

*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.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (CONTD)

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

Description	Fair Value Hierarchy	As at 31 st March 2020	As at 31 st March 2019
Equity Instruments			
HDFC Bank Limited	Level 1	163.76	220.30
The Karnataka Bank Limited	Level 1	1.42	4.50
Industrial Development Bank of India Limited	Level 1	3.01	7.27
Union Bank of India (Erst, Corporation Bank)	Level 1	0.09	0.29
Suryadev Alloys and Power Private Limited	Level 3	0.82	0.82
Total		169.10	233.16

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.

38. Financial Assets Risk Management:

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

a) Market Risk

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

i) Currency Risk:

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

(₹ in Lakhs)

Particulars	As at 31 st March 2020			As at 31 st March 2019		
	EUR	USD	JPY	EUR	USD	JPY
Financial Assets						
Trade Receivables	240.72	-	27.11	106.84	1.68	36.94
Loans and Advances	-	-	-	-	-	-
Total (A)	240.72	-	27.11	106.84	1.68	36.94
Financial Liabilities						
OIF Term Loan	-	-	-	-	691.71	-
Trade Payables	-	260.11	33.35	-	90.72	91.27
Total (B)	-	260.11	33.35	-	782.43	91.27
Net Exposure (A) – (B)	240.72	(260.11)	(6.24)	106.84	(780.75)	(54.33)

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.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (CONTD)

Sensitivity Analysis

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

(₹ in Lakhs)

	Impact on Profit after Tax*		Impact on Equity*	
	As at 31 st March 2020	As at 31 st March 2019	As at 31 st March 2020	As at 31 st March 2019
USD Sensitivity				
INR/USD increases by 5%	(13.03)	(25.39)	(13.03)	(25.39)
INR/USD decreases by 5%	13.03	25.39	13.03	25.39
EUR Sensitivity				
INR/EUR increases by 5%	11.92	3.47	11.92	3.47
INR/EUR decreases by 5%	(11.92)	(3.47)	(11.92)	(3.47)
JPY Sensitivity				
INR/JPY increases by 5%	(0.31)	(1.77)	(0.31)	(1.77)
INR/JPY decreases by 5%	0.31	1.77	0.31	1.77

*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 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 risks at the balance sheet date has been disclosed below: (₹ in Lakhs)

	As at 31 st March 2020		As at 31 st March 2019	
	INR	%	INR	%
Variable Rate Borrowings	13,145.89	79.65	17,542.35	100.00
Fixed Rate Borrowings	3,357.07	20.35	-	-
Total	16,502.96	100.00	17,542.35	100.00

Sensitivity Analysis:

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

	Impact on Profit after tax and Equity	
	Year ended 31 st March 2020	Year ended 31 st March 2019
Interest rate increases by 50 bps	(42.76)	(57.05)
Interest rate decreases by 50 bps	42.76	57.05

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 ₹168.28 Lakhs (₹ 232.35 Lakhs).

Sensitivity Analysis:

(₹ in Lakhs)

	Impact on Profit and Equity As at 31 st March 2020*	Impact on Profit and Equity As at 31 st March 2019*
5% increase in Equity Prices	8.41	11.62
5% Decrease in Equity Prices	(8.41)	(11.62)

*Before Tax

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (CONTD)

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:

(₹ in Lakhs)

	Due in 1 st Year	Due between 1 and 5 years	Carrying Amount as on 31 st March 2020
31st March 2020			
Borrowings	11,857.35	4,645.61	16,502.96
Trade Payables	14,897.69	-	14,897.69
Other Financial Liabilities	1,098.04	64.44	1,162.48
Total	27,443.71	4,710.05	32,563.13

c) Credit Risk:

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

Write off of Financial Assets:

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

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

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

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

During the Year 2017-18, the Company wrote off ₹2,854.06 Lakhs of Trade Receivables and ₹12,337.79 Lakhs of Loan Receivable from Ucal Holding Inc., (Previously Amtec Precision Products Inc), Wholly Owned Subsidiary. The Company is awaiting approval from RBI for the said write off.

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

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (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 counterparty has sufficient financial strength to meet the obligations	12 month expected Credit Loss
C	Low Quality Asset, the risk of default is considerable and there has been a significant increase in the Credit Risk since initial recognition	Life Time Expected Credit Losses
D	Possibility of recovery is negligible and the asset is written off	Asset is written off

Grade wise Credit Risk exposure on the reporting date:

(₹ in Lakhs)

Grade	As at 31 st March 2020					As at 31 st March 2019				
	Equity Instruments	Security Deposits	Cash and Bank Balances	Trade and Lease Receivables	Other Financial Assets	Equity Instruments	Security Deposits	Cash and Bank Balances	Trade and Lease Receivables	Other Financial Assets
A	169.10	524.65	201.49	5,379.64	17.65	233.16	412.33	177.98	8,184.02	20.94
B	-	-	-	-	-	-	-	-	-	-
C*	-	-	-	152.35	-	-	-	-	-	-

*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 2019 & 31st March 2020 where ECL is measured on life time basis.

39. 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.

40. Employee Benefit Obligations:
Defined benefit as per actuarial Valuation:

(₹ in Lakhs)

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

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (CONTD)

(₹ in Lakhs)

Particulars	Gratuity			Leave Salary		
	Present Value of Obligation	Fair Value of Plan Assets	Net Amount	Present Value of Obligation	Fair Value of Plan Assets	Net Amount
As at 1st April 2019	1,109.89	611.94	497.95	97.09	-	97.09
Current service cost	72.16	-	72.14	10.83	-	10.83
Interest expense/(income)	83.98	46.30	37.68	7.34	-	7.34
Total amount recognized in profit and loss account	156.12	46.30	109.82	18.17	-	18.18
Remeasurements						
Return on plan assets, excluding amounts included in interest expense / (income)	-	-	-	-	-	-
(Gain) / loss from change in financial assumptions	-	-	-	-	-	-
Experience (gains) / losses	73.17	24.40	97.57	42.17		42.17
Total amount recognized in other comprehensive income	73.17	24.40	97.57	42.17	-	42.17
Employer contributions	-	-	-	-	-	-
Benefit payments	69.45	69.45	-	-	-	-
As at 31st March 2020	1,269.75	564.39	705.36	73.09	-	73.09

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

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

Assumptions	As at 31 st March 2020	As at 31 st March 2019
	%	%
Discount Rate	7.60%	7.60%
Salary Growth Rate	5.00%	5.00%
Mortality Rate (% of IALM 06-08)	100.00%	100.00%
Attrition Rate	8.00%	8.00%

Risk Exposure:

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

In addition to Interest Rate risk and liquidity risk explained in the Note No. 38 the Company is also exposed to the below risks on account of valuation of defined benefit obligations:

- Salary Escalation Risk:** The present value of the defined benefit plan is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.
- Demographic Risk:** The 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.
- 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.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (CONTD)**41. Related Party Disclosure:****1) List of Related Parties where control exists**a) Holding Company

Carburettors Limited

b) Subsidiaries:

Ucal Polymer Industries Limited (UPIL)

UPIL, USA (Wholly Owned Subsidiary of UPIL)

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

Ucal Systems Inc. (Previously North American Acquisition Corporation) (Wholly Owned Subsidiary of Amtec)

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

2) Other Related Parties:a) Fellow Subsidiaries:

RD Electrocircuits Private Limited

b) Key Managerial Personnel:

Mr. Jayakar Krishnamurthy – Chairman and Managing Director

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

Ms. Rekha Raghunathan – Director and Company Secretary

Mr. Syed Abdul Hadi – Chief Executive Officer

c) Enterprises controlled or jointly controlled by KMP or Directors

Minica Real Estates Private Limited

Bangalore Union Services Private Limited

Sujo Land and Properties Private Limited

UCAL-JAP Systems Limited

Minica Services Private Limited

Southern Ceramics Private Limited

d) Relatives of Key Managerial Personnel:

Dr. V. Krishnamurthy

Mr. Adhitya S Jayakar

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.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (CONTD)

3) Transactions with Related Parties

(₹ in Lakhs)

Transactions during the Year 2019-20	Holding Company	Subsidiaries	Other Related Enterprises	KMP	Relatives of KMP
Outstanding Payables	NIL (NIL)	2,095.73 (2,289.88)	760.87 (442.00)	61.59 (69.15)	4.70 (9.82)
Outstanding Receivables			2,112.19 (2,113.63)		
Guarantees given		448.40 (448.40)			
Purchase of Materials		5,017.56 (5,906.98)	1,112.27 (324.12)		
Purchase of Intangible Assets			1,137.10 (1,700.00)		
Consultancy Charges Paid					111.95 (90.67)
Rent Received		1.20 (1.20)			
Rent Paid			630.60 (576.00)		
Managerial Remuneration (Directors)*				245.26 (316.08)	
Remuneration to Key Managerial Personnel other than Directors*				43.71 (29.55)	
Interest Paid			NIL (14.91)		
Sale of Goods		0.78 (5.93)	NIL (0.01)		
Sale of Fixed Assets		NIL (5.71)			
CSR Expenditure			4.11 (NIL)		
Dividend Paid	1,018.8 (1,132.00)		298.53 (331.70)	31.84 (35.38)	49.35 (54.84)
Dividend Received		81.76 (81.76)			

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (CONTD)

* Remuneration Paid includes

(₹ in Lakhs)

Particulars	Chairman and Managing Director	Whole Time Director and Chief Financial Officer	Company Secretary
Name	Mr.Jayakar Krishnamurthy	Mr. Ram Ramamurthy	Ms. Rekha Raghunathan
Short Term Employee Benefits	187.54	36.00	27.77
Post-employment Benefits			
- Provident Fund	10.32	-	1.11
- Superannuation Fund	12.90	-	-
Other Long-Term Benefits	-	-	-

42. Borrowings:

(₹ in Lakhs)

Particulars	As at 31 st March 2020			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	2,375.00	15.65	2,390.65	Repayable in quarterly instalments of ₹500 Lakhs each. The period of maturity with reference to Balance Sheet date is 3 years.	Equitable mortgage on No.38A & B, Morrison Street, Alandur, Chennai – 600016 owned by M/s. Bangalore Union Services Private Limited
Term Loan II	750.00	1664.11	2,414.11	Repayable in quarterly instalments of ₹187.50 Lakhs each. The period of maturity with reference to Balance Sheet date is 3 months.	Exclusive mortgage on Plot No. A3/A3,A4 and A5 in CMDA's Industrial Complex at Maraimalai Nagar, owned by the Company Hypothecation on movable plant and machineries at Plot No. E-12 in CMDA's Industrial Complex at Maraimalai Nagar, owned by the Company
Term Loan III	220.03	673.30	893.33	Repayable in monthly instalments of ₹26.50 Lakhs each. The period of maturity with reference to Balance Sheet date is 4 Years.	Secured by paripassu first charge on the commercial property (1200 Sqft) owned by UCAL Fuel Systems Limited. Address of the property: Raheja Towers, Unit No:704,705, 706, Anna salai Chennai 600002
Term Loan IV	171.19	2,292.55	2,463.74	Repayable in quarterly instalments (only Interest, Repayment starts from 2021-22) of ₹18.23 Lakhs each. The period of maturity with reference to Balance Sheet date is 5 Years.	Secured by paripassu first charge on the land at Bawal and exclusive charge on the Building, Plant & Machinery at Bawal
Total	3,516.22	4,645.61	8,161.83		
B. Unsecured Borrowings					
Inter-Corporate Deposit	-	-	-		
Total	3,516.22	4,645.61	8,161.83		

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (CONTD)

(₹ in Lakhs)

Particulars	As at 31 st March 2020			Terms of Repayment	Details of Security Offered to the Lender
	Current Maturities	Non -Current Maturities	Total		
II. Current Borrowings					
Loans Repayable on Demand	3,125.21	-	3,125.21	Repayable on demand	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	4,515.92	-	4,515.92	Repayable within a year.	Unsecured
Short Term Borrowings from Others	700.00	-	700.00	Repayable within a year.	Unsecured
Total	8,341.13	-	8,341.13		

43. Contingent Liabilities, Guarantees and Commitments not provided for:

(₹ in Lakhs)

Description	As at 31 st March 2020	As at 31 st March 2019
Claims against Company not acknowledged as Debts		
i) Sales Tax/Tax	2,794.10	1,926.40
ii) Excise Duty	-	483.01
iii) Income Tax	538.74	239.88
iv) Land development charges claimed by HSIIDCL	104.82	104.82
v) Customs Duty	172.98	-
Other moneys for which the Company is contingently liable		
i) Guarantees given by the Company to financial institution, with regard to credit facilities extended to M/s. UCAL Polymer Industries Limited, a Wholly Owned Subsidiary	448.40	448.40
ii) Guarantees given by Banks on behalf of the Company	-	-
Commitment		
Estimated amount w.r.t contracts remaining to be executed on capital account, net of advances, not provided for	635.42	504.88

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

(₹ in Lakhs)

Particulars	For the year ended 31 st March 2020	For the year ended 31 st March 2019
A. Revenue Expenditure		
a) Material Consumed	1.41	2.04
b) Employee Benefit Expenditure	579.14	524.34
c) Other Expenses	672.90	684.25
Sub-Total – A	1,253.45	1,210.63
B. Capital Expenditure		
a) Land and Building	7.42	-
b) Plant and Machinery	313.56	19.70
c) Others	10.26	144.65
Sub-Total – B	331.24	164.35
Total R&D Expense - (A) + (B)	1,584.70	1,374.98

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (CONTD)

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

(₹ in Lakhs)

Sl. No	Particulars	Name of the Company	Amount outstanding as at 31 st March 2020/ For 2019-20	Amount outstanding as at 31 st March 2019/ For 2018-19
1.	Loans and advances made to entity controlled by relatives of KMP	Bharat Technology Auto Components Limited	2,100	2,100
		Maximum amount due at any time during the year	2,100	2,100

46. Proposed Dividend and Tax thereon:

The Boards of Directors in their meeting held on 31st July 2020 has not proposed distribution of dividend for the Financial Year ended 31st March 2020 as the Company intends to conserve its resources.

47. Corporate Social Responsibility:

Expenditure incurred on Corporate Social Responsibility (CSR) activities:

- (a) Gross amount required to be spent during the year is ₹4.11 Lakhs (Previous Year Nil)
 (b) Amount spent during the year ₹4.11 Lakhs

Sl. No	Particulars	Year ended 31 st March 2020		Year ended 31 st March 2019	
		Spent upto Balance sheet date	Provided for	Spent upto Balance sheet date	Provided for
1.	Culture and Heritage Trust of Karuveli	NIL	NIL	NIL	NIL
2.	Dr.V. Krishnamurthy Educational Foundation	4.11	4.11	NIL	NIL

48. The Company has adopted Ind AS 116 with modified retrospective approach, with effect from 1st April 2019. Accordingly, the comparative periods have not been restated. There is no impact of Ind AS 116 adoption on the retained earnings or profit for the year 2019-20. The Company has opted to apply the exemption permitted under para 6 of IndAS 116 with respect to its short term lease arrangements (as lessee) and is accounting for such lease outflows on straight line basis over the lease period.

(₹ in Lakhs)

Total expenses and outflows relating to short leases accounted as per para 6 of IndAS 116	673.53
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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 2020 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 is 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.

52. The Financial Statements were approved for issue by the Board of Directors at their meeting held on 31st July 2020.

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: 31st July 2020

REKHA RAGHUNATHAN
 DIRECTOR AND
 COMPANY SECRETARY

RAM RAMAMURTHY
 WHOLE TIME DIRECTOR AND
 CHIEF FINANCIAL OFFICER

Consolidated Financial Statements

**INDEPENDENT AUDITORS' REPORT FOR THE YEAR ENDED 31ST MARCH 2020
TO THE MEMBERS OF UCAL FUEL SYSTEMS LIMITED****Report on the audit of Consolidated IndAS Financial Statements****Opinion**

We have audited the accompanying Consolidated Ind AS Financial Statements of M/s. UCAL FUEL SYSTEMS LIMITED ("hereinafter referred to as the holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the group") comprising the Consolidated Balance Sheet as at 31st March 2020 and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), Consolidated Statement of Changes in Equity and the Statement of Consolidated Cash Flows for the year ended on that date and Notes to the Consolidated Financial Statements, including a summary of the Significant Accounting Policies and other explanatory information (hereinafter referred to as 'The Consolidated ("Ind AS") Financial Statements').

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated ("Ind AS") Financial Statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the consolidated state of affairs of the group as at 31st March 2020, the Consolidated Profit (Including Other Comprehensive Income), the Consolidated changes in Equity, and its Consolidated cash flows for the year ended on that date.

Basis for Opinion

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

Emphasis of Matter

We draw attention to:

- i. Note 35 (c) forming part of the Financial Statements for the year in connection with the non-availability of RBI approval for writing off made during the year 2017-18 in respect of Trade receivable and Loan receivable aggregating to ₹15,191.85 Lakhs due from foreign subsidiary (UCAL Holdings Inc., formerly Amtec Precision Products Inc.,)

Our opinion on the Financial Statements is not modified in respect of the above matter.

Key Audit Matters

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

Key Audit Matters	Response to Key Audit Matters
<p>1. Evaluation of uncertain tax positions</p> <p>The Company has material uncertain tax positions including matters under dispute which involved significant judgement to determine the possible impact arising from the outcome of these disputes.</p> <p>Refer Note 40 to the Consolidated Financial Statements</p>	<p>Principal Audit Procedures</p> <p>We have carried out the validation of the information provided by the management by performing the following procedures:</p> <ul style="list-style-type: none"> - Evaluating reasonableness of the underlying assumptions - Examining the relevant documents on record - Relying on relevant external evidence available including legal opinion, relevant judicial precedents and industry practices - Getting management confirmation wherever necessary

Key Audit Matters	Response to Key Audit Matters
<p>2. Physical verification of inventory pertaining to Indian operations</p> <p>Due to the disruption caused by the COVID-19 global pandemic, the holding Company could not carry out the physical verification on or before the reporting date. The physical inventory taking was however carried out by the Company on an alternate date.</p>	<p>Principal Audit Procedures</p> <p>Even though we could not physically attend the inventory count we have performed alternate audit procedures to obtain sufficient appropriate audit evidence for our purpose which includes:</p> <ul style="list-style-type: none"> (i) Examination of production and consumption records (ii) Understanding the plan and coverage of the management for carrying out the inventory count (iii) Examination of underlying working papers relating to physical verification.

Information Other than the Financial Statements and Auditor's Report Thereon

The Holding Company's Board of Directors is responsible for the other information in the Annual Report, comprising of the Director's Report and its annexures, but does not include the Consolidated Financial Statements and our Auditor's Report thereon.

Our opinion on the Consolidated Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Consolidated Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Consolidated Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that if there is a material misstatement of this other information, we are required to report that fact.

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one

resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the group has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the group to cease to continue as a going concern
- Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the audit of the Financial Statements of such entities included in the Consolidated Financial Statements of which we are the independent auditors. For the other entities included in the Consolidated Financial Statements, which have been audited by other auditors, such auditor remains responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the Consolidated Financial Statements that individually or in aggregate makes it probable that the economic decisions of a reasonably knowledgeable user of the Financial Statements may be influenced. We consider quantitative materiality and quantitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Financial Statements.

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

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

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

Other Matters

- (a) Financial Statements / financial information of M/s. Ucal Holdings Inc., (Previously known as Amtec Precision Products Inc.) a wholly owned foreign subsidiary, whose Financial Statements / financial information reflect total assets of ₹18,401.50 Lakhs as at 31st March 2020, total revenues of ₹21,779.92 Lakhs and net loss after tax amounting to ₹756.80 Lakhs for the year ended on that date, as considered in the Consolidated Financial Statements were not audited by us. The financial information have been audited by other auditor whose reports have been furnished to us by the Management. The Financial Statements and other financial information have been prepared in accordance with accounting principles generally accepted in the United States of America ("USA") and which have been audited by other auditor under generally accepted auditing standards applicable in that country. The Company's management has converted the Financial Statements from accounting principles generally accepted in USA to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Company's management. Our opinion in so far as it relates to the balances and affairs of this subsidiary is based on the report of other auditor and the conversion adjustments prepared by the management of the Company and audited by us.

- (b) Financial Statements / financial information of M/s. UCAL Polimer Industries Limited, a Wholly Owned Subsidiary, whose Financial Statements / financial information reflect total assets of ₹6,159.75 Lakhs as at 31st March 2020, total revenues from operations of ₹4,994.23 Lakhs and net profit after tax amounting to ₹648.24 Lakhs for the year ended on that date, as considered in the Consolidated Financial Statements were audited by us.

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

Report on Other Legal and Regulatory Requirements

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

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Financial Statements.
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Financial Statements have been kept 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 Profit and Loss, the Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Financial Statements.
- (d) In our opinion, the aforesaid Consolidated Financial Statements comply with the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2020 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the group companies incorporated in India is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164 (2) of the Act
- (f) With respect to the adequacy of internal financial controls over financial reporting of the Holding Company and the Subsidiary incorporated in India and the operating effectiveness of such controls, refer to our separate report in ‘**Annexure A**’.
- (g) With respect to the other matters to be included in the Auditor’s Report in accordance with the requirements of Section 197 (16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the companies of the group, incorporated in India, to its directors during the year is in accordance with the provisions of Section 197 of the Act.

- (h) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the companies (Audit and Auditor’s) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- The Consolidated Financial Statements disclose the impact of pending litigations on the consolidated financial position of the group– Refer Note 40 to the Consolidated Financial Statements.
 - The group did not have any material foreseeable losses on long-term contracts including derivative contracts.
 - There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, its subsidiary Company incorporated in India.

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

K JAYASANKAR
Partner

Membership No.014156
Chartered Accountants

UDIN: 20014156AAAABI8142

Place: Chennai
Date: 31st July 2020

‘ANNEXURE A’ To The Independent Auditor’s Report of even date on the Consolidated Ind As Financial Statements of Ucal Fuel Systems Limited

Report on the Internal Financial Controls Over Financial Reporting 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 the Company as of and for the year ended 31st March 2020, we have audited the Internal Financial Controls Over Financial Reporting of UCAL FUEL SYSTEMS LIMITED (‘The Holding Company’) and its Subsidiary Company, which is a Company Incorporated in India, as of that date.

Management’s Responsibility for Internal Financial Controls

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

Auditors’ Responsibility

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

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

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

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Holding Company and its Subsidiary incorporated in India have maintained, in all material respects, an adequate Internal Financial Controls System Over Financial Reporting and such Internal Financial Controls Over Financial Reporting were operating effectively as at 31st March 2020, based on the Internal Control Over Financial Reporting criteria established by the Company considering the essential components of Internal Control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by ICAI.

For M/s R. SUBRAMANIAN AND COMPANY LLP

Chartered Accountants
Firm Regn. No. 004137S/S200041

K JAYASANKAR

Partner
Membership No.014156
Chartered Accountants
UDIN: 20014156AAAABI8142

Place: Chennai

Date: 31st July 2020

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2020

(All amounts in ₹ Lakhs unless otherwise stated)

	Note	As at 31 st March 2020	As at 31 st March 2019
I. ASSETS			
1. NON-CURRENT ASSETS			
(a) Property, Plant and Equipment	2A	45,739.17	37,612.59
(b) Capital Work-in-Progress		136.00	1,388.23
(c) Goodwill		31.19	31.19
(d) Other intangible Assets	2B	3,741.88	2,910.06
(f) Investment property	2C	1,457.35	1,412.36
(g) Financial Assets			
(i) Investments	3	169.10	233.16
(ii) Loans and Advances	4	415.94	306.61
(h) Deferred Tax Assets (Net)	5	805.38	1,432.93
(i) Other Non-current Assets	6	4,768.63	4,024.37
Sub-Total		57,264.64	49,351.50
2. CURRENT ASSETS			
(a) Inventories	7	9,110.11	8,860.88
(b) Financial Assets			
(i) Trade Receivables	8	8,120.06	13,559.25
(ii) Cash and Cash Equivalents	9	351.61	221.51
(iii) Bank balances other than (ii) above	10	71.28	56.03
(iv) Loans and Advances	11	903.65	599.00
(v) Other Financial Assets	12	24.60	28.20
(c) Current tax Assets (Net)		139.70	118.78
(d) Other Current Assets	13	994.72	1,425.74
Sub-Total		19,715.73	24,869.39
TOTAL ASSETS (1+2)		76,980.37	74,220.89
II. EQUITY AND LIABILITIES			
1. EQUITY			
(a) Equity Share Capital	14	2,211.36	2,211.36
(b) Other Equity	15	30,886.28	30,013.14
Sub-Total		33,097.64	32,224.50
2. NON-CURRENT LIABILITIES			
(a) Financial Liabilities			
(i) Borrowings	16	6,842.11	6,865.21
(ii) Trade Payables			
(A) Total outstanding dues of Micro and Small Enterprises		-	-
(B) Total outstanding dues of creditors other than Micro and Small Enterprises		-	-
(iii) Other Financial Liabilities	17	3,605.94	298.34
(b) Provisions	18	707.76	552.97
(c) Deferred Tax Liabilities (Net)			
(d) Other Non-Current Liabilities		-	-
Sub-Total		11,155.81	7,716.52
3. CURRENT LIABILITIES			
(a) Financial Liabilities			
(i) Borrowings	19	10,135.51	12,507.36
(ii) Trade Payables	20		
(A) Total outstanding dues of Micro and Small Enterprises		1,909.69	1,478.48
(B) Total outstanding dues of creditors other than Micro and Small Enterprises		12,778.63	12,735.50
(iii) Other Financial Liabilities	21	6,803.05	5,383.40
(b) Provisions	22	111.35	69.26
(c) Current Tax Liabilities (Net)		608.07	965.22
(d) Other Current Liabilities	23	380.62	1,140.65
Sub-Total		32,726.92	34,279.87
TOTAL EQUITY AND LIABILITIES (1+2+3)		76,980.37	74,220.89

 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: 31st July 2020

REKHA RAGHUNATHAN
 DIRECTOR AND
 COMPANY SECRETARY

RAM RAMAMURTHY
 WHOLE TIME DIRECTOR AND
 CHIEF FINANCIAL OFFICER

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2020

(All amounts in ₹ Lakhs unless otherwise stated)

	Note	For the Year Ended 31 st March 2020	For the Year Ended 31 st March 2019
INCOME			
I. Revenue From Operations	24	73,152.21	86,978.26
II. Other Income	25	1,225.93	625.26
III. Total Income (I) + (II)		74,378.14	87,603.52
EXPENSES			
(a) Cost of Materials Consumed		30,651.73	37,104.78
(a) Purchase of stock in trade		729.78	
(c) Changes in Inventories of Work-in-Progress and Finished Goods		(177.50)	(197.06)
(d) Employee Benefit Expenses	26	17,941.11	18,415.03
(e) Finance Costs	27	2,671.95	2,712.54
(f) Depreciation and Amortization Expenses	28	3,950.19	3,042.81
(g) Other Expenses	29	15,112.27	19,219.35
IV. Total Expenses		70,879.53	80,297.45
V. Profit/(Loss) Before Exceptional items and Tax (III) - (IV)		3,498.61	7,306.07
VI. Exceptional Items		-	-
VII. Profit/(Loss) before Tax (V) - (VI)		3,498.61	7,306.07
VIII. Tax Expense/(Credit)			
(a) Current Tax		1,188.07	1,559.22
(b) MAT Credit		(963.82)	(722.95)
(c) Deferred Tax		1,159.33	1,888.59
Tax Expense/(Credit)	30	1,383.58	2,724.86
IX. Profit/(Loss) After Tax for the year (VII) - (VIII)		2,115.03	4,581.21
X. (Profit)/Loss attributable to Non-Controlling Interest		-	-
XI. Profit/(Loss) attributable to Owners (IX) - (X)		2,115.03	4,581.21
XII. Other Comprehensive Income/(Loss)			
A. Items that will not be reclassified to profit or loss			
(i) Remeasurements of Defined benefit Plans		(129.41)	42.13
(ii) Foreign Exchange Gain/(Loss) on translation to Presentation Currency.		1,243.49	438.74
(iii) Income Tax Benefit/(Expense) relating to items that will not be reclassified to profit and loss.		44.00	(14.68)
Total Other Comprehensive Income/(Loss), net of taxes		1,158.08	466.19
XIII. Other Comprehensive Income attributable to Non Controlling Interest		-	-
XIV. Total Other Comprehensive Income/(Loss), net of taxes attributable to Owners (XII) - (XIII)		1,158.08	466.19
XV. Total Comprehensive Income/(Loss) for the year (XI) + (XIV) attributable to Owners		3,273.11	5,047.40
XVI. Earnings per Equity Share (EPS) (Face Value of ₹10/- Each)			
(a) Basic & Diluted (In ₹)	31	9.56	20.72

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: 31st July 2020

REKHA RAGHUNATHAN
DIRECTOR AND
COMPANY SECRETARY

RAM RAMAMURTHY
WHOLE TIME DIRECTOR AND
CHIEF FINANCIAL OFFICER

CONSOLIDATED CASH FLOW STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

(All amounts in ₹ Lakhs unless otherwise stated)		
Particulars	Year Ended 31 st March 2020	Year Ended 31 st March 2019
A Cash Flow from Operating Activities		
Profit before tax as per Statement of Profit and Loss	3,498.61	7,306.07
Add/(Less):		
Depreciation and Amortization	3,950.19	3,042.80
(Profit)/Loss on Sale of Fixed Assets (Net)	89.16	(9.10)
Decrease/(Increase) in Fair Value of Investment	64.07	(37.99)
Dividend Income	(1.90)	(1.24)
Interest Income	(4.92)	(4.01)
Rental Income	(213.70)	(130.24)
Finance Cost	2,671.95	2,712.54
Operating Profit before Working Capital Changes	10,053.46	12,878.84
Adjustments for:		
Changes in Trade Receivables	5,439.19	633.93
Changes in Inventories	(249.25)	(138.72)
Changes in Other Current Assets	431.03	213.35
Changes in Loans and Advances	(413.98)	147.02
Changes in Other Financial Assets	3.60	13.15
Changes in Trade Payables	474.34	279.22
Changes in Other Financial Liabilities (excluding current maturity of long term loans)	(447.65)	(224.48)
Changes in Other Current Liabilities	(760.03)	57.68
Changes in Provisions	67.47	66.29
Changes in Other Non-Current Liabilities	-	(9.77)
Changes in Other Non-Current Assets	(655.89)	(46.96)
Cash Generated From Operations	13,942.29	13,869.55
Direct Taxes Paid	(1,178.45)	(832.86)
Net Cash Flow from Operating Activities (A)	12,763.84	13,036.68
B Cash Flow from Investing Activities		
Purchase of Property, Plant and Equipment including changes in CWIP	(6,468.83)	(2,869.68)
Sales of Property, Plant and Equipment	237.46	25.80
Changes in Capital Work-in-Progress and Advances	-	(2.29)
Purchase of Intangible Assets	(1,175.07)	(1,726.56)
Interest Received	4.92	4.02
Dividends Received	1.90	1.24
Rental Income	213.70	130.24
Net cash from /(used in) investing Activities (B)	(7,185.92)	(4,437.23)

CONSOLIDATED CASH FLOW STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020 (CONTD)

(All amounts in ₹ Lakhs unless otherwise stated)

Particulars	Year Ended 31 st March 2020	Year Ended 31 st March 2019
C Cash Flow from Financing Activities		
Borrowings:		
Term Loan Availed	3,500.00	3,009.46
Term Loan Repaid	(1,921.92)	(3,454.43)
Short term borrowings Availed / (Repaid)	(2,371.85)	1,058.85
Other Bank Balances	(15.24)	17.12
Finance Cost Paid	(2,704.94)	(2,705.43)
Dividend and Dividend Tax Paid	(2,399.97)	(2,740.62)
Net Cash from/(used in) Financing Activities (C)	(5,913.92)	(4,815.04)
D Net Inflow / (Outflow) of cash and cash equivalents	(336.00)	3,784.41
Total (A) + (B) + (C) = (D)		
Cash and Cash Equivalents at the beginning of the year	(5,350.12)	(9,100.58)
Unrealised Gain/(Loss) on translation of foreign currency cash flows	1,118.13	(33.95)
Net Inflow / (Outflow) in Cash and Cash Equivalents (D)	(336.00)	3,784.41
Cash and Cash Equivalents at the end of the year	(4,567.99)	(5,350.12)

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

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

(c) Previous Year figures have been regrouped wherever necessary.

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

For and on behalf of the Board of Directors

FOR M/s R. SUBRAMANIAN AND COMPANY LLP

Chartered Accountants
FRN:004137S/S200041

K JAYASANKAR
PARTNER
M. NO. 014156

JAYAKAR KRISHNAMURTHY
CHAIRMAN AND MANAGING DIRECTOR

REKHA RAGHUNATHAN
DIRECTOR AND
COMPANY SECRETARY

RAM RAMAMURTHY
WHOLE TIME DIRECTOR AND
CHIEF FINANCIAL OFFICER

Place: Chennai
Date: 31st July 2020

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

A. EQUITY SHARE CAPITAL

(All amounts in ₹ Lakhs unless otherwise stated)

	For the Year Ended	
	31 st March 2020	31 st March 2019
Balance at the beginning of the year	22,11,36,250	22,11,36,250
Change in Equity Share Capital during the year	-	-
Balance at the year end	22,11,36,250	22,11,36,250

B. OTHER EQUITY

	Reserves and Surplus					Total
	Capital Reserve	General Reserves	Securities Premium	Foreign Currency Translation Reserve	Retained Earnings	
2018-19						
Balance as at April 1, 2018 - (A)	160.00	16,692.82	2,165.34	(1,577.72)	10,191.22	27,631.66
Profit for the year					4,581.21	4,581.21
Other Comprehensive Income				438.74	27.45	466.19
Total Comprehensive Income for the year 2018-19 - (B)				438.74	4,608.66	5,047.40
Dividend paid for 2017-18 approved by shareholders in Annual General Meeting					(2,211.36)	(2,211.36)
Dividend distribution tax on above dividend					(454.56)	(454.56)
Total - (C)					(2,665.92)	(2,665.92)
Balance as at 31st March 2019 (D)=(A)+(B)+(C)	160.00	16,692.82	2,165.34	(1,138.98)	12,133.96	30,013.14
2019-20						
Balance as at 1 st April 2019- (A)	160.00	16,692.82	2,165.34	(1,138.98)	12,133.96	30,013.14
Profit for the year					2,115.03	2,115.03
Other Comprehensive Income				1,243.49	(85.41)	1,158.08
Total Comprehensive Income for the year 2018-19 - (B)				1,243.49	2,029.62	3,273.11
Dividend paid for 2018-19 approved by shareholders in Annual General Meeting					(1,990.23)	(1,990.23)
Dividend distribution tax on above dividend					(409.74)	(409.74)
Total - (C)					(2,399.97)	(2,399.97)
Balance as at 31st March 2020 (D)=(A)+(B)+(C)	160.00	16,692.82	2,165.34	104.51	11,763.61	30,886.28

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: 31st July 2020

REKHA RAGHUNATHAN
DIRECTOR AND
COMPANY SECRETARY

For and on behalf of the Board of Directors

JAYAKAR KRISHNAMURTHY
CHAIRMAN AND MANAGING DIRECTOR

RAM RAMAMURTHY
WHOLE TIME DIRECTOR AND
CHIEF FINANCIAL OFFICER

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (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 in Chennai, Tamil Nadu. The shares of the Company are listed on the National Stock Exchange Limited and BSE Limited. The group offers comprehensive fuel management systems for automotive sector. The group has manufacturing facilities in India and United States of America.

b) Statement of Compliance:

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

c) Basis of Preparation:

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

d) 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:

- 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.
- 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.
- 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.
- The following are the subsidiaries considered in the Consolidated Financial Statements:

Sl. No	Subsidiary	Country of Incorporation	% of Ownership Interest	
			31 st March 2020	31 st March 2019
1	UCAL Polymer Industries Limited	India	100%	100%
2	UCAL Holdings Inc (FKA. Amtec Precision Products Inc.)	USA	100%	100%
3	UPIL USA Inc.*	USA	100%	100%
4	UCAL Systems Inc. (FKA. North-American Acquisition Corporation) **	USA	100%	100%
5	Amtec Moulded Products Inc. **	USA	100%	100%

* Wholly owned by UCAL Polymer Industries Limited

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

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

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (CONTD)

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 37
- ii) Estimation of useful life of Property, Plant and Equipment Refer Note No 1(j)
- iii) Estimation and evaluation of provisions and contingencies relating to tax litigations Refer Note No 40
- iv) Recoverability/Recognition of Deferred Tax Assets Refer Note No 33.
- v) Estimation of uncertainty relating to global health pandemic- COVID 19

The Manufacturing facilities and all offices of the group were subject to closures following the worldwide lockdowns due to COVID-19. The group has since obtained required permissions and restarted its manufacturing facilities and all offices partially in compliance with the government norms, as applicable. Based on assessment of the impact of COVID-19 on the operations of the group and ongoing discussions with customers, vendors and service providers, the group is confident of obtaining regular supply of raw materials and components, resuming supply chain logistics and serving customers. The group has considered the possible effects of COVID-19 on the carrying amounts of Property, Plant and Equipment, Investments, Inventories, Trade Receivable and Other Current Assets. In developing the assumptions relating to the possible future uncertainties in the economic conditions because of this pandemic, the Company, as at the date of approval of the financial results, has used external and internal sources of information / indicators to estimate the future performance of the Company. Based on current estimates the Company expects the carrying amount of these assets to be recovered.

f) 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
- 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 group has identified twelve months as its operating cycle.

g) Revenue Recognition:

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

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

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (CONTD)

Sale of Products:

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

Interest Income:

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

Dividend Income:

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

Rental Income:

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

h) Cost Recognition:

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

i) Property, Plant and Equipment:

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

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

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

j) Depreciation and Amortization:

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

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

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

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (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 lifes of the intangible assets as per details below:

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

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

Internally generated intangible assets:

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

l) Leases:

Effective 1st April 2019, the group has applied Ind AS 116 on Lease Accounting. Ind AS 116 replaces Ind AS 17.

The group has chosen the practical expedient provided by the standard to apply Ind AS 116 only to contracts that were previously identified as leases under Ind AS 17 and therefore has not reassessed whether a contract is or contains a lease at the date of initial application. Consequently, the application of the standard has no transition impact.

The group, as a lessee, recognises, at inception of a contract, a lease if the contract conveys the right to control the use of an identified assets for a period of time in exchange for consideration.

At the date of commencement of the lease, the group recognizes a right-of-use (“ROU”) assets representing its right to use the underlying assets for the lease term and a lease liabilities for all lease arrangements in which it is a lessee except for leases with a term of 12 months or less (short term leases) and leases for which the underlying assets is of low value. For such short term and assets of low value leases, the group recognizes the lease payment as an expense on a straight line basis over the term of the lease.

At commencement date, the ROU assets is measured at cost. The cost of the ROU assets measured at inception shall comprise of the amount of the initial measurement of the lease liabilities adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred. The ROU assets are subsequently measured at cost less any accumulated depreciation, accumulated Impairment losses, if any.

The ROU assets are depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of ROU asset. The estimated useful lifes of ROU assets are determined on the same basis as those of PPE. Right-of-use assets are tested for Impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognized in the statement of profit and loss.

At the commencement date, the group measures the lease liabilities at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the group’s incremental borrowing rate.

Lease liabilities and ROU assets are separately presented in the Balance Sheet. Lease payments are classified as financing cash flows while short-term lease payments, payment for leases of low value assets are classified within operating activities.

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

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (CONTD)

other than goodwill that suffered an Impairment are reviewed for possible reversal of the Impairment at the end of each reporting period.

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 (Rs) 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 exchanges 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.

(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:

- a) 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.
- b) 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
- c) All resulting exchange differences have been recognized in other comprehensive income.

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

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.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (CONTD)

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

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

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

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

iii) Other Long-Term Employee Benefits:

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

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 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.

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.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (CONTD)

s) Provisions and Contingent Liabilities:

i) Provision

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

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

ii) Contingent Liabilities:

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

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.

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, 2020 (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 derecognized or impaired. Interest income on these financial assets is included in finance income using effective interest rate method.

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

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

Equity Instruments:

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

Trade receivables:

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

Impairment:

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

Derecognition and write-off:

A financial asset is derecognized only when:

- 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 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.

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, 2020 (CONTD)

2A Property, Plant and Equipment

(All amounts in ₹ Lakhs unless otherwise stated)

Description	Gross Carrying Amount				Depreciation/Amorization				Net Carrying Amount		
	As at 01.04.2019	Foreign Currency Translation	Additions	Disposals	As at 31.03.2020	As at 31.03.2019	Foreign Currency Translation	Charge During the year		Disposal	Upto 31.03.2020
Land											
- Freehold	14,476.40	-	-	-	14,476.40	-	-	-	-	-	14,476.40
- Leasehold*	2,729.51	-	-	-	2,729.51	94.50	31.50	-	-	126.00	2,603.51
Buildings	5,229.11	35.88	178.35	-	5,443.34	665.74	276.79	13.33	-	955.86	4,487.48
- Right To use Assets	3,951.02	334.19	-	-	4,285.21	-	483.87	-	-	483.87	3,801.34
Leasehold improvement	289.56	-	229.42	-	518.98	120.21	-	-	-	120.21	398.77
Plant and Machinery	22,605.61	854.42	5,857.04	1,212.50	28,104.57	7,558.48	2,153.28	264.35	1,069.85	8,906.26	19,198.31
Furniture and Fixtures	221.27	-	57.34	-	278.61	74.86	17.68	-	-	92.54	186.07
Vehicles	249.23	1.62	130.63	51.47	330.01	97.53	57.45	0.66	45.94	109.70	220.31
Office Equipment	603.90	19.09	16.05	2.48	636.56	180.67	81.59	9.67	2.36	269.57	366.98
Total	50,355.61	1,245.20	6,468.83	1,266.45	56,803.19	8,792.00	3,102.17	288.01	1,118.16	11,064.02	45,739.17

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

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

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (CONTD)

2B Intangible Assets

(All amounts in ₹ Lakhs unless otherwise stated)

Description	Gross Carrying Amount			Depreciation/Amorization			Net Carrying Amount	
	As at 01.04.2019	Additions	Disposals	As at 31.03.2020	Charge During the year	Disposal	Upto 31.03.2020	As at 31.03.2020
Technical Knowhow	3,079.41	1,137.10	-	4,216.51	289.61	-	523.80	3,692.71
Computer Software	173.50	37.97	-	211.47	53.64	-	162.30	49.17
Total	3,252.91	1,175.07	-	4,427.98	343.25	-	686.10	3,741.88

Description	Gross Carrying Amount			Depreciation/Amorization			Net Carrying Amount	
	As at 01.04.2018	Additions	Disposals	As at 31.03.2019	Charge During the year	Disposal	Upto 31.03.2019	As at 31.03.2019
Technical Knowhow	1,379.41	1,700.00	-	3,079.41	128.23	-	234.20	2,845.21
Computer Software	146.94	26.56	-	173.50	38.61	-	108.66	64.85
Total	1,526.35	1,726.56	-	3,252.91	166.84	-	342.86	2,910.06

2C Investment Property

Description	Gross Carrying Amount				Depreciation/Amorization				Net Carrying Amount	
	As at 01.04.2019	Additions	Foreign Currency Translation	Disposals	As at 31.03.2020	Charge During the year	Foreign Currency Translation	Disposal	Upto 31.03.2020	As at 31.03.2020
Investment Property	1,637.76	-	139.53	-	1,777.29	80.36	14.18	-	319.94	1,457.35
Total	1,637.76	-	139.53	-	1,777.29	80.36	14.18	-	319.94	1,457.35

Description	Gross Carrying Amount				Depreciation/Amorization				Net Carrying Amount	
	As at 01.04.2018	Additions	Foreign Currency Translation	Disposals	As at 31.03.2019	Charge During the year	Foreign Currency Translation	Disposal	Upto 31.03.2019	As at 31.03.2019
Investment Property	1,540.05	-	97.71	-	1,637.76	72.89	11.22	-	225.40	1,412.36
Total	1,540.05	-	97.71	-	1,637.76	72.89	11.22	-	225.40	1,412.36

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (CONTD)

(All amounts in ₹ Lakhs unless otherwise stated)

Particulars	As at 31 st March 2020	As at 31 st March 2019
3 Investments measured at cost		
Investments measured at Fair Value through Profit and Loss		
Equity Shares		
Unquoted		
(a) Suryadev Alloys and Power Private Limited (600 shares of ₹10/- each fully paid)	0.82	0.82
Quoted		
(b) HDFC Bank Limited (1,900 fully paid-up shares of ₹10/- each)	163.76	220.30
(c) The Karnataka Bank Limited (3,367 fully paid-up equity shares of ₹10/- each)	1.42	4.50
(d) Industrial Development Bank of India Limited (15,578 fully paid-up shares of ₹10/- each)	3.01	7.26
(e) Union Bank of India (Erst, Corporation Bank) (330 fully paid shares of ₹10/- each)	0.09	0.28
Total	169.10	233.16
Aggregate amount of Unquoted Investments	0.82	0.82
Aggregate amount of Quoted Investments at Market Value	168.28	232.34
Aggregate amount of Quoted Investments at Cost	4.52	4.52
4 Loans and Advances		
(a) Secured, Considered Good	-	-
(b) Unsecured, Considered Good		
(i) Security Deposits	415.94	306.61
(c) Loans with significant increase in Credit Risk	-	-
(d) Loan Receivables - Credit Impaired	-	-
Total	415.94	306.61
5 Deferred Tax		
Deferred Tax Asset		
Unabsorbed Losses	1,551.63	2,108.32
Disallowed Employee Benefit Expenses	338.58	66.69
MAT Credit	1,210.72	722.95
(A) Sub-Total	3,100.93	2,897.96
Deferred Tax Liability		
Depreciation	(2,298.98)	1,461.76
Others	3.43	3.26
(B) Sub-Total	(2,295.55)	1,465.02
Net Deferred Tax Asset/(Liability)	805.38	1,432.93

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (CONTD)

(All amounts in ₹ Lakhs unless otherwise stated)

Movement in Deferred Tax	Depreciation	Losses	Others	Total
As at 31st March 2018-(Liability)/Asset (Charged)/ Credited:				2613.26
- To Profit and Loss	(495.97)	(1,295.29)	625.61	(1,165.65)
- To Other Comprehensive Income			(14.68)	(14.68)
As at 31st March 2019-(Liability)/Asset				1432.93
- To Profit and Loss	(2,298.98)	1,551.63	551.84	(195.51)
- To AMT Credit of Foreign Subsidiary			(476.05)	(476.05)
- To Other Comprehensive Income			44.00	44.00
As at 31st March 2020-(Liability)/Asset				805.38

Particulars	As at 31 st March 2020	As at 31 st March 2019
6 Other Non-Current Assets		
(a) Capital Advances to Related Parties	2,100.00	2,100.00
(b) Capital Advances to Suppliers	635.42	-
(c) Advance Income Tax and TDS Receivable (Net of Provisions)	1,536.69	1,924.37
(d) Other Non Current Tax Assets	496.52	-
Total	4,768.63	4,024.37
7 Inventories*		
(As Certified by the Management)		
(a) Raw Materials and Components	2,661.14	2,898.71
(b) Work-in-Progress	1,598.85	1,609.07
(c) Finished Goods	1,288.37	552.15
(d) Stores & Spares	1,568.58	1,463.05
(e) Tools and Consumables	1,993.17	2,337.90
Total	9,110.11	8,860.88
*Refer to Note 1 (o) for method of Valuation of Inventories		
8 Trade Receivables		
(a) Trade Receivables Considered Good - Secured	-	-
(b) Trade Receivables Considered Good - Unsecured	8,120.06	13,559.25
(c) Trade Receivables which have significant increase in Credit Risk	-	-
(d) Trade Receivables - Credit Impaired	152.35	-
	8,272.41	-
Less: Allowance for Doubtful Debts	(152.35)	-
Total	8,120.06	13,559.25

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (CONTD)

(All amounts in ₹ Lakhs unless otherwise stated)

Particulars	As at 31 st March 2020	As at 31 st March 2019
9 Cash and Cash Equivalents		
(a) Cash on Hand	11.54	9.01
(b) Balances with Banks in Current Accounts	340.07	212.50
Total	351.61	221.51
Cash and Cash Equivalents for Cash Flow Statement		
Cash and Cash Equivalents shown as above	351.61	221.51
Less: Overdrafts / Cash Credits [Grouped under Financial Liabilities] [Refer Note No. 21]	(4,919.60)	(5,571.63)
Cash and Cash Equivalents for Cash Flow Statement	(4,567.99)	(5,350.12)
10 Other Bank balances		
(a) Earmarked balances with Bank*	24.00	8.50
(b) Unpaid dividend account Balances	47.28	47.53
Total	71.28	56.03
*Fixed Deposit held under lien by Bank as Margin Money		
*With more than 3 months and upto 12 months maturities		
11 Current Loans and Advances		
(a) Secured, Considered Good	-	-
(b) Unsecured, Considered Good:		
i) Security Deposits	253.65	248.50
ii) Other Advances	650.00	350.50
(c) Loans with significant Increase in Credit Risk	-	-
(d) Loan Receivables - Credit Impaired	-	-
Total	903.65	599.00
12 Other Financial Assets - Current		
(a) Claims Receivable	17.65	28.20
(b) Interest Accrued	6.95	-
Total	24.60	28.20
13 Other Current Assets		
(a) Advances to Suppliers	588.67	793.17
(b) Prepaid Expenses	162.51	134.14
(c) Staff Advances	25.78	0.08
(d) Balances with Government Authorities	217.76	498.35
Total	994.72	1,425.74

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (CONTD)

(All amounts in ₹ Lakhs unless otherwise stated)

Particulars	As at	As at
	31 st March 2020	31 st March 2019
14 Equity Share Capital		
(a) Authorised Share Capital		
7,50,00,000 (7,50,00,000) Equity Shares of ₹10 each	7,500.00	7,500.00
(b) Issued, Subscribed and Paid-up Capital		
2,21,13,625 (2,21,13,625) Equity Shares of ₹10 each Fully Paid	2,211.36	2,211.36
Total	2,211.36	2,211.36
(c) Movement in Equity Shares		
	Number	Number
Opening Number of Shares	2,21,13,625	2,21,13,625
Add: Issues of Shares	-	-
Closing Number of Share	2,21,13,625	2,21,13,625
	Amount (₹)	Amount (₹)
Opening Equity Share Capital	22,11,36,250	22,11,36,250
Add: Issue of Shares	-	-
Closing Equity Share Capital	22,11,36,250	22,11,36,250

(d) Rights and Restrictions attached to Equity Shares

The Company has 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.

(e) Shareholder Holding more than 5% Equity shares

Particulars	As At 31 st March 2020		As At 31 st March 2019	
	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 31.03.2020. 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 31.03.2020.

(g) Shareholding of Group Companies

Category	As at	As at
	31 st March 2020	31 st March 2019
Shares held by Holding Company	51.19%	51.19%

Particulars	As at	As at
	31 st March 2020	31 st March 2019
15 Other Equity (Refer Statement of Changes in Equity)		
(a) General Reserve	16,692.82	16,692.82
(b) Capital Reserve	160.00	160.00
(c) Securities Premium	2,165.34	2,165.34
(d) Retained Earnings	11,763.61	12,133.96
(e) Foreign Currency Translation Reserve	104.51	(1,138.98)
Total	30,886.28	30,013.14

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (CONTD)

(All amounts in ₹ Lakhs unless otherwise stated)

General Reserve:

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

Capital Reserve:

Capital Reserve represents gains that are capital in nature.

Securities Premium:

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

Foreign Currency Translation Reserve

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

Particulars	As at 31 st March 2020	As at 31 st March 2019
16 Non-Current Borrowings		
(a) Terms Loans (Secured) (Refer Note 39)		
- From Banks	3,876.26	6,709.02
- From Others	2,965.85	156.19
Total	6,842.11	6,865.21
Period and Continuing default on the balance sheet date- NIL		
17 Other Non-Current Financial Liabilities		
(a) Security Deposits	64.44	72.81
(b) Long Term Finance Lease Obligations (Refer Note 45)	3,315.96	42.76
(c) Deferred Rent	225.54	165.26
(d) Other Financial Liabilities	-	17.51
Total	3,605.94	298.34
18 Non Current Provisions		
Towards Employee Benefit Obligations (Refer Note 37)		
(a) Gratuity	641.86	469.88
(b) Compensated Absences	65.90	83.09
Total	707.76	552.97
19 Current Borrowings (Refer Note 39)		
(a) Loans Repayable on Demand		
- From Banks (Secured)	4,919.60	5,571.63
(b) Short Term Borrowings from Banks (Unsecured)	4,515.91	6,227.52
(c) Short Term Borrowings from Others (Unsecured)	700.00	708.20
Total	10,135.51	12,507.36

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (CONTD)

(All amounts in ₹ Lakhs unless otherwise stated)

Particulars	As at 31 st March 2020	As at 31 st March 2019
20 Trade Payables		
(a) Total outstanding dues of Micro, Small and Medium Enterprises	1,909.69	1,478.48
(b) Total outstanding dues of creditors other than Micro, Small and Medium Enterprises	12,778.63	12,735.50
Total	14,688.32	14,213.98
Disclosure requirement as per Schedule III (As Certified by Management)		
i) Principal amount and the interest due thereon remaining unpaid to each supplier at the end of each accounting year.	1,909.69	1,478.48
ii) Interest paid by the Company in terms of Section 16 of Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of payment made to the supplier beyond the appointed day during each accounting year.	NIL	NIL
iii) Interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006.	NIL	NIL
iv) Interest accrued and remaining unpaid at the end of each accounting year.	NIL	NIL
v) Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise	64.37	NIL
21 Other Current Financial Liabilities		
(a) Current Maturities of Long-term Debt	4,465.90	3,516.75
(b) Interest Accrued but not Due on Borrowings	59.42	92.40
(c) Unclaimed Dividend	47.29	47.03
(d) Employee Related	911.11	1,170.10
(e) Current Maturities of Finance Lease Obligations	598.34	112.66
(f) Other Current Financial Liabilities	720.99	444.46
Total	6,803.05	5,383.40
22 Provisions - Current (Refer Note 37)		
Provision for Employee Benefits		
- Gratuity	91.70	55.26
- Leave Encashment	16.20	14.00
- Other Provision	3.45	-
Total	111.35	69.26
23 Other Current Liabilities		
(a) Advance Received from Customers	101.77	258.62
(b) Statutory Dues	278.85	882.04
Total	380.62	1,140.65

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (CONTD)

(All amounts in ₹ Lakhs unless otherwise stated)

Particulars	Year Ended 31 st March 2020	Year Ended 31 st March 2019
24 Revenue from Operations		
(a) Sale of Products	72,757.31	86,272.28
(b) Other Operating Revenue	394.90	705.98
Total	73,152.21	86,978.26
25 Other Income		
(a) Interest Income	4.92	5.00
(b) Dividend Income	1.90	1.24
(c) Rental Income	213.70	193.46
(d) Profit on Sale of PPE	89.16	14.11
(e) MTM - Investment measured at FVTPL	-	37.99
(f) Net Foreign Exchange (Gain)	14.20	-
(g) Other Non Operating Income	902.05	373.46
Total	1,225.93	625.26
26 Employee Benefit Expenses		
(a) Salaries and Wages*	17,011.67	17,284.85
(b) Contribution to Provident and Other Funds	516.41	545.68
(c) Staff Welfare Expenses	413.03	584.50
Total	17,941.11	18,415.03
*Includes Employee benefit expenses relating to R&D		
27 Finance Cost		
(a) Interest	2,636.41	2,647.11
(b) Other Borrowing Cost	35.54	65.43
Total	2,671.95	2,712.54
28 Depreciation and Amortization Expenses		
(a) Property, Plant and Equipment	3,526.59	2,633.66
(b) Intangible Assets	343.24	166.84
(c) Investment Property	80.36	242.31
Total	3,950.19	3,042.81

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (CONTD)

(All amounts in ₹ Lakhs unless otherwise stated)

Particulars	Year Ended 31 st March 2020	Year Ended 31 st March 2019
29 Other Expenses		
(a) Tools and Stores Consumed	4,268.27	5,985.92
(b) Power and Fuel	2,583.90	2,974.24
(c) Sub-Contract Charges	258.07	1,404.61
(d) Repairs and Maintenance	1,382.16	1,719.65
(e) Net Foreign Exchange Loss	-	90.74
(f) Payment to Auditors		
- Towards Audit Fees	19.50	19.50
- Towards Taxation Matters	6.00	0.50
- Towards Certification	3.53	0.33
- Towards Limited Review	3.00	2.25
- Towards Out of Pocket Expenses	0.02	1.26
(g) Traveling Expenses	531.12	700.94
(h) Rental Expenses	1,081.23	1,508.07
(i) Packing Expenses	508.72	587.12
(j) Carriage Outwards	609.26	617.15
(k) Professional Charges	905.07	1,101.91
(l) Corporate Social Responsibility	104.11	205.01
(m) Other Expenses	2,848.31	2,300.16
Total	15,112.27	19,219.35
30 Income taxes		
(a) Income Tax Expense		
Current Tax:		
Current Tax on Profits for the year	1,188.07	1,559.22
Sub Total (A)	1,188.07	1,559.22
(b) Deferred Tax:		
MAT Credit	(963.82)	(722.95)
Decrease/(Increase) in Deferred Tax Assets	368.37	1,404.04
Increase/(Decrease) in Deferred Tax Liabilities	834.96	499.23
Sub Total (B)	239.51	1,180.32
(A) + (B)	1,427.58	2,739.54
Expense/(Income) recognized in Profit and Loss	1,383.58	2,724.86
Expense/(Income) recognized in OCI	44.00	14.68

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (CONTD)

(All amounts in ₹ Lakhs unless otherwise stated)

Particulars	Year Ended 31 st March 2020	Year Ended 31 st March 2019
(c) Reconciliation of tax expense and the accounting profit multiplied by India's Tax Rate		
Profit Before Income Tax Expense	3,498.61	7,306.07
Tax at Indian rate of 33.384% (34.944%)	1,167.98	2,553.03
Deduction under Scientific and Research Expense Sec 35(2AB)	(100.12)	(401.60)
Income tax impact of difference between Book Depreciation and Depreciation under Tax Law	(544.64)	(140.17)
Expenses not allowable for Tax Purposes	90.83	54.99
Income not chargeable to Income Tax	(71.75)	(47.20)
Losses of Indian Operations set off against Current Year Profit	(531.84)	(1,720.88)
Expenses allowable Only upon payment under the Income Tax Act, 1961	30.70	-
Minimum Alternate Tax - Section 115JB	573.80	1,245.81
Minimum Alternate Tax - set off of loss U/S. 115JB	-	(326.75)
Tax items of earlier years	300.00	239.73
Tax Effects of Consolidation Adjustments	(123.98)	208.66
Tax Effect on Loss of Subsidiary	411.57	-
Other Items	-	(37.09)
Impact of differential tax rates of Subsidiaries	(14.48)	(69.30)
Current Tax	1,188.07	1,559.22
Add:		
Minimum Alternate Tax Credit	(963.82)	(722.95)
Deferred tax - Business Loss	556.69	1,295.29
Deferred tax - Other Items	602.64	593.30
Income Expense/(Benefit)	1,383.58	2,724.86
Effective Rate of Tax	39.55%	37.30%
31 Earning Per Share		
(a) Profit for the Year attributable to Equity Shareholders (Lakhs)	2,115.03	4,581.18
(b) Weighted average number of Equity Shares (in Lakhs)	221.14	221.14
(c) Earnings per Share (Basic and Diluted)	9.56	20.72
(d) Face Value per Share ₹	10.00	10.00

32. Windmill Power Generation:

Electricity charges debited to Profit & Loss account is net of ₹107.29 Lakhs (Previous Year ₹110.95 Lakhs) being the electricity generated through group owned Wind Turbine Generators.

33. Deferred tax

The Deferred Tax Asset of ₹805.38 Lakhs recognized in the financials. The management firmly believes that adequate taxable profit would be earned in the years to come other than the reversal of taxable timing differences to absorb the Deferred Tax Asset.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (CONTD)

34. Fair Value Measurements:

Classification of Financial Instruments:

(₹ in Lakhs)

Description	As at 31 st March 2020		As at 31 st March 2019	
	FVTPL*	Amortized Cost	FVTPL*	Amortized Cost
Financial Assets				
Investments				
Equity Instruments	169.10		233.16	
Security Deposits		669.59		555.11
Loans		650.00		350.50
Trade Receivables		8,120.06		13,559.25
Cash and Cash Equivalents		351.61		221.51
Other Financial Assets		95.88		84.23
Total	169.10	9,887.14	233.16	14,770.60
Financial Liabilities				
Borrowings		21,443.52		22,889.39
Trade Payables		14,688.32		14,213.97
Other Financial Liabilities		5,943.54		2,164.98
Total		42,075.38		39,268.34

*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:

(₹ in Lakhs)

Description	Fair Value Hierarchy	As at	As at
		31 st March 2020	31 st March 2019
Equity Instruments			
HDFC Bank Limited	Level 1	163.76	220.30
The Karnataka Bank Limited	Level 1	1.42	4.50
Industrial Development Bank of India Limited	Level 1	3.01	7.27
Union Bank of India (Erst, Corporation Bank)	Level 1	0.09	0.29
Suryadev Alloys and Power Private Limited	Level 3	0.82	0.82
Total		169.10	233.16

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

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

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

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

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

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (CONTD)

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 group are monitored by the board of directors. The nature and extent of risks have been disclosed in this note.

a) Market Risk

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

i) Currency Risk:

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

(₹ in Lakhs)

Particulars	As at 31 st March 2020			As at 31 st March 2019			
	Currency	EUR	USD	JPY	EUR	USD	JPY
Financial Assets							
Trade Receivables		240.72	-	27.11	106.84	1.68	36.94
Loans and Advances		-	-	-	-	-	-
Total (A)		240.72	-	27.11	106.84	1.68	36.94
Financial Liabilities							
OIF Term Loan		-	-	-	-	691.71	-
Trade Payables		-	270.41	108.84	-	109.72	130.54
Total (B)		-	270.41	108.84	-	800.73	130.54
Net Exposure (A) – (B)		240.72	(270.41)	(81.73)	106.84	(799.05)	(93.60)

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 a 5% increase or decrease in the exchange rate:

(₹ in Lakhs)

Particulars	Sensitivity of profit after tax and equity						
	As at 31 st March 2020			As at 31 st March 2019			
	Changes In exchange Rate	EUR	USD	JPY	EUR	USD	JPY
Increase in 5%		11.92	(13.34)	(4.06)	3.48	(25.99)	(3.04)
Decrease in 5%		(11.92)	13.34	4.06	(3.48)	25.99	3.04

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

ii) Interest Rate Risk:

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

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (CONTD)

(₹ in Lakhs)

	As at 31 st March 2020		As at 31 st March 2019	
	₹	%	₹	%
Variable Rate Borrowings	15,317.51	71.47	22,608.62	98.77
Fixed Rate Borrowings	6,116.01	28.53	280.77	1.23
Total	21,433.52	100.00	22,889.39	100.00

Sensitivity Analysis:

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

(₹ in Lakhs)

	Impact on Profit after tax and Equity	
	Year Ended 31 st March 2020	Year Ended 31 st March 2019
Interest rate increases by 50 bps	(32.63)	(73.54)
Interest rate decreases by 50 bps	32.63	73.54

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 group 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 group to equity price risk. Exposure to Equity price risk was ₹168.28 Lakhs (₹232.35 Lakhs).

Sensitivity Analysis:

(₹ in Lakhs)

	Impact on Profit and Equity As at 31 st March 2020*	Impact on Profit and Equity As at 31 st March 2019*
5% increase in Equity Prices	8.42	10.51
5% Decrease in Equity Prices	(8.42)	(10.51)

b) Liquidity Risk:

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

Maturity Analysis of Non-Derivative Financial Liabilities:

(₹ in Lakhs)

	Due in 1 st Year	Due between 1 and 5 years	Carrying Amount as on 31 st March 2020
31st March 2020			
Borrowings	14,601.41	6,842.11	21,433.52
Trade Payables	14,688.32	-	14,688.32
Other Financial Liabilities	3,878.81	2,064.73	5,943.54
Total	34,854.91	8,906.84	42,065.38

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (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 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 group 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 group considers the following to be indicators of remote possibility of recovery:

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

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

During the year 2017-18, the Parent Company wrote off ₹2,854.06 Lakhs of Trade Receivables and ₹12,337.79 Lakhs of Loan Receivable from Ucal Holding Inc., (Previously Amtec Precision Products Inc) Wholly Owned Subsidiary. The Parent Company is awaiting approval from RBI for the said write off.

The group does not hold any Security/Collateral against its trade receivables, lease receivables, loans and deposits.

Credit Exposures:

The group 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

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (CONTD)

Grade wise Credit Risk exposure on the reporting date:

(₹ in Lakhs)

Grade	As at 31 st March 2020					As at 31 st March 2019				
	Equity Instruments	Security Deposits	Cash and Bank Balances	Trade and Lease Receivables	Other Financial Assets	Equity Instruments	Security Deposits	Cash and Bank Balances	Trade and Lease Receivables	Other Financial Assets
A	169.10	669.59	351.61	8,272.41	95.88	233.16	555.11	221.51	13,559.25	84.23
B	-	-	-	-	-	-	-	-	-	-
C*	-	-	-	152.35	-	-	-	-	-	-

*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 2019 & 31st March 2020 where ECL is measured on 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

37. Employee Benefit Obligations:

Defined benefit as per Actuarial Valuation:

(₹ in Lakhs)

Particulars	Gratuity			Leave Salary		
	Present Value of Obligation	Fair Value of Plan Assets	Net Amount	Present Value of Obligation	Fair Value of Plan Assets	Net Amount
As at 1st April 2018	1,121.35	647.98	473.37	110.25	-	110.25
Current service cost	72.52	-	72.52	14.88	-	14.88
Interest expense/(income)	85.21	49.24	35.97	8.38	-	8.38
Total amount recognized in profit and loss account	157.73	49.24	108.49	23.26	-	23.26
Remeasurement	(1.48)	-	(1.48)	-	-	-
Return on plan assets, excluding amounts included in interest expense / (income)	-	-	-	-	-	-
(Gain) / loss from change in financial assumptions	-	-	-	21.53	-	21.53
Experience (gains) / losses	(63.52)	-	(63.52)	(0.14)	-	(0.14)
Total amount recognized in other comprehensive income	(63.52)	-	(63.52)	21.39	-	21.39
Employer contributions	-	-	-	-	-	-
Benefit payments	(52.05)	(52.05)	-	(49.51)	-	(49.51)
As at 31st March 2019	1,162.03	645.18	516.85	105.39	-	105.39
As at 1st April 2019	1,162.03	645.18	516.85	105.39	-	105.39
Current service cost	76.35	-	76.35	11.33	-	11.33
Interest expense/(income)	88.00	48.87	39.13	7.99	-	7.99
Total amount recognized in profit and loss account	164.35	48.87	115.48	19.32	-	19.32
Remeasurements	6.65	-	6.65	0.95	-	0.95
Return on plan assets, excluding amounts included in interest expense / (income)	-	-	-	-	-	-
(Gain) / loss from change in financial assumptions	-	-	-	-	-	-

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (CONTD)

(₹ in Lakhs)

Particulars	Gratuity			Leave Salary		
	Present Value of Obligation	Fair Value of Plan Assets	Net Amount	Present Value of Obligation	Fair Value of Plan Assets	Net Amount
Experience (gains) / losses	70.18	(24.40)	94.58	(43.88)	-	(43.88)
Total amount recognized in other comprehensive income	70.18	(24.40)	94.58	(43.88)	-	(43.88)
Employer contributions	-	-	-	-	-	-
Benefit payments	68.67	68.67	-	0.32	-	0.32
As at 31st March 2020	1,334.54	600.98	733.56	82.10	-	82.10

*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 2020	As at 31 st March 2019
	%	%
Discount Rate	6.60%	7.60%
Salary Growth Rate	5.00%	5.00%
Mortality Rate (% of IALM 06-08)	100.00%	100.00%
Attrition Rate	8.00%	8.00%

Risk Exposure:

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

In addition to Interest Rate risk and liquidity risk explained hereinbefore the 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:** In India, gratuity benefit is paid in accordance with the requirements of the Payment of Gratuity Act, 1972 (as amended from time to time). There is a risk of change in regulations requiring higher gratuity payouts (e.g. Increase in the maximum limit on gratuity payout).
- Investment Risk:** The probability or likelihood of occurrence of losses relative to the expected return on any particular Investment.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (CONTD)**38. Related Party Disclosure:**

(Note : Related Party is identified by the group and relied upon by the Auditors)

1) List of Related Parties where control existsHolding Group

Carburettors Limited

2) Other Related Partiesa) Fellow Subsidiaries:

RD Electrocircuits Private Limited

b) Key Managerial Personnel:

i) Mr. Jayakar Krishnamurthy – Chairman and Managing Director

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

iii) Ms. Rekha Raghunathan – Director and Company Secretary

c) Relatives of Key Managerial Personnel:

i) Dr. V. Krishnamurthy

ii) Mr. Adhitya S Jayakar

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

i) Culture and Heritage Trust of Karuveli

ii) Dr. V. Krishnamurthy Educational Foundation

Note: Related Party transactions are identified by the group and relied upon by auditors.

3) Transactions with Related Parties

(₹ in Lakhs)

Transactions during the year 2019-20	Holding Group	Other Related Enterprises	KMP	Relatives Of KMP
Outstanding Payables	NIL (NIL)	932.31 (820.41)	NIL (69.15)	4.70 (9.18)
Outstanding Receivables	2,201.28 (NIL)	2,462.19 (263.63)		
Capital Advances		2,100.00 (2,100.00)		
Purchase of Materials		1,112.27 (324.12)		
Purchase of Intangible Assets		1,137.10 (1,700.00)		
Consultancy Charges Paid		24.00 (33.00)		111.95 (90.67)
Labour Charges Incurred		668.04 (770.53)		
Rent Paid	1.20 (NIL)	1,012.2 (957.60)		
Managerial Remuneration (Directors)*			245.26 (316.08)	
Remuneration to Key Managerial Personnel other than Directors*			43.71 (29.55)	

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (CONTD)

(₹ in Lakhs)

Transactions during the year 2019-20	Holding Group	Other Related Enterprises	KMP	Relatives Of KMP
Interest Paid		NIL (14.91)		
Sale of Goods		NIL (0.01)		
Sale of Fixed Assets		NIL (NIL)		
CSR Expenditure		103.45 (200.00)		
Dividend Paid	1,018.80 (1,132.00)	298.58 (331.70)	31.87 (35.38)	49.35 (54.84)
Dividend Received		81.76 (81.76)		

* Remuneration Paid includes

(₹ in Lakhs)

Particulars	Chairman and Managing Director	Whole Time Director and Chief Financial Officer	Company Secretary
Name	Mr. Jayakar Krishnamurthy	Mr. Ram Ramamurthy	Ms. Rekha Raghunathan
Short Term Employee Benefits	189.04	36.00	27.77
Post-employment Benefits			
- Provident Fund	10.32	-	1.11
- Superannuation Fund	12.90	-	-
Other Long-Term Benefits	-	-	-

39. Borrowings:

(₹ in Lakhs)

Particulars	As at 31 st March 2020			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	2,375.00	15.65	2,390.65	Repayable in quarterly instalments of ₹500 Lakhs each. The period of maturity with reference to Balance Sheet date is 3 years.	Equitable mortgage on No.38A & B, Morrison Street, Alandur, Chennai – 600016 owned by M/s. Bangalore Union Services Private Limited.
Term Loan II	750.00	1,664.11	2,414.11	Repayable in quarterly instalments of ₹187.50 Lakhs each. The period of maturity with reference to Balance Sheet date is 3 months.	Exclusive mortgage on Plot No. A3/A3,A4 and A5 in CMDA's Industrial Complex at Maraimalai Nagar, owned by the Company. Hypothecation on movable plant and machineries at Plot No. E-12 in CMDA's Industrial Complex at Maraimalai Nagar, owned by the Company

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (CONTD)

(₹ in Lakhs)

Particulars	As at 31 st March 2020			Terms of Repayment	Details of Security Offered to the Lender
	Current Maturities	Non - Current Maturities	Total		
Term Loan III	220.03	673.30	893.33	Repayable in monthly instalments of ₹26.50 Lakhs each. The period of maturity with reference to Balance Sheet date is 4 Years.	Secured by paripassu first charge on the commercial property (1200 Sqft) owned by UCAL Fuel Systems Limited. Address of the property: Raheja Towers, Unit No:704, 705, 706, Anna salai Chennai 600002
Term Loan IV	171.19	2,292.55	2,463.74	Repayable in quarterly instalments (only Interest, Repayment starts from 2021-22) of ₹18.23 Lakhs each. The period of maturity with reference to Balance Sheet date is 5 Years.	Secured by paripassu first charge on the land at Bawal and exclusive charge on the Building, Plant & Machinery at Bawal
Term Loan VI	141.33	24.87	166.20	Repayable in 48 monthly instalments	Secured by first charge on fixed Assets (present & future) on paripassu basis with other term lenders except those assets specifically charged.
Term Loan VII	808.35	2,171.63	2,979.97	Repayable in Monthly Instalments	
Total	4,465.90	6,842.11	11,308.01		
B. Unsecured Borrowings					
Inter-corporate Deposit	-	-	-		
Total	4,465.90	6,842.11	11,308.01		
II. Current Borrowings					
Loans repayable on Demand	4,919.60	-	4,919.60	Repayable on demand	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	4,515.91	-	4,515.91	Repayable within a year.	Unsecured
Short Term Borrowings from Others	700.00	-	700.00	Repayable within a year.	Unsecured
Total	10,135.51		10,135.51		

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (CONTD)

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

(₹ in Lakhs)

Description	As at 31 st March 2020	As at 31 st March 2019
Claims against Group not acknowledged as Debts		
i) Sales Tax/Tax	2,794.1	1,926.40
ii) Excise Duty	-	483.01
iii) Income Tax	538.74	239.88
iv) Land development charges claimed by HSIIDCL	104.82	104.82
v) Right of Recompense for restructured term loan account	-	-
vi) Customs Duty	172.98	
Other moneys for which the group is contingently liable		
i) Guarantees given by Banks on behalf of the Company	-	-
Commitment		
Estimated amount w.r.t contracts remaining to be executed on capital account, net of advances, not provided for	635.42	504.88

41. Expenditure Incurred on Research and Development (Claimed under Income Tax Act, 1961)

(₹ in Lakhs)

Particulars	For the year ended 31 st March 2020	For the year ended 31 st March 2019
A. Revenue Expenditure		
a) Material Consumed	1.41	2.04
b) Employee Benefit Expenditure	579.14	524.34
c) Other Expenses	672.90	684.25
Sub-Total – A	1,253.45	1210.63
B. Capital Expenditure		
a) Land and Building	7.42	-
b) Plant and Machinery	313.56	19.70
c) Others	10.26	144.65
Sub-Total – B	331.24	164.35
Total R&D Expense - (A) + (B)	1,584.70	1374.98

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

(₹ in Lakhs)

S. No	Particulars	Name of the Group	Amount outstanding as at 31 st March 2020/ For 2019-20	Amount outstanding as at 31 st March 2019/ For 2018-19
1.	Loans and advances made to entity controlled by relatives of KMP	Bharat Technology Auto Components Limited	2,100	2,100
		Maximum amount due at any time during the year	2,100	2,100

43. Proposed Dividend and Tax thereon:

The Board of Directors in their meeting held on 31st July 2020 has not proposed distribution of dividend for the Financial Year ended 31st March 2020 as the Company intends to conserve its resources.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (CONTD)**44. Corporate Social Responsibility:**

Expenditure incurred on Corporate Social Responsibility (CSR) activities:

- (a) Gross amount required to be spent during the year is ₹23.91 Lakhs (Previous Year ₹15.50 Lakhs)
 (b) Amount spent during the Year ₹104.11 Lakhs

(₹ in Lakhs)

Sl. No	Particulars	Year ended 31 st March 2020		Year ended 31 st March 2019	
		Spent up to Balance Sheet date	Provided for	Spent up to Balance Sheet date	Provided for
1.	Culture and Heritage Trust of Karuveli	NIL	NIL	NIL	NIL
2.	Dr.V.Krishnamurthy Educational Foundation	104.11	104.11	200.00	200.00

45. Finance Lease Information

On transition to Ind AS 116, the Company recognized right of use assets for leases of all assets, other than low value items or which are short term in nature. Lease liabilities were recognized for all such right of use assets equivalent to the amount of discounted value of all future lease payments. The reconciliation of the Company's commitment towards all its future minimum rental payments under operating leases as at 31st March 2019 and lease liability recognized as per Ind AS 116 as at 1st April 2019 is as follows:

Particulars	₹ in Lakhs
Future minimum rental payments under operating leases as at 31 st March 2019	5,081.33
Discounting impact	1,130.31
Lease liabilities for former operating leases as at 1 st April 2019	3,951.02
Present value of finance lease liabilities as at 31 st March 2019	56.50
Total lease liabilities as at 1 st April 2019	4,007.52

When measuring lease liability, the group discounted lease payments using its incremental borrowing rate at 1st April 2019. The weighted average rate applied is 9.8%.

The following amounts are included in the Balance Sheet as at 31st March 2020:

Particulars	₹ in Lakhs
Current Lease Liabilities	598.34
Non-Current Lease Liabilities	3,315.96
Total Lease Liabilities	3,914.30

The following amounts are recognised in the statement of profit and loss for the year ended 31st March 2020:

Particulars	₹ in Lakhs
Interest expense on liabilities	188.22
Expenses related to short-term leases	673.53
Expenses related to low-value assets, excluding short-term leases of low-value assets	2.53

The Company has adopted Ind AS 116 with modified retrospective approach, with effect from 1st April 2019. Accordingly, the comparative periods have not been restated. There is no impact of Ind AS 116 adoption to the retained earnings as at 1st April 2019. The Company has recognized ₹489.37 Crores as right of use assets and the corresponding lease liability on the date of transition i.e. 1st April 2019. In the Financial Statements for the year ended 31st March 2020, the nature of expenses in respect of operating leases has changed from lease rent in previous period to amortisation for the right of use asset and finance cost for interest accrued on lease liability. In respect of leases that were classified as finance lease.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020 (CONTD)

46. Investment Property

The group has one Investment property in State of Illinois, USA that generated rental income during the year. The group did not have any property that did not generate rental income. There were no restrictions on the realizability of Investment property or on remittance of income and proceeds of disposal

(₹ in Lakhs)

Particulars	Year Ended 31 st March 2020	Year Ended 31 st March 2019
Opening Gross Carrying Amount	1637.76	1540.05
Additions/Deletions	-	-
Foreign Currency Translation	139.53	97.71
Closing Gross Carrying Amount	1777.29	1637.76
Opening Accumulated Depreciation	225.40	141.29
Depreciation for the year	80.36	72.89
Foreign Currency Translation	14.18	11.22
Closing Accumulated Depreciation	319.94	225.40
Opening Written Down Value	1412.36	1398.76
Closing Written Down Value	1457.35	1412.36

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

47. The group is engaged in the Business of Manufacture and Sale of Automotive Components. There are no other reportable segments of operation of the group.
48. The balances outstanding as on 31st March 2020 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.

49. Previous Year's figures have been regrouped wherever necessary to conform to Current Year's grouping.
50. The Financial Statements were approved for issue by the Board of Directors at there meeting held on 31st July 2020

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: 31st July 2020

REKHA RAGHUNATHAN
DIRECTOR AND
COMPANY SECRETARY

RAM RAMAMURTHY
WHOLE TIME DIRECTOR AND
CHIEF FINANCIAL OFFICER

FINANCIAL HIGHLIGHTS

(₹ in Lakhs)

Particulars	2019-20	2018-19	2017-18	2016-17	2015-16
1. SALES	50,967.70	59,612.98	59,361.11	56,397.62	50,304.67
2. Other Income (Including Services)	766.39	391.11	456.40	588.64	347.70
3. TOTAL INCOME	51,734.09	60,004.10	59,817.51	56,986.26	50,652.37
4. Total Expenditure	43,964.26	49,934.86	49,534.58	48,812.55	43,809.87
5. Profit before Interest & Depreciation	7,769.83	10,069.24	10,282.93	8,173.71	6,842.50
6. Interest	2,185.44	2,295.15	2,220.90	2,292.02	2,168.62
7. Depreciation	2,051.98	1,768.39	1,838.15	2,223.49	2,305.09
8. Profit before Tax & exceptional items	3,532.41	6,005.70	6,223.88	3,658.20	2,368.79
9. Profit before Tax	(6,976.59)	6,005.70	(8,967.97)	3,658.20	2,368.79
10. Profit after Tax	(8,575.04)	3,878.26	(5,932.27)	2,493.02	1,811.44
11. Share Capital	2,211.36	2,211.36	2,211.36	2,211.36	2,211.36
12. Reserves & Surplus	29,162.13	40,213.43	38,957.35	32,838.07	30,345.06
13. Net Worth	31,373.49	42,424.79	41,168.71	35,049.43	32,556.42
14. Long Term loans from Banks/Financial Institutions	8,161.83	7,191.75	6,904.23	8,988.62	7,677.85
15. Fixed Assets	37,455.93	33,606.83	31,536.98	16,905.42	17,335.53
16. Dividend Rate (%)	-	90.00	100	50	35
17. Earnings per Share (₹)	(38.78)	17.54	(26.83)	11.27	8.19
18. Debt Equity Ratio	0.53:1	0.78:1	0.83:1	0.26 :1	0.24 : 1



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