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**UCAL FUEL SYSTEMS LIMITED****BOARD OF DIRECTORS**

MR. S. MUTHUKRISHNAN  
*Chairman*

MR. K. JAYAKAR  
*Vice Chairman & Managing Director*

MR. P.P.R. Rao  
*Executive Director*

MR. V. NARAYANAN

MR. M.R. SIVARAMAN

MR. S. NATARAJAN

DR. M.S. ANANTH

DR. V. SUMANTRAN

MR. MUKUL SARKAR  
*Exim Bank Nominee*

**COMPANY SECRETARY**

MR. S.R. SRIDHAR

**BANKERS**

CORPORATION BANK  
STATE BANK OF INDIA  
IDBI BANK LTD  
INDIAN BANK  
BANK OF INDIA

**AUDITORS**

M/S. G. BALU ASSOCIATES  
CHARTERED ACCOUNTANTS  
NO.4A VENKATESA AGRAHARAM ROAD  
MYLAPORE  
CHENNAI 600 004

**REGISTERED OFFICE**

"RAHEJA TOWERS"  
DELTA WING - UNIT 705  
177 ANNA SALAI, CHENNAI 600 002  
PHONE: 044-28604795-96/42208100

**PLANT- I**

E-9 – E-12 INDUSTRIAL COMPLEX  
MARAIMALAI NAGAR – 603 209  
KANCHIPURAM DISTRICT  
TAMIL NADU  
PHONE: 044-47408000

**PLANT- II**

A98-A100, A106, A107  
PIPDIC INDUSTRIAL ESTATE  
METTUPALAYAM  
PONDICHERRY – 605 009  
PHONE: 0413-4211500, 2272675

**PLANT- III**

PLOT 34-35, 53-54  
INDUSTRIAL DEVELOPMENT COLONY  
MEHRAULI ROAD, GURGAON  
HARYANA – 122 001  
PHONE: 0124-2335773, 2335895

**PLANT- IV**

11 B/2 (S.P), FIRST CROSS ROAD,  
AMBATTUR INDUSTRIAL ESTATE,  
CHENNAI – 600 058  
PHONE: 044-66544700

**PLANT- V**

12 POES ROAD, TEYNAMPET,  
CHENNAI 600 018.  
TEL.NO.044-42081491

**PLANT- VI**

PLOT NO.A3/A3, A4, A5,  
CMDA INDUSTRIAL COMPLEX,  
MARAIMALAI NAGAR, PIN – 603 209  
TEL. NO. 47406800

## FINANCIAL HIGHLIGHTS

Rs. In Lakhs

	2008-2009	2007-2008	2006-2007	2005-2006	2004-2005	2003-2004	2002-2003	2001-2002	2000-2001	1999-2000
SALES	29,806.57	29,522.83	29,448.10	26,019.67	27,140.56	25,913.80	22,424.22	17,600.07	15,956.92	12,705.63
Other Income (Including Services)	531.77	1,152.06	723.79	3,060.97	393.79	278.12	169.46	183.40	167.29	140.45
Total Income	30,338.34	30,674.89	30,171.89	29,080.64	27,534.35	26,191.92	22,593.68	17,783.47	16,124.21	12,846.08
Total Expenditure	25,782.94	26,514.48	25,853.55	22,237.46	22,526.97	20,459.07	16,957.67	13,764.44	12,746.96	10,423.94
Profit before Interest & Depreciation	4,555.40	4,160.41	4,318.34	6,843.18	5,007.38	5,732.85	5,636.01	4,019.03	3,377.25	2,422.14
Interest	2,527.61	1,569.29	922.95	599.68	46.34	107.70	206.50	551.18	641.79	350.20
Depreciation	1,848.23	1,583.28	1,380.13	1,299.09	1,345.30	1,232.63	1,366.12	1,307.07	1,198.22	902.16
Profit Before Tax	179.56	1,007.84	2,015.26	4,944.41	3,615.74	4,392.52	4,063.39	2,160.78	1,537.24	1,169.78
Profit After Tax	38.03	619.53	1,476.18	3,770.61	2,576.10	3,130.82	2,814.58	1,625.42	1,417.24	1,019.78
Share Capital	1,389.60	1,389.60	1,389.60	1,389.60	1,389.60	694.80	694.80	694.80	694.80	694.80
Reserves & Surplus	18,236.04	18,231.86	18,012.61	16,717.04	13,532.66	11,939.54	9,112.92	6,695.82	6,235.51	5,147.90
Loan Funds	18,291.65	14,500.40	12,865.22	7,910.48	1,092.79	1,790.89	2,083.32	3,292.60	5,819.00	5,217.29
Fixed Assets	13,919.21	13,645.74	10,720.01	9,611.92	9,620.75	10,256.84	8,117.43	7,624.75	8,003.22	7,524.05
Net Current Assets	6,906.10	8,684.48	9,670.28	4,761.79	5,604.23	3,883.35	3,641.22	3,155.10	3,822.31	2,607.72
Dividend Rate (%)	-	10%	10%	40%	40%	60%	60%	50%	40%	30%
Earning per share (Rs.)	0.27	4.45	10.62	27.13	18.54	45.06	40.51	23.39	20.40	14.68
Current Ratio	0.83:1	0.95:1	1.18:1	1.67:1	2.55:1	1.90:1	2.02:1	2.85:1	1.35:1	1.31:1
Debt:Equity Ratio	0.50:1	0.65:1	0.59:1	0.47:1	0.04:1	0.11:1	0.21:1	0.45:1	0.81:1	0.69:1

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**UCAL FUEL SYSTEMS LIMITED**

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## **UCAL FUEL SYSTEMS LIMITED**

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### **NOTICE TO MEMBERS**

NOTICE is hereby given that the TWENTY THIRD ANNUAL GENERAL MEETING of Shareholders of UCAL FUEL SYSTEMS LIMITED will be held at the DYNASTY HALL, HOTEL AMBASSADOR PALLAVA, No.53 Montieth Road, Chennai 600 008 on Tuesday, the 29<sup>th</sup> September 2009 at 11.00 a.m to transact the following business:

### **ORDINARY BUSINESS**

1. To receive, consider and adopt the Profit and Loss Account for the year ended 31<sup>st</sup> March 2009 and the Balance Sheet as on that date and the Report of the Directors and Auditors thereon.
2. To appoint a Director in the place of Mr. S. Muthukrishnan, who retires by rotation and being eligible offers himself for reappointment.
3. To appoint Auditors and to fix their remuneration.

### **SPECIAL BUSINESS**

4. To consider and if thought fit to pass with or without modifications the following as an Ordinary Resolution.

“RESOLVED that Mr.P.P.R.Rao, who was appointed as Additional Director with effect from 26<sup>th</sup> September 2008 and holds office upto the date of this Annual General Meeting in terms of Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a Notice under Section 257 of the Companies Act, 1956 be and is hereby appointed as Director of the Company.

5. To consider and if thought fit to pass with or without modifications the following as an Ordinary Resolution.

“RESOLVED that Dr.M.S.Ananth, who was appointed as Additional Director with effect from 13<sup>th</sup> April 2009 and holds office upto the date of this Annual General Meeting in terms of Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a Notice under Section 257 of the Companies Act, 1956 be and is hereby appointed as Director of the Company.

6. To consider and if thought fit to pass with or without modifications the following as an Ordinary Resolution.

“RESOLVED that Mr.S.Natarajan, who was appointed as Additional Director with effect from 13<sup>th</sup> April 2009 and holds office upto the date of this Annual General Meeting in terms of Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a Notice under Section 257 of the Companies Act, 1956 be and is hereby appointed as Director of the Company.

7. To consider and if thought fit to pass with or without modifications the following as an Ordinary Resolution.

“RESOLVED that Dr. V. Sumantran, who was appointed as Additional Director with effect from 29<sup>th</sup> July 2009 and holds office upto the date of this Annual General Meeting in terms of Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a Notice under Section 257 of the Companies Act, 1956 be and is hereby appointed as Director of the Company.

## UCAL FUEL SYSTEMS LIMITED

8. To consider and if thought fit to pass with or without modifications the following as a Special Resolution.

“RESOLVED that pursuant to the provisions of the Section 198, 269, 309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956, the consent of the Company be and is hereby accorded to the appointment of Mr.P.P.R.Rao as Executive Director for a period of three years from 26.09.2008 to 25.09.2011 on a remuneration as detailed below:

1. SALARY - Rs. 3,75,000 per month
2. H R A - Rs. 50,000 per month
3. Fixed Incentive - Rs. 6,00,000 per annum
4. Special Incentive - Rs. 7,00,000 per annum
5. Reimbursement of Medical expenses of Rs 300,000 per annum for self and family.
6. Leave Travel Assistance of Rs 260,000 per annum for self and family.
7. Company's contribution towards Provident Fund will be as per rules of the Company but not exceeding such percentage of the salary as may be fixed by the Central Government from time to time.
8. Club fees for official purposes.
9. Personal Accident insurance as per rules of the Company.
10. Car with Driver for official purpose.
11. Reimbursement of Telephone/Mobile expenses for official purpose.
12. Leave shall be as per the Rules of the Company, but not exceeding 30 days leave for every year of service. Encashment of unavailed leave will be at the end of the tenure.

### MINIMUM REMUNERATION

Where in any financial year during the currency of the tenure of the Executive Director, the Company has no profits or its profits are inadequate, the Company will pay minimum remuneration as specified above.”

9. To consider and if thought fit to pass with or without modifications the following as a Special Resolution.

“RESOLVED that pursuant to the provisions of Section 314(1B) of the Companies Act, 1956 and subject to the approval of the Central Government, consent of the Company be and is hereby accorded to Dr.V.Krishnamurthy, a relative of Mr.K.Jayakar, Managing Director of the Company, to hold an office or place of profit as Advisor to the Company on a remuneration of Rs.3,00,000/- per month (Rupees Three lakhs only) as may be approved by the Central Government for further period of five years with effect from 21.09.2009.

Further resolved that Dr.V.Krishnamurthy shall be reimbursed all Travelling and Other Expenses for the purpose of business of the Company”.

BY ORDER OF THE BOARD

**S.R. SRIDHAR**

*Company Secretary*

Place : CHENNAI

Date : 29.07.2009

## UCAL FUEL SYSTEMS LIMITED

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### NOTES

1. A Member entitled to attend and vote at the Meeting is entitled to appoint a proxy. A proxy so appointed need not be a member of the Company and is entitled to vote only on a poll. Proxies must reach the Registered Office of the Company not less than 48 hours before the time fixed for the Meeting.
2. The Register of Members and the Share Transfer Books of the Company will remain closed from 22.09.2009 and 29.09.2009 (Both days inclusive).
3. Members holding shares in Electronic Segment are requested to notify the change of address, bank details, nomination etc. to the depository participants (DP) with whom they are having client account for effecting necessary corrections. Members holding shares in physical form are requested to notify the change of address, bank details, nomination etc., to Integrated Enterprises (India) Limited, II Floor, No.1 Ramakrishna Street, T.Nagar, Chennai 600 017, the Company's Share Transfer Agent.
4. The relevant Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 in respect of Special Business is annexed hereto and forms part of this Notice.
5. All members who have either not received or have not encashed their dividend warrants for the financial years 2001-02, 2002-03, 2003-04, 2004-05, 2005-06, 2006-07 and 2007-08 are requested to approach the Company.

Members are hereby informed that the dividends which remain unclaimed over a period of 7 years have to be transferred by the Company to the Investor Education and Protection Fund constituted under Section 205C of the Companies Act, 1956. Accordingly the unclaimed dividend amount for the financial year 2001-02 will be transferred to the Investor Education and Protection Fund of the Central Government on 24.08.2009.

It may be noted that no claim of the shareholders will be entertained for the unclaimed dividends, which have been transferred to the credit of the Investor Education and Protection Fund of the Central Government.

6. Members are requested to bring their copy of the Annual Report to the Meeting.
7. Members who hold shares in the dematerialized form are requested to bring their deposit account number (Client ID No.) for easier identification of attendance at the meeting.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956**

**ITEM NO.4 & 8**

The Board of Directors co-opted Mr.P.P.R.Rao as Additional Director in to the Board of the Company on 26<sup>th</sup> September 2008. As per Section 260 of the Companies Act, 1956 he holds office upto the date of this Annual General Meeting and is eligible for appointment as Director. The Company has also received Notice from a Member pursuant to Section 257 of the Companies Act, 1956 proposing the candidature of Mr.P.P.R.Rao for the office of the Director of the Company.

At the Board Meeting held on 26.09.2008 the Board of Directors have appointed Mr.P.P.R.Rao as Executive Director for a period of three years from 26.09.2008 on a remuneration as detailed in the resolution. Mr.Podila Pandu Ranga Rao, aged 61 years is a Engineering Graduate from Andhra University. He has total experience of 40 years, out of which 26 years in manufacturing companies like BHEL, English Electric Limited and SRF Nippondenso Ltd and 14 years in IT Companies like Wipro Limited, Digital Equipment India and Bizworth India P. Limited. He has held various important positions in these Companies as Chief Works Manager, Chief Manager, General Manager, Chief Executive, Director, Managing Director and Chief Executive Officer. Therefore shareholders approval is sought to the appointment of Mr. P.P.R. Rao as Executive Director for a period of three years from 26.09.2008 to 25.09.2011 and to pay him the remuneration as set out in the resolution.

Number of shares held in the company - Nil.

Hence the abovesaid resolution is placed before you for the approval.

Mr. P.P.R. Rao is interested in the Resolution.

Notice under Section 302 of the Companies Act, 1956 for the said appointment has already been sent to the members on 20.10.2008 .

**ITEM NO.5**

The Board of Directors co-opted Dr.M.S.Ananth as Additional Director into the Board of the Company on 13<sup>th</sup> April 2009. As per Section 260 of the Companies Act, 1956 he holds office upto the date of this Annual General Meeting and is eligible for appointment as Director. The Company has also received Notice from a Member pursuant to Section 257 of the Companies Act, 1956 proposing the candidature of Dr.M.S.Ananth for the office of the Director of the Company.

Dr. M.S. Ananth is graduated from the AC College of Technology with a gold medal in Chemical Engineering. He obtained his Ph.D degree in Chemical Engineering in the area of Molecular Thermodynamics from the University of Florida, USA in 1972. He joined IIT Madras a faculty in the Department of Chemical Engineering in 1972. He has held various senior positions such as Head of the Department, Dean of Academic Courses and Dean of Academic Research. In December 2001 he took over as Director. He has been one of the key positions associated with the preparation of The Strategic Plan of IITM – Vision 2010. He has 40 years of experience in Engineering. He is a Fellow of Indian Institute of Chemical Engineers and Indian National Academy of Engineering. He is the Member of the National Manufacturing Competitiveness Council and a Member of the Scientific Advisory Committee to the Cabinet.

Number of shares held in the company - Nil.

Dr M.S. Ananth is interested in the Resolution.

## **UCAL FUEL SYSTEMS LIMITED**

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### **ITEM NO.6**

The Board of Directors co-opted Mr.S.Natarajan as Additional Director into the Board of the Company on 13<sup>th</sup> April 2009. As per Section 260 of the Companies Act, 1956 he holds office upto the date of this Annual General Meeting and is eligible for appointment as Director. The Company has also received Notice from a Member pursuant to Section 257 of the Companies Act, 1956 proposing the candidature of Mr.S.Natarajan for the office of the Director of the Company.

Mr.S.Natarajan is a member of the Institute of Chartered Accountants of India, New Delhi since 1975. He has been a practicing Chartered Accountant with more than 30 years of experience and was involved in active practice till 1987. Since 1987 he has been actively associated in advising leading Indian Corporate houses in developing their regular business strategies, mergers, acquisitions, corporate restructuring, growth strategies, etc amongst other functions. He had enormous experience in dealing with leading financial institutions such as the Reserve Bank of India, IDBI, IFCI, ICICI, etc. He is on the Board of following public companies viz : Shriram Capital Limited, Shriram Investment Holdings Limited, Binny Limited, Binny Lorze Ltd, Binny Engineering Ltd, and Alpha Energy Systems Ltd.

Number of shares held in the company - Nil.

Mr. S. Natarajan is interested in the Resolution.

### **ITEM NO.7**

The Board of Directors co-opted Dr. V. Sumantran as Additional Director in the Board of the Company on 29<sup>th</sup> July 2009. As per Section 260 of the Companies Act, 1956 he holds office upto the date of this Annual General Meeting and is eligible for appointment as Director. The Company has also received Notice from a Member pursuant to Section 257 of the Companies Act, 1956 proposing the candidature of Dr. V. Sumantran for the office of the Director of the Company.

Dr. V. Sumantran, aged 50 years, holds Doctorate Degree in Aerospace Engineering and a Master's degree in Management of Technology and is a distinguished Visiting Professor at the Indian Institute of Technology, Madras. He has served as President of the Automotive Research Association of India, and Co-Chairman of the Engineering Services Forum of NASSCOM. He serves on the Science Advisory Council of the Prime Minister of India and the Scientific Advisor Committee to the Cabinet. He was Executive Director – Passenger Car Business and Engineering Research Centre, Tata Motors Limited. He was also member of the Board of Tata Technologies Inc. Dr. V. Sumantran had spent 16 years with General Motors Corporation, mostly in the US and subsequently in Europe.

Details of other Directorships/Committee Memberships held by him:

Directorship Committee Membership

EXECUTIVE VICE CHAIRMAN

Hinduja Automotive Limited

**CHAIRMAN**

Nissan Ashok Leyland Powertrain Pvt. Ltd.

**DIRECTOR**

Automotive Infotronics Pvt. Ltd.

Nissan Ashok Leyland Technologies Pvt. Ltd.

Ashok Leyland Nissan Vehicles Pvt. Ltd.

Defiance Testing & Engineering Services Inc.

Ashok Leyland Limited

Number of shares held in the company - Nil.

Dr. V. Sumantran is interested in the Resolution.

**ITEM NO.9**

Dr. V. Krishnamurthy was appointed as Advisor for a period of five years from 21.09.2004. His term expires on 20.09.2009. Being a father of Mr.K.Jayakar, he holds office of profit under Section 314 of the Companies Act, 1956. His appointment was approved by the shareholders in Annual General meeting held on 21.09.2004 and also approval of Central Government has been obtained. The Board at its meeting held on 30.05.2009, reappointed him for further period of five years with effect from 21.09.2009 on a salary of Rs.3,00,000/- per month.

Dr. V. Krishnamurthy is a Chartered Engineer and holds a Doctorate in Economics. He has been associated with very large Indian Enterprises for the last 5 decades. He has held very high positions in Government and Public Sector Undertakings. He has worked as Secretary, Department of Heavy Industries and was a Member of the Planning Commission. He was the Founder Chairman of Maruti Udyog Limited. He was also Chairman of Bharat Heavy Electricals Limited and Steel Authority of India Limited. He holds Directorship in many well-known successful companies.

The invaluable contributions of Dr. V. Krishnamurthy to the Indian Industry has made him a doyen among Indian business leaders. In recognition of his outstanding services to Indian Industries, he has been conferred various awards like Padmashree, Padmabushan etc. He was also conferred the 'The Businessman of the Year' award in 1987.

Dr. V. Krishnamurthy has been associated with UCAL Fuel Systems Limited for the last seven years in an advisory capacity. During his tenure he has streamlined various management practices to improve the overall performance of the company. His advice and guidance has helped the company achieve optimization of production capacity, improvement in technology, profitability and commercial competitiveness'. The advice and guidance received from Dr.V.Krishnamurthy enabled the company to grow further. Board felt that his continued association as an Advisor to the Company will be most advantageous to the Company. Therefore the Board proposed his appointment as Advisor to the Company for further period of five years from 21.09.2009 on remuneration as set out in the Resolution.

## UCAL FUEL SYSTEMS LIMITED

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Since the approval of shareholders is required to be obtained, the abovesaid resolution is placed to the Shareholders for the approval .

Mr. K. Jayakar, is interested in the abovesaid Resolution.

### INFORMATION PURSUANT TO CLAUSE 49 IV (G) OF THE LISTING AGREEMENT

A brief resume of Director who is reappointed and names of the Companies in which they hold Directorship is given below.

Mr. S. Muthukrishnan, aged 71 years is an Automobile Engineer holding B.Sc., Degree and Post Graduate Diploma of the Madras Institute of Technology in Automobile Engineering. He is an Industrialist having practical knowledge and experience in the manufacture of automobiles and its components. He has been in the field since 1964.

He has also served as the President of Automotive Component Manufacturers Association of India (now (ACMA), Regional Chairman Association of Indian Engineering Industry (now CII), Vice President of Indo-Sri Lanka Chamber of Commerce and Industry and President of Madras Motor Sports Club. He joined the Board of UCAL Fuel Systems Limited on 4.11.1985. He holds 31,922 equity shares in the company.

He is also on the Board of the following Companies

Chairman & Director	Carburettors Limited
Executive Chairman	UCAL Exports Private Limited
Director	UCAL Consultants Private Limited
Director	UCAL Machine Tools Limited
	The Union Company (Motors) P. Ltd.
	UCAL Travels Private Limited
	Bangalore Union Services Private Limited
	K.G. Charities
	Minica Real estates Private Limited
	UCAL Properties Private Limited

BY ORDER OF THE BOARD

Place : CHENNAI

**S.R. SRIDHAR**

Date : 29.07.2009

*Company Secretary*

**ANNEXURE TO THE NOTICE OF THE MEETING**

The Disclosures required under Schedule XIII of the Companies Act, 1956 for the resolution set out in item No. 8 are as under:

1. Name of the Industry: The Company is an Automobile Component manufacturing industry. The Company manufactures Fuel Injection Related parts, Carburettors and Fuel Pumps and Carburettors and Air Suction Valve for two wheelers to meet the OE requirements of Maruti Udyog Limited, Hyundai Motors India Limited, TVS Motors CO., Limited, Bajaj Auto India Limited, Yamaha Motors India Limited and Hero Honda Motors Limited.
2. Date of Commencement of commercial production: 19.05.1990
3. Financial performance based on indicators – please refer Directors Report for financial results
4. Export performance: Export sales during the financial year 2008-09 was Rs.21.57 Crores.
5. Net foreign exchange collaborations, Foreign investments or collaborators. The Company does not have foreign investments or collaborators
6. Information about Mr.P.P.R.Rao, Executive Director (w.e.f. 26.9.2008)

Mr.Podila Pandu Ranga Rao, aged 61 years is a Engineering Graduate from Andhra University. He has total experience of 40 years, out of which 26 years in manufacturing companies like BHEL, English Electric Limited and SRF Nippondenso Ltd and 14 years in IT Companies like Wipro Limited, Digital Equipment India and Bizworth India P. Limited. He has held various important positions in these Companies as Chief Works Manager, Chief Manager, General Manager, Chief Executive, Director, Managing Director and Chief Executive Officer.

The remuneration for the financial years commencing from 26.09.2008 to 25.09.2011 are as set out in the resolution at item No.8.

7. Comparative remuneration profile with the Industry, size of the Company, Profile and position of the person  
The Company's manufacturing operations comprise of automobile components viz, Fuel Injection Related parts, Carburettors and Fuel Pumps for four wheelers and Carburettors and Air Suction Valve for two wheelers. Very few Companies are involved in such composite manufacturing activities and hence information for comparison is not readily available
8. Pecuniary relationship directly or indirectly with the Company  
The details of related party transactions are as per item No 30 of Schedule 19 to the notes on accounts for the financial year 2008-09.

## UCAL FUEL SYSTEMS LIMITED

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### 9. Reasons for inadequacy of profits

The reasons for inadequacy of profits are as under:

- a) Decrease in sales in the second half of financial year
- b) increase in Raw material and other input price
- c) Increase in Employee remuneration and increased interest cost due to increase in interest rate and borrowing

### 10. Proposed steps for increasing the profits

- a) Company is targeting to increase export market and launching of other new products to increase the turnover and profitability.
- b) Various cost reduction measures are introduced to reduce costs
- c) Planning for alternative sources of funding to replace high interest cost borrowings.

The "Conserve Cash" programme was launched with a view to eliminating waste, reducing cost and improving productivity.

Place : CHENNAI  
Date : 29.07.2009

BY ORDER OF THE BOARD  
**S.R. SRIDHAR**  
*Company Secretary*

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**UCAL FUEL SYSTEMS LIMITED****REPORT OF THE DIRECTORS AND MANAGEMENT DISCUSSION AND ANALYSIS**

The Board of Directors of UCAL Fuel Systems Limited (UFSL) have pleasure in presenting the TWENTY THIRD ANNUAL REPORT together with the Audited Accounts for the year ended 31<sup>st</sup> March 2009.

**1. FINANCIAL RESULTS**

The performance of the Company for the year ended 31<sup>st</sup> March 2009 is presented below:

	(Rs. in Lakhs)	
	For the year Ended 31.3.2009	For the year Ended 31.3.2008
Gross Sales	33,997	34,623
Service (Machining Charges)	219	254
<u>Less:</u> Excise Duty	<u>4,190</u>	<u>5,100</u>
Net Sales	30,026	29,777
Other Income	312	898
Total Income	30,338	30,675
Total Expenditure	<u>25,782</u>	<u>26,515</u>
Profit before Interest & Depreciation	4,556	4,160
Interest	<u>2,528</u>	<u>1,569</u>
Profit before Depreciation	2,028	2,591
Depreciation	<u>1,848</u>	<u>1,583</u>
Profit before Tax & Exceptional item	180	1,008
Provision for Tax	<u>142</u>	<u>388</u>
Profit after Tax	38	620
Prior period Adjustments	(34)	28
Provision no longer required	<u>-</u>	<u>2</u>
Net Profit	4	650
Balance of profit brought forward from last year	5,920	5,633
Transfer to General Reserve	-	200
Dividend	-	139
Tax on Dividend	-	24
Balance Carried to Balance Sheet	5,925	5,920

**2. DIVIDEND**

In view of the company earning a marginal profit, the Board of Directors have not considered recommendation of dividend for the year ended 31<sup>st</sup> March 2009, and also keeping in view, the requirement of funds for capital expenditure in the ensuing financial year.

## UCAL FUEL SYSTEMS LIMITED

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### 3. INDUSTRY STRUCTURE AND DEVELOPMENT

The Indian auto ancillary industry is dependent on three market segments namely OEM, Replacement market and Exports. While the replacement market has been relatively stable, the OEM and the exports were the major cause of concern due to the sluggish market across the globe.

In the domestic market, the drastic production cuts by the automobile manufacturers forced the auto parts players to cut production and realign their production schedule in order to match their Original Equipment Manufacturer (OEM) clients. Also, auto parts sales to OEM are driven by large volumes.

The auto industry was one of the worst impacted due to spike in interest costs and reduced finance availability. Thanks to the various economic stimulus packages provided by the government such as excise duty cut, interest rate reduction and financial availability, the interest cost has been significantly easing out and the banks have been coming forward in financing the customers for purchase of automobiles.

The total exports constitute around 20% of the total turnover of the Indian Auto Ancillary industry of which 65% is exported to U.S. and European markets. Out of which, 75% are catered to OEMs and Tier 1 suppliers and balance to the replacement market.

According to Automotive Component Manufacturers' Association (ACMA), the Indian auto parts industry is expected to record only 5% growth in its total turnover in the financial year 2008-09, that too due to healthy 1<sup>st</sup> half year performance. Out of this, the total exports for financial year 2008-09 is estimated to increase by 4 to 5% courtesy the recent Rupee depreciation to Rs 50/51 per U.S. dollar.

A major positive aspect of this slowdown is that the auto ancillary industry players have started focusing on cost control resulting in improved operating efficiency.

The following table shows the production of the auto ancillary industry during the financial year 2008-09.

<b>Production</b>			
<b>Month</b>	<b>2008 - 09</b>	<b>2007 - 08</b>	<b>% Chg.</b>
Apr	1,48,078	1,23,807	19.6
May	1,53,658	1,26,268	21.69
Jun	1,53,634	1,25,497	22.42
Jul	1,57,199	1,24,329	26.44
Aug	1,67,697	1,27,057	31.99
Sep	1,71,075	1,26,514	35.22
Oct	1,39,294	1,32,882	4.82
Nov	1,28,118	1,28,179	(0.05)
Dec	1,11,048	1,35,376	(17.97)
Jan	1,07,696	1,43,648	(25.03)
Feb	1,15,148	1,43,369	(19.68)
Mar	1,25,420	1,60,419	(21.82)
FY. Apr - Mar	16,78,065	15,97,345	5.05

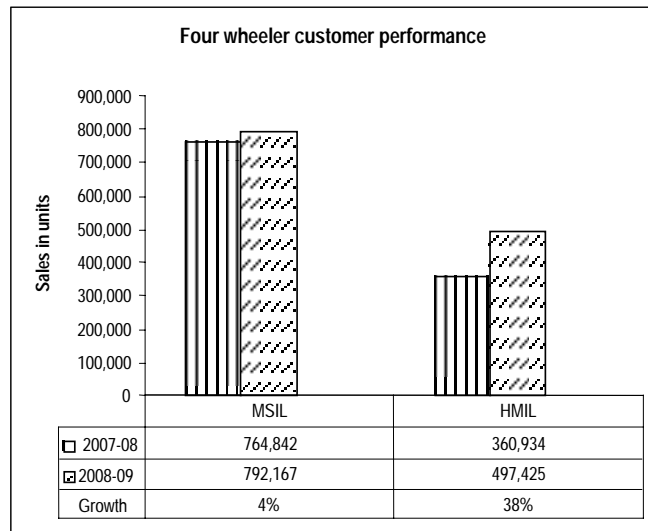
Figures in Rs lakhs; Source: Central Statistical Organisation

**Overview of the Automobile Industry**

The year 2008-09 witnessed a change in the market trend for the automobile industry especially on two wheeler segment as compared to previous year. The four wheeler segment major players MSIL and HMIL have posted a growth rate of 4% and 38% respectively.

**Four Wheeler Segment**

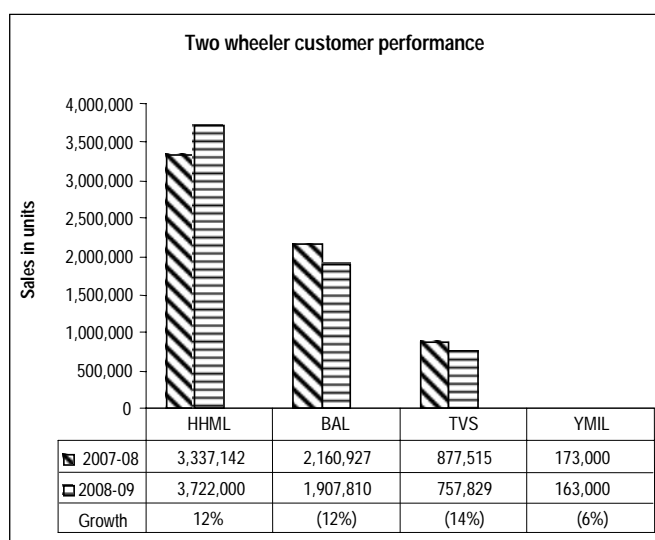
In the four wheeler segment MSIL recorded sales of 792,167 units registering 4% growth over that of last year. HMIL on the other hand recorded sales of 497,425 units, growing by 38% over last year. The HMIL sales includes domestic and export sales as well.



**Two Wheeler Segment**

In the Two wheeler segment the market leader HHML recorded performance of 3.72 million units as against 3.34 million units in the last year thereby growing by 12% as compared to last year. Bajaj performance dropped from 2.16 million units last year to 1.91 million units this year, declining by 12%. TVS Motor Company recorded sales of 757,829 units for the year 2008-09 declining 14% as compared to last year. YMIL also recorded decline of 6% over last year by posting sales of 163,000Units for 2008-09.

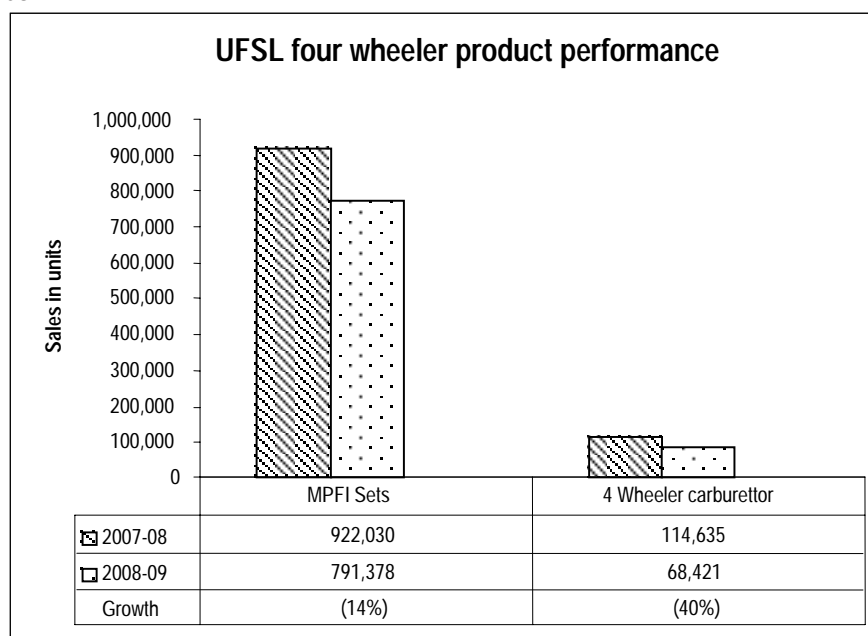
## UCAL FUEL SYSTEMS LIMITED



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

#### Four Wheeler Products

Among four wheeler products sales of MPFI sets declined by 14% as compared to previous year. This is mainly due to decline in the sales of Throttle Body Assembly to Maruti Suzuki due to their change over engine from existing platform to the KB series platform for certain models. Though UFSL has not been awarded the business of Throttle Body Assembly for the KB engine series, the company is going to be a tier II supplier for the KB engines by supplying the fuel pumps for the fuel delivery modules. Supplies for the same will start from 2009-10 onwards.

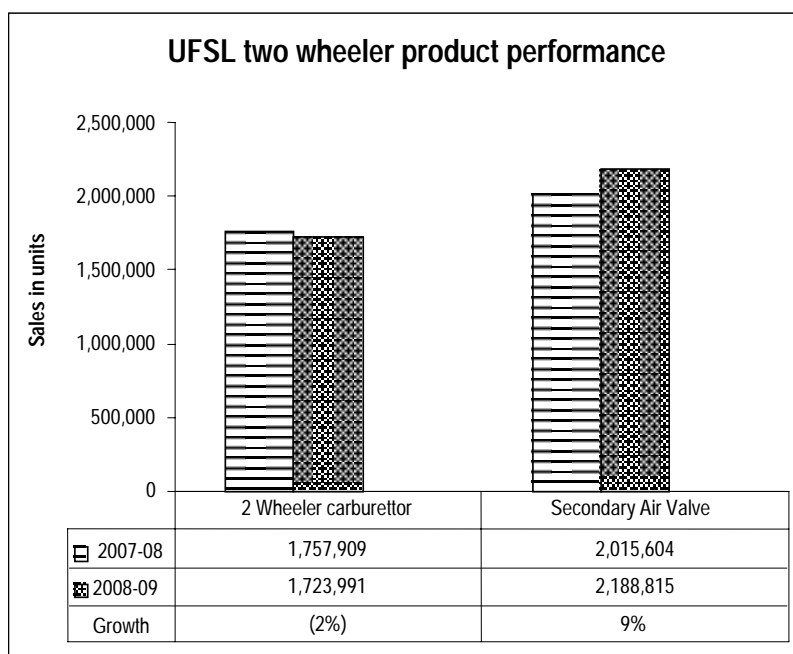


## UCAL FUEL SYSTEMS LIMITED

Sales of four wheeler carburetor has declined by 40% as compared to previous year. The decline is due to the rapid changeover of technology from carburetion system to multi point fuel injection system in gasoline passenger cars segment. During the year the Company also started supplying 60,728 Nos. vacuum pump and 60,934 Nos. Oil Pump to Suzuki Powertrain India Limited.

### Two Wheeler Products

Sales of two wheeler carburetors declined by 2% as compared to previous year. The decline is mainly due to the decline in the sales of Bajaj Auto and TVS motorcycles in the present economic situation. The company is however anticipating positive growth in volumes from 2010-11 onwards since the company is actively going to pursue supply of carburetors for Hero Honda Motorcycles and TVS Mopeds. Sales of Air Suction Valve has shown a growth of 9% as compared to previous year.



## 5. PERFORMANCE AND OPERATIONS

The Sales turnover of the Company during the year 2008-09 was Rs. 29,807 lakhs registering a marginal increase over previous year. Even though there had been a decline in sales of two wheeler carburetors and MPFI sets, the Company had registered a substantial growth in the sales of Air Suction Valve and also supply of new products viz., oil pump, Vacuum pumps and Pressure die cast machined products during the year.

**UCAL FUEL SYSTEMS LIMITED****Snapshot of Half Yearly Performance (Rs. in Lakhs)**

Particulars	First 6 months		Last 6 months	
	2008-09	2007-08	2008-09	2007-08
Gross Sales	18,606	16,531	15,391	18,092
<u>Less:</u> Excise Duty	2,384	2,442	1,806	2,658
Net Sales	16,222	14,089	13,585	15,434
Other Income	301	561	230	592
Total Income	16,523	14,650	13,815	16,026
Total Expenditure	14,030	12,523	11,752	13,993
Profit before Interest & Depreciation	2,493	2,127	2,063	2,033
Interest	1,144	666	1,384	903
Profit before Depreciation	1,349	1,461	679	1,130
Depreciation	945	681	903	902
Profit before Tax & Exceptional item	404	780	(224)	228
Provision for Tax	112	256	30	132
Profit after Tax	292	524	(254)	96

The profit of the Company for the year under review is Rs.38 lakhs as against profit of Rs.620 lakhs last year. The after tax decline was mainly due to decrease in sales in the second half of financial year on account of the economic downturn. While the sales during the first half of the financial year has gone up by 12.55% compared to the corresponding half year ended 30<sup>th</sup> September 2007, the annual sales has gone down by 1.81% compared to the previous year. The other factors that resulted in the decline in profit include increase in Raw material and other input prices, increase in Employee remuneration and increased interest cost due to increase in interest rate resulting from the financial crisis.

During the year 2008-09, in Maraimalai Nagar Plant, new product line for the assembly of "HIGH PRESSURE FUEL PUMP" was designed and established for the customer ". The scope of process activities include Pressure Die Casting of critical parts, using special grade raw material Aluminium ADC6, machining of castings, assembly and testing of pumps. The pumps are meant for supplying Gasolene at High Pressure for Multi Point Injection system, for new range of cars with KB series Engines, made by Maruti Suzuki India Limited.

The total investment made for creating the manufacturing line is Rs.230 lakhs and this is expected to generate additional sales of Rs.1248 lakhs per annum.

**Key Performance Ratios**

<b>Ratios</b>	<b>2008-09</b>	<b>2007-08</b>
PAT / Sales	0.13%	2.10%
PAT / Net worth	0.19%	3.16%
Debt to Equity	0.9320	0.7390
Current Assets / Current Liabilities	1.7157	1.8507

**6. SWOT ANALYSIS OF THE COMPANY****Strengths**

1. Maintaining good CRM with select customers
2. Planning/Good Forecasting - getting consistent forecast from customers
3. On time Delivery
4. Logistics support
5. EDI support
6. Guaranteed sales collections

**Weaknesses**

1. Lack of penetration in the International business
2. High dependence on automotive business segment , > 90% from OE business
3. Aftermarket reach
4. Time taken to respond to customers' requirement due to high level Technology.

**Opportunities**

1. Tap Tier 2 and 3 supply potential
2. Leverage relationship with Bosch
3. Seek an opportunity with HMIL
4. Develop 2 W carburetor for Hero Honda Motors
5. Develop moped carburetor for TVS Motor Company
6. Increase business in PDC machined parts
7. Tap non-automotive carburetor potential

**Threats, Risks & Concerns**

1. Entry of multi national in Indian Market
2. Preference of 4 W manufacturers to partner with suppliers
3. Constant pressure from Customer for Cost Reduction
4. Fluctuating Raw material prices
5. OEM's consolidating supplier base
6. Spurious suppliers in Aftermarket

## **UCAL FUEL SYSTEMS LIMITED**

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### **7. BUSINESS OUTLOOK**

The outlook for the year 2009-10 is encouraging. Also the company is going to be tier II supplier of high pressure fuel pumps for fuel delivery module of KB series of Engines developed by MSIL providing additional scope of business for the year 2009-10. Further the introduction of new emission norms by the Government in future will provide opportunity to develop injection systems thereby upgrading the status of the company from product to system supplier.

The Company has set up an extremely efficient Pressure Die Casting and Machining Unit at Maraimalai Nagar to manufacture machined die casting parts for customers like Continental, Mando Brakes and Sona Koyo Steering systems. The business volumes have grown manifold with these customers as compared to 2007-08 and are expected to grow further in 2009-10.

In addition to this the company is actively pursuing business for two wheeler carburetor for Hero Honda Motorcycles and TVS Mopeds. This initiative will enable the company to push the volume growth in two wheeler carburetor.

The Company expects that the above will result in growth in business and improved profitability as compared to the current financial year.

### **8. HUMAN RESOURCES AND INDUSTRIAL RELATIONS / PERSONNEL**

During the year 2008-09, cordial industrial relations were maintained in the company. Several new initiatives were taken to enhance productivity, reduce cost and improve work-life balance. Among them:

- ❖ The "Conserve Cash" programme was launched with a view to eliminating waste, reducing cost and improving productivity. Several projects implemented under this initiative contributed to cost saving in the organization. This initiative is being further strengthened in the ensuing year.
- ❖ Company's training plan aimed at imparting 48 hours of training to each employee during the year. The focus was on technical skill and competency development. A second batch of managers drawn from different plants completed the management development programme, customized to build leadership talent in the company. Besides several other behavioural/attitudinal training programmes were organized. Safety training was also given due priority.
- ❖ A new Performance Management System was launched for the executives and managers to bring in performance orientation in the organization as well as align individual goals with that of the company.
- ❖ An amicable wage settlement was reached at the Puducherry Plant with the recognized union. The settlement is for a period of four years with effect from 1<sup>st</sup> April 2008. This will go a long way in building harmonious industrial relations and strengthening participative work culture in the plant.
- ❖ Kaizens, quality circles and small group activities were given thrust during the year to encourage employee involvement and contribute towards improvement of operating efficiency and reduction of cost.
- ❖ A company-wide communication exercise was undertaken in the wake of the global economic slowdown to make employees aware about the emerging scenario and sensitize and prepare them for the same.

- ❖ Some of the HR Policies/Rules were re-visited and updated based on the current requirements in the organisation.

9. Information in accordance with sub-section (2A) of Section 217 of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 forms part of this report. However as per the provisions of Section 219 (1) (b) (iv) of the Companies Act, 1956, the report and the accounts are being sent to all the members excluding the statement of particulars under Section 217 (2A). Any member interested in obtaining a copy of the statement may write to the Company Secretary at the Corporate Office. The same will be available for inspection during working hours at the registered office of the Company.

#### **10. TOTAL PRODUCTIVITY MAINTENANCE**

- Total Productive Maintenance (TPM) was started in the year 2004 – TPM declaration was done by the then Executive director on 17<sup>th</sup> Nov '04 at Plant 1 and subsequently declared on the next day at Plant 2 (Pondicherry).
- CII has been providing necessary assistance for TPM and the company has engaged a consultant from CII – TPM Club of India on a monthly basis for both the plants.
- Initially from Nov '04 to Nov '05, the company took a model stream for improvement (VM20 carburetor stream) and used the TPM approach for carrying out improvements in the model stream from PDC till dispatch.
- TPM kick off was carried out on 16<sup>th</sup> Nov '05 at Plant 2 and on 17<sup>th</sup> Nov '05 at plant 1 to share the improvements of the model stream; TPM policy was unveiled on that day and subsequently started TPM activities throughout the plant and for all the major departments
- Further to the kick off at both the plants, TPM journey was started throughout the plant and we covered all the lines and machines for improvement.
- During Nov 2006, we had TPM health audit, done by both CII and JIPM (Japan Institute of Plant Maintenance, the governing body for TPM throughout the world) for both the plants; It was done by Mr. Kinjiro Nakano, Executive VP, JIPM

#### **Significant TPM Achievements during 2008-09**

- Productivity in machine shop was increased by 25% (Average of all the lines – taken for the last 2 years) with an overall increase of 40% since 2004
- Productivity in assembly increased by 15% (Average of all the lines – taken for the last 2 years alone) with an overall increase of 50% since 2004
- Overall productivity (Per man productivity) increased by 15% over the last 3 years
- Customer complaints reduced by 60%
- In house rejections reduced by 50%
- Breakdowns reduced by 80%
- Cost reduction is being done in all the areas and the overall cost saving would be more than 25% for the last 4 years
- Warranty rejections reduced by 80%

## UCAL FUEL SYSTEMS LIMITED

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The following table shows the various pillars of TPM and their respective chairman

S No	Pillar Name	Pillar Chairman	Designation
1	Jishu Hozen (Autonomous Maintenance)	Mr. P. Natarajan	AGM – Machine Shop
2	Kobetsu Kaizen (Focused Improvement)	Mr. Nanda Gopal .R	Asst. Manager – Assembly
3	Planned Maintenance	Mr. Sivakumar .M	Deputy Manager – Maintenance
4	Quality Maintenance	Mr. G. Rajarathnam	Deputy Manager – Quality Assurance
5	Education and Training	Mr. Prathaban .R	Manager – HR
6	Office TPM	Mr. Pratap .R	Manager – TPM
7	Development Management	Mr. Srinath .R	Engineer Grade II – Engineering
8	Safety, Health and Environment	Mr. Vivekanandan .D	Asst. Manager - HR

### 11. INFORMATION TECHNOLOGY

The Company is making extensive use of Information Technology. The Company is planning to migrate the database and oracle application to the latest version available and improve the usage and acceptance level of Enterprise Resource planning.

### 12. CORPORATE GOVERNANCE

As required by clause 49 of the listing agreement a report on corporate governance is attached. A certificate from the auditors of the Company regarding compliance of the conditions of corporate governance as stipulated by clause 49 of the listing agreement is also attached to this report.

### 13. MANAGEMENT DISCUSSION AND ANALYSIS (MD & A)

In order to avoid duplication and overlap, this report includes all appropriate Management Discussion and Analysis and a separate MD&A Report has therefore been avoided. This is in line with what was done in the previous year.

### 14. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors confirm that,

- a) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b) Such accounting policies have been selected and applied consistently and the judgments and estimates 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 31<sup>st</sup> March 2009 and of the profit of the Company for the year ended 31<sup>st</sup> March 2009;

- c) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of Companies Act 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.

#### **15. FIXED DEPOSITS**

The Company has not accepted public deposits during the year. There are outstanding old deposits to the extent of Rs 64,000 as on 31<sup>st</sup> March 2009 which have matured and remain unclaimed as on that date, due to non-compliance by the Deposit holders.

#### **16. DIRECTORS**

Mr. S. Muthukrishnan, Director retires by rotation at the forthcoming Annual General Meeting and being eligible offers himself for reappointment.

Mr. V. Narayanan and Mr.M.R. Sivaraman, Directors retire at the forthcoming Annual General Meeting and are eligible for reappointment. They are not seeking reappointment in the Annual General Meeting.

Mr P P R Rao was co opted as Additional director into the Board of the Company with effect from 26<sup>th</sup> September 2008. He holds office up to the conclusion of ensuing Annual General Meeting. Notice under section 257 of the Companies Act, 1956 has been received from a member proposing to designate Mr P P R Rao for the office of the director of the company. He was also appointed as Executive Director for a period of three years from 26<sup>th</sup> September 2008.

Mr N. Gomathinayagam resigned from the Board of directors of the Company with effect from 10<sup>th</sup> February 2009. Board placed on record its appreciation of his excellent contributions made by him to the development of the company during his tenure as director.

Mr S. Natarajan and Dr M.S. Ananth were co opted as Additional Directors into the Board of the Company with effect from 13<sup>th</sup> April 2009. They hold the office up to the conclusion of ensuing Annual General Meeting. Notices under section 257 of the Companies Act 1956 have been received from members proposing to designate Mr S Natarajan and Dr. M.S. Ananth for the office of director of the Company.

#### **17. AUDIT COMMITTEE**

Mr. V.Narayanan – Chairman, Mr.N.Gomathinayagam and Mr.M.R.Sivaraman, all independent directors with expertise in Management, Banking and Finance were the members of Audit Committee. The committee performs such of the functions as are enumerated in the Companies Act and in the Listing Agreement. Consequent to the resignation of Mr N Gomathinayagam, Director on 10<sup>th</sup> February 2009, Audit committee was reconstituted on 13<sup>th</sup> April 2009 with Mr. V. Narayanan, Mr. M.R. Sivaraman and Mr.S.Natarajan as members. Mr.V.Narayanan is the Chairman of the Committee.

#### **18. AUDITORS**

M/s. G Balu Associates, Chartered Accounts, Auditors of the Company retire at the ensuing Annual General Meeting and are eligible for reappointment.

## **UCAL FUEL SYSTEMS LIMITED**

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### **19. AWARDS WON DURING THE YEAR 2008-09**

- Overall Second place in IMTMA Productivity Championship Award – 2008
- Certificate for strong commitment towards Excellence from CII
- Best Vendor award for the year 2008 from Sona Koyo Steering Systems Ltd
- Silver Award from ACMA for Excellence in Quality and Productivity

### **20. ENERGY, TECHNOLOGY & FOREIGN EXCHANGE**

Information on energy conservation, technology absorption, foreign exchange earnings and outgo are given as an annexure to this report.

### **21. CORPORATE SOCIAL RESPONSIBILITIES**

The Company is maintaining Gandhi Park at Maraimalai Nagar for public use with separate Gardner / Watchman as an environment friendly activity. The company planted 200 trees inside the factory premises at Maraimalai Nagar on the inaugural day of the plant (21<sup>st</sup> March 2009) for environmental friendly. Local orphanage homes in and around Maraimalai Nagar is getting continuous support from the Company and employees. The company has trained 86 students for employability in various fields through in-plant training. The Company had permitted for 320 college students to know about the industrial working atmosphere and process details.

Free Eye check camp was conducted in Plant-1 through Dr.Agarwal Eye Hospital from 1<sup>st</sup> to 4<sup>th</sup> of July 2008. 302 employees have checked their eyes and got discount card for treatment of their family members.

In co-ordination with Rotary Central-TTK-VHS Blood Bank, Forum of Maraimalai Nagar Women's Self Help Group arranged Blood donation camp in the factory on 21<sup>st</sup> March 2009. 102 units of blood were donated by our employees.

The company has sponsored a Car rally for blind persons to create confidence among them.

UCAL firmly believes - a motivated employee is a key for organizational growth. Management has devised various policies to keep employee motivated and vibrant. UCAL is committed to establishing and maintaining a working environment which is free from discrimination and where all employees and prospective employees are selected, trained and promoted solely on the basis of their skills, experience and behaviors demonstrated. UCAL's policies and practices are to provide equal employment opportunities and ensure that these opportunities are available without regard to age, sex, sexual orientation, color, nationality, marital status, mental or physical disability, religion or belief.

### **22. SUBSIDIARY COMPANIES AND CONSOLIDATED FINANCIAL STATEMENTS**

The Company has three wholly owned subsidiaries; UCAL Machine Tools Limited, UCAL Polymer Industries Limited and AMTEC Precision Products, Inc., USA. All the subsidiary companies are contributing to the revenues of the Company. A statement containing brief financial details of the subsidiaries is included in the Annual Report.

**UCAL Machine Tools Limited**

UCAL Machine Tools Limited is specialized in the manufacture of Intricate Pressure Die Casting Dies & Moulds, Special Purpose Machines, Intricate Pressure Die Cast Aluminium & Zinc Components, Depression Chamber Assembly, and Fuel Filters & Piston Valves.

**UCAL Polymer Industries Limited**

UCAL Polymer Industries Limited is a specialized rubber and plastic products manufacturer for precision products using specialty polymers. The manufacturing unit, located at Pondicherry employs Lean Manufacturing methodologies to deliver high Quality Products at competitive prices. It has a versatile manufacturing potential to cater to a diverse range of fields using polymer products including (but not limited to) automotive, medical, industrial, aerospace/aviation, energy and electrical areas.

**AMTEC Precision Products, Inc., USA**

AMTEC Precision Products specializes in the development, manufacture and marketing of precision metal components, molded plastics, and automobile assemblies. The company sells its products to the automotive, hydraulics, air conditioning, and oil and gas refining markets. Its clientele includes Caterpillar, Ecolab, Ford and General Motors. The company primarily operates in the US where it is headquartered in Elgin, Illinois.

**Subsidiary Performance**

The turnover of UCAL Machine Tools Limited has gone down due to the lower off take by the parent company as well as reduction in sales to external customers on account of customer's lower production. On the other hand, despite sluggish economy, UCAL Polymer Industries Limited has improved their sales turnover during the year. AMTEC could not achieve breakeven during the year 2008-09 as expected, mainly due to downward trend in US economy, which has adversely affected the sales turnover and the profitability of the Company.

**Consolidated Performance (Rs. In Lakhs)**

Particulars	Group	UFSL	UMTL	UPIL	Amtec
<b>Sales</b>	47,786	29,807	2,999	847	16,454
<b>% to UFSL</b>	–	–	60%	100%	0%
<b>PAT</b>	(7,653.16)	38.03	(189.29)	44.28	(7,551.72)
<b>Total Assets</b>	36,690.43	39,719.48	3,290.98	874.77	9,088.45

**Statutory Requirements**

As required under the Listing Agreements with the Stock Exchanges, a Consolidated Financial Statement of the Company and all its subsidiaries is attached. The Consolidated Financial Statement has been prepared in accordance with Accounting Standards issued by The Institute of Chartered Accountants of India.

The Company has been awaiting an exemption from the Central Government under Section 212(8) of the Companies Act, 1956 with regard to attaching of the balance sheet, profit and loss account and other documents of the subsidiaries for the year ended 31<sup>st</sup> March 2009. The accounts of the subsidiaries will be made available

## UCAL FUEL SYSTEMS LIMITED

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for inspection by any member of the Company at its registered office and also at the registered office of the concerned subsidiary. The accounts of the subsidiary companies and detailed information will be made available to the members upon receipt of request from them. The summary of the key financials of the Company's subsidiaries is included in this annual report.

### 23. INTERNAL CONTROL SYSTEMS AND ADEQUACY

The Company has set up internal control procedures commensurate with its size and nature of the business. These business procedures ensure optimum use and protection of the resources and compliance with the policies, procedures and statutes. The internal audit systems provide well-defined policies guidelines, authorizations and approval procedures and the prime objective of such internal audits is to test the adequacy and effectiveness of the internal controls laid down by management and to suggest improvements.

Internal Audit is conducted on an ongoing basis by the Internal Auditors. The summary of the Internal Audit Reports and necessary action taken by the company are reviewed in the Audit Sub Committee / Audit Committee Meetings.

### 24. ACKNOWLEDGEMENT

The Directors wish to place on record the appreciation of the continued co-operation of the State and Central Governments, the Bankers, Financial Institutions, Customers, Dealers and Vendors.

The Directors also wish to thank all the employees of the Company for their contribution during the year under review. The Directors specially thank the shareholders for their continued confidence and faith in the Company.

For and on behalf of the Board

Place : Chennai  
Date : 30.05.2009

**K. JAYAKAR**  
*VICE CHAIRMAN AND MANAGING DIRECTOR*

**1. ENERGY CONSERVATION MEASURES UNDERTAKEN AND CONSEQUENT SAVINGS**

1. *Capacity Optimization of Heaters in PDC:* Metal holding furnace heater capacity reduced from 48 KW to 24 KW and the total saving is 9.2 lakhs per year.
2. *Energy Efficient Pumps:* 2 nos of 30 HP Energy efficient Vacuum Pump (Single stage pump) is being used in place of 3 nos of 30 HP multistage vacuum pump for G test and Assembly operation and the total energy saving is Rs. 8 lakhs per year.
3. *Optimum Utilization of EB Maximum Demand:* 20 nos of 40 W Tube lights were provided for street light instead of 20 nos of 150 W Sodium Vapour lamps and total energy saving is 0.72 lakhs per year and also Peak hour MD is obtained.
4. *Reduce Diesel Consumption:* Several actions taken to reduce the Diesel Cost (Staggering of loads, MD controller etc) after 40 % reduction in Maximum Demand and the saving is 33 lakhs per year.
5. *Capacity Optimization of Lighting Loads:* Fluorescent lamps were provided in place of tube lights (10 lines completed) and the energy saving is 2.23 lakhs per year.
6. *Reduce Energy Loss:* Unnecessary air gun removed from the machine shop and assembly (by avoiding air leakage) and the energy saving is 2.59 lakhs per year.
7. *Reduce Energy Loss:* Introduced Standby mode in all the computers inside the premises (130 nos) i.e. if the monitor is stopped for more than 10 minutes it will automatically gets OFF and the saving is 2.5 lakhs per year.
8. *Reduce Energy Loss:* Automatic Shut off valve provided in the main line and it will shut off the line during idle time and the energy saving is 0.8 lakhs per year.\
9. *Capacity Optimization of Loads:* Roots cooling pump capacity reduced from 3 HP to 1 HP and the energy saving is 0.65 lakhs per year.
10. *Reduce Idle Working of Loads:* Auto OFF timer provided for submersible pump (Auto OFF after 1 hour) and the energy saving is 0.25 lakhs per year.

**2. ENERGY CONSERVATION PROPOSAL**

1. Elimination of water circulation pump in vacuum pump by Installation of fanless / filless cooling tower in the overhead area.
2. Use if Air amplifier nozzle instead of conventional nozzle in air cleaning and Washing m/c application.
3. Interlocking of Fresh air blower with machines in machine shop area.
4. Reduce harmonics in the electrical supply system.
5. Capacity optimization of heater in Metal holding furnace.
6. Introduction of LED lamps in machine shop and street lights.

## UCAL FUEL SYSTEMS LIMITED

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7. Timer control in coolant pump and hydraulic pump.
8. Power pack capacity reduction in oil Performance machine.
9. VFD to be provided for 100 HP compressors.
10. Lower rating compressor to be introduced in place of higher rating compressor.
11. Capacity optimization of A/C in jet drilling area.
12. Providing auto cut off for training hall A/c, coolant motor etc.

### 3. RESEARCH & DEVELOPMENT

#### ❖ Specific areas in which R&D is carried out by the company

##### a) Offerings based on current range of products to existing customers :

- UFSL has a large presence in the Gasoline vehicle market. Our products are used in Passenger cars, two and three wheelers.  
  
For this segment, customers are coming out with variants and new models. We are developing products to their requirements of features, timely launch and cost.
- Solenoid Lift Pump for export – Development of variants in progress

##### b) Developing New Products to existing Customers :

- Two products namely Oil Pump and Vacuum Pump for a modern passenger car diesel engine had gone into production for our major customers like Maruti Suzuki Ltd.
- The Vacuum Pump for next generation of engines meeting Euro V norms is under development for the same engine application.
- Our efforts are continuing to identify new products for our existing customers.  
  
We have developed Positive Crankcase Ventilation Valve for a range of petrol engine produced by Maruti Suzuki Ltd. - Mass production will commence early next year.  
  
We are developing Water Pump for a 2 wheeler engine application.

##### c) Developing New Products to New customers :

- Low cost EMS solution for 2 wheelers – Development in progress.
- Developing EGR controllers for diesel engine applications is in an advanced stage and will be launched once the OEM's freeze the specifications.
- Development of Electronic Diesel controller for small diesel engine to replace mechanical governor to achieve speed control.
- A separate group is working on CAE focusing on developing design and analysis capability for Oil Pumps.

❖ **Benefits derived out of R&D**

- Capability to address future market needs through Indigenous product development
- Fast turn around of products and low cost of variant support to the customer
- Development of Indigenous technology and building a technology repository.
- Build knowledge capital within the organization.
- Reduction in cost through Value Engineering / Value Analysis
- Import substitution of critical parts

❖ **Future Plans**

Developing new technologies which can be used for developing products for our existing customers and as well as new customers such as

- Non Parasitic fluid management products
- Electronic Throttle Body (ETV) for gasoline engines.
- Developing capability to offer end to end solutions from design to manufacture.
- Development of CNG / LPG solutions

❖ **Expenditure on R&D**

<b>Particulars</b>	<b>Rs. in Lakhs</b>
Capital	93.24
Revenue	502.39
Total	595.63
Total R&D as a % of turnover	2%

**4. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION**

Technology absorption for all the products for which we have taken technology in the past have been completed.

- We are able to adopt the products based on the imported technology to the changing needs of the customers through our in-house R&D efforts.
- Identification of suitable substitutes for materials & processes to meet ELV (End of Life Vehicle) requirement and to use Ethanol blended petrol as demanded by some customers / applications.
- Re-designing our products to meet the requirements of the customers
- Innovative features have been incorporated in the carburetor - Solenoid operated starter for cold starting, Throttle Position Switch and modification
- To pilot circuit design to improve flow accuracy.

## UCAL FUEL SYSTEMS LIMITED

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### ❖ Benefits derived as a result of the above efforts

- The company has been able to roll out newer products meeting the customer timelines and price targets.
- The company has been able to expand into new domains, like Diesel Market, Engine Management solutions
- 4 papers prepared by our R&D engineers have been accepted by SAE Engineering Meetings Board for presentation at SAE World Congress, April 2009 in Detroit, USA .

### 5. FOREIGN EXCHANGE EARNINGS AND OUTGO

The earnings of foreign exchange were on account of export of Carburetors, MPFI parts and Secondary Air Valves during the year. The foreign exchange outgo was mainly on account of components, capital goods, foreign travel, royalty and technical know-how fee. During the financial year ended 31<sup>st</sup> March 2009, the total FE Outgo was Rs. 7,687.70 lakhs while the FE earned was Rs. 2,157.43 lakhs resulting in a net FE outgo of Rs. 5,530.27 lakhs.

For and on behalf of the Board

Place : Chennai  
Date : 30.05.2009

**K. JAYAKAR**  
*VICE CHAIRMAN AND MANAGING DIRECTOR*

**CERTIFICATION BY MANAGING DIRECTOR AND CHIEF FINANCIAL OFFICER TO THE BOARD**

We, K.Jayakar, Managing Director and S.Badrinarayanan, Vice President (Finance) of Ucal Fuel Systems Limited, certify that:

1. We have reviewed the financial statements for the year and that to the best of our knowledge and belief:
  - a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - b) these statements give a true and fair view of the state of affairs of the company and of the results of operations and cash flows. The financial statements have been prepared in conformity, in all material respects, with the existing generally accepted accounting principles including 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 the company's internal control system for financial reporting. This is monitored by the internal audit function, which encompasses the examination and evaluation of the adequacy and effectiveness. Internal audit 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 and material weaknesses.
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;
  - c) instances of significant fraud of which we have become aware of and which involve management or other employees who have significant role in the company's internal control system over financial reporting.

However, during the year there were no such changes or instances.

**K. JAYAKAR**  
Managing Director

**S. BADRINARAYANAN**  
Vice President – Finance

Place : Chennai  
Date : 30.05.2009

## UCAL FUEL SYSTEMS LIMITED

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### REPORT ON CORPORATE GOVERNANCE

#### CORPORATE GOVERNANCE PHILOSOPHY

Corporate Governance, key feature of well managed enterprises should ensure high standards of transparency, accountability, ethical operating practices and professional management. Practice of good Corporate Governance principles benefits the stakeholders in particular and the society in general. The Company strongly believes and practises the above sound principles of Corporate Governance.

#### 1. BOARD OF DIRECTORS

##### (a) Composition

As of 31<sup>st</sup> March 2009, there were 6 Directors of which one Director is Non-Executive Chairman, two Whole time Directors viz., Vice Chairman & Managing Director, Executive Director and three independent Directors.

Non Executive Chairman	Mr.S.Muthukrishnan
Whole time Directors	Mr.K.Jayakar, Vice Chairman and Managing Director  Mr.P.P.R.Rao, Executive Director
Non Executive and Independent Directors	Mr.V.Narayanan, Mr.M.R.Sivaraman Mr.Mukul Sarkar (Nominee of Exim Bank)

Mr.S.Natarajan and Dr.M.S.Ananth were appointed as Non Executive and Independent Director with effect from 13<sup>th</sup> April 2009. With this addition the total strength of the Board is 8 which comprises of one Non Executive Chairman, two Whole time Directors and five Independent directors.

The day-to-day management of the Company is conducted by Vice Chairman cum Managing Director and the Executive Director.

The names of the Directors and the details of other Chairmanship/Directorship/Committee Membership of each Director are given below:

**UCAL FUEL SYSTEMS LIMITED**

<b>Name of Director</b>	<b>Category</b>	<b>No. of other Directorship</b>	<b>No.of Membership of other Board Committees</b>	<b>No. of Committee Chairmanship</b>
Mr. S. Muthukrishnan	Non-Executive Chairman	10	–	–
Mr. K. Jayakar Vice Chairman & Managing Director	Executive	10	–	–
Mr. P.P.R. Rao Executive Director	Executive	–	–	–
Mr. V. Narayanan	Non-Executive & Independent	12	8	4
Mr. M.R.Sivaraman	Non-Executive & Independent	4	–	–
Mr. Mukul Sarkar Nominee of Exim Bank	Non-Executive & Independent	3	–	–
Mr. S. Natarajan	Non-Executive & Independent	6	–	–
Dr. M.S. Ananth	Non-Executive & Independent	4	1	–

**b) Details of Directors appointment/reappointment**

Relevant details are furnished in the notice convening the Annual General Meeting to be held on 29.09.2009

**c) Board Meetings and attendance at Board Meetings**

The Board met 8 times during the financial year ended 31<sup>st</sup> March 2009. The gap between two meetings was less than 4 months. The relevant details are as under:

<b>S.No.</b>	<b>Date</b>	<b>Board Strength</b>	<b>No.of Directors present</b>
1	16.04.08	10	6
2	28.05.08	7	6
3	29.07.08	6	6
4	26.09.08	7	6
5	29.10.08	7	6
6	29.01.09	7	7
7	03.02.09	7	5
8	21.02.09	6	6

## UCAL FUEL SYSTEMS LIMITED

- d) The attendance of each Director at Board Meetings and at the previous Annual General Meeting (AGM) is as under:

S.No.	Name	No.of Board Meetings held	No.of Board Meetings attended	Attendance at the last AGM
1.	Mr. S. Muthukrishnan	8	7	Present
2.	Mr. K. Jayakar	8	8	Present
3.	Mr. Koji Kaneda*	1	1	–
4.	Mr. Masaki Ikuta*	1	0	–
5.	Mr. Histaka Ikuta*	1	0	–
6.	Mr. Takeshi Umebayashi*	1	0	–
7.	Mr. R. Sundararaman**	2	2	–
8.	Mr. P.P.R. Rao**	5	5	–
9.	Mr. N. Gomathinayagam***	7	6	Present
10.	Mr. V. Narayanan	8	8	Present
11.	Mr. M.R. Sivaraman	8	7	Present
12.	Mr. Mukul Sarkar****	7	4	–

\* Mr.Koji Kaneda, Mr. Masaki Ikuta, Mr. Histaka Ikuta and Mr. Takeshi Umebayashi, Directors representing Mikuni Corporation, resigned from the Board with effect from 24.5.2008

\*\* Mr.P.P.R.Rao has been appointed as Executive Director with effect from 26.09.2008 in the place of Mr.R.Sundararaman who has retired from service on 30.06.2008

\*\*\* Mr.N.Gomathinayagam has resigned from the Board with effect from 10.02.2009

\*\*\*\* Mr.Mukul Sarhar has been appointed as Nominee Director with effect from .28.05.2008

## 2. AUDIT COMMITTEE

The terms of reference broadly include reviewing and assessing the adequacy of the policies and practices, internal control systems and financial reporting systems. The Audit Committee reviews all the items of reference on a quarterly basis and reports its findings to the Board. The Audit Committee comprises of the following Directors

01. Mr. V. Narayanan – Chairman,
02. Mr. N. Gomathinayagam (resigned w.e.f. 10<sup>th</sup> February 2009)
03. Mr. M.R. Sivaraman,
04. Mr. S. Natarajan (Appointed w.e.f. 13<sup>th</sup> April 2009)

All the above independent directors with expertise in Management, Banking and Finance are the members of Audit Committee. The committee performs such of the functions as are enumerated in the Companies Act and in the Listing Agreement. Consequent to the resignation of Mr. N. Gomathinayagam, Director in February 2009, Audit committee was reconstituted on 13.04.2009 with Mr. V. Narayanan, Mr. M.R. Sivaraman and Mr. S. Natarajan as members of the Committee. Mr. V. Narayanan is the Chairman of the Committee. There was a delay in reconstituting the audit committee after the resignation of Mr. N. Gomathinayagam independent director.

The three members possess adequate knowledge in systems, procedures, compliance requirements and finance. The Vice President (Finance) and Statutory Auditors are permanent invitees at the meetings of the Committee. The Company Secretary acts as the Secretary to the Committee. The Audit Committee met seven times during the year. The attendance of each Director at these meetings is as follows:

<b>S.No.</b>	<b>Date</b>	<b>Committee Strength</b>	<b>Members present</b>
1	16.04.2008	3	3
2	28.05.2008	3	2
3	29.07.2008	3	3
4	29.10.2008	3	3
5	06.11.2008	3	3
6	28.01.2009	3	3
7	03.02.2009	3	2

The Audit Committee discusses with the Statutory Auditor on the "Limited Review" of the quarterly/half-yearly accounts, matters relating to compliance with Accounting Standards, the Auditors' observations arising from the annual audit of the Company's accounts and other related matters. The Committee also reviews at every meeting the significant observations arising from the reports of the Internal Auditors and the adequacy of the follow up action by the Management. The Committee also reviews the performance of the three subsidiaries. However a statement in summary form of transactions with related parties in the ordinary course of business could not be placed before the committee.

### **3. REMUNERATION COMMITTEE**

The members of the Remuneration Committee were Non-Executive Directors. Mr. N. Gomathinayagam, independent Director was the Chairman of the Committee. Mr. S. Muthukrishnan and Mr. V. Narayanan are the other members. Consequent to the resignation of Mr. N. Gomathinayagam, Director from 10.2.2009, the Remuneration Committee was reconstituted on 13.04.2009 with Mr. S. Muthukrishnan, Mr. V. Narayanan and Mr.S. Natarajan as members. Mr. S. Natarajan is the Chairman of the Committee.

The scope/role of the Remuneration Committee is to recommend to the Board of Directors the remuneration payable to the wholetime Directors of the Company as and when they come for review.

The Committee met on 26.09.2008 during the year to fix the remuneration payable to Executive Director. All the members were present at this meeting.

### **4. REMUNERATION PAID TO DIRECTORS**

Of the 8 Directors, two are Whole-time Directors. The remuneration payable to these Directors is determined by the Board with the approval of the shareholders at the Annual General Meeting and subject to the approval of Central Government and such other authorities as may be necessary. The Non Whole-time Directors do not draw any remuneration from the Company except Sitting Fees for attending the meetings and the commission payable on net profits of the Company, However no commission is payable for the year 2008-09 due to inadequacy of profits.

## UCAL FUEL SYSTEMS LIMITED

i) Details of remuneration paid to the Whole-time Directors during the year 2008-09

Name of the Director	Salary and perquisites (Rs.)
Mr.K.Jayakar (1.4.2008 to 31.10.2008) * Vice Chairman & Managing Director	60,29,774
Mr.Koji Kaneda (1.4.2008 to 24.5.2008) Joint Managing Director	1,076,961
Mr.R.Sundararaman (1.4.2008 to 30.06.2008) Executive Director	759,683
Mr.P.P.R.Rao (26.09.2008 to 31.03.2009) Executive Director	2,620,833

\* As part of cost saving measures, Managing Director has not drawn any remuneration from 1<sup>st</sup> November 2008.

ii) Details of payment made to Non-wholetime Directors during the year 2008-09 is as follows:

Name of the Directors	Sitting Fees				Total (Rs.)
	Board Meeting (Rs.)	Audit Committee Meeting (Rs.)	Remuneration Committee Meeting (Rs.)	Other Meetings (Rs.)	
Mr. S.Muthukrishnan	1,40,000	–	15,000	1,95,000	3,50,000
Mr. V.Narayanan	1,60,000	1,40,000	15,000	–	3,15,000
Mr. N.Gomathinayagam	1,20,000	1,20,000	15,000	30,000	2,85,000
Mr. M.R.Sivaraman	1,40,000	1,20,000	–	–	2,60,000
Mr. Mukul Sarkar (Exim Bank)	80,000	–	–	–	80,000
	640,000	380,000	45,000	2,25,000	12,90,000

Other Meetings are Investors Grievance Committee and Audit Sub Committee.

The Company at present has six Non Executive directors. None of the Non Executive directors except Mr.S.Muthukrishnan, Chairman hold shares/convertible instruments in the company.

Mr.S.Muthukrishnan holds 31,922 number of Equity shares of the company.

### 5. OTHER COMMITTEES

The Audit Sub Committee consists of two Directors and it met 2 times during the year (3.5.08 and 7.1.09).

**6. INVESTOR GRIEVANCE COMMITTEE**

The Committee comprises of three members. Mr.S.Muthukrishnan is the Chairman of the Committee. Mr.K.Jayakar and Mr.P.P.R.Rao are the members of this Committee. The Committee meets every month to approve share transfers, transmissions, issue of duplicate share certificates, rematerialisation of shares and reviews shareholders queries like non receipt of Share Certificate, non receipt of Dividend warrants, etc. The board feels appropriate to meet monthly as against fortnightly on considering the volume of share transfers.

The Committee met thirteen times during the year 2008-09. The Committee approved the transfer of 3,615,640 shares in physical form. All requests from shareholders with regard to non receipt of dividend warrants, loss of share certificates, issue of duplicate share certificates, rematerialisation of shares were attended to within the stipulated time. Mr.S.R.Sridhar, Company Secretary is the Compliance Officer of the Company.

**7. ANNUAL GENERAL MEETINGS**

The details of the Annual General Meetings held in the last three years:

Venue	Financial Year	Date & Time
Dynasty Hall,	2005-2006	September 01, 2006 - 11.00 a.m
Hotel Ambassador Pallava,	2006-2007	September 14, 2007 - 11.00 a.m
Egmore, Chennai	2007-2008	September 26, 2008 - 11.00 a.m

No special Resolutions were passed through postal ballot at the previous Annual General Meetings. No Special Resolutions are proposed through postal ballot at the forthcoming Annual General Meeting.

**8. DISCLOSURES – RELATED PARTY DISCLOSURES**

There have been no materially significant related party transactions with the company's Promoters, Directors, the Management, their Subsidiaries or relatives which may have potential conflict with the interests of the Company at large. The necessary disclosures regarding the transactions are given in note 30 of Schedule 19 of the Notes to the Accounts.

There have been no instances of non-compliance by the Company on any matters related to the capital markets, nor have any penalty/strictures been imposed on the Company by the Stock Exchanges or SEBI or any other statutory authority on such matters.

**9. SUBSIDIARY COMPANIES:**

The financials of the subsidiary companies have been duly reviewed by the audit committee. However the board minutes of the unlisted foreign subsidiary company could not be placed before the holding company board due to the reason of different accounting years between holding and subsidiary. Measures are being taken by the unlisted foreign subsidiary company to place their board minutes in the current year 2009-10.

## UCAL FUEL SYSTEMS LIMITED

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### 10. RISK MANAGEMENT

Further to the requirement of the Listing Agreement, the company is in the process of evaluating and deploying a system to identify the risks associated with the company. However the company is constantly evaluating the risks associated with the business in normal course.

### 11. MEANS OF COMMUNICATION

- a) The quarterly results of the Company are announced within a month from the end of the respective quarter and are published in leading newspapers both English & Tamil. The Company's website address is: [www.ucalfuel.com](http://www.ucalfuel.com).
- b) Pursuant to the Listing Agreement, all data related to quarterly financial results, shareholding pattern, etc., are hosted on the Electronic Data Information Filing and Retrieval (EDIFAR) website maintained by SEBI in association with the National Informatics Centre, within the time frame prescribed in this regard.

### 12. Code of Conduct

UCAL FUEL SYSTEMS LIMITED's (UFSL) commitment to ethical and lawful business conduct is a fundamental shared value of its board of directors, management and employees and critical to the company's success. These standards for business conduct provide that the directors will uphold ethical and legal standards as the company pursues its financial goals, and that honesty and integrity will not be compromised by the Company. Consistent with these principles, the Company's board adopts the code of conduct as a guide to the high ethical and legal standards expected of its members.

The Copy of the said code of ethics is available on our website [www.ucalfuel.com](http://www.ucalfuel.com)

All the members of the Board and the Senior Management have affirmed the compliance to code of ethics as at 31<sup>st</sup> March 2009. A declaration to this effect duly signed by the Vice Chairman and Managing Director is provided on page 43.

### 13. GENERAL SHAREHOLDER INFORMATION:

#### a. Annual General Meeting

Date and time	: 29.09.2009, 11.00 a.m.
Venue	: Dynasty Hall, Hotel Ambassador Pallava, Egmore.
Book Closure Date	: 22.09.2009 to 29.09.2009 (Both days inclusive)

#### b. Financial Calender

<u>Unaudited results for the</u>	2009-10 (Tentative)
Quarter ending June 30, 2009	Between 15th and 31st of July 2009
Quarter/half-year ending September 30, 2009	Between 15th and 31st of October 2009
Quarter ending December 31, 2009	Between 15th and 31st January 2010
Quarter ending 31st March 2010/	Between 15th and 30th April 2010/
Audited results for the year ending 31.3.2010	Before end of June 2010.

**c. Particulars of Dividend for the year ended 31.3.2008**

Date of declaration	26.09.2008
Rate of dividend	10%
Book closure Date	16.09.2008 to 26.09.2008
Date of Payment of Dividend	10.10.2008
Amount of dividend paid	Rs.13,896,000
Share Capital	13,896,000 Equity Shares of Rs.10/- each

**d. Listing of shares**

Name of the Stock Exchange	:	Stock Code
Madras Stock Exchange (MSE)	:	—
Bombay Stock Exchange Limited, Mumbai (BSE)	:	500464
National Stock Exchange of India Limited (NSE)	:	UCALFUEL
ISIN allotted by Depositories (Company ID Number)	:	INE 139B01016

(Note: Annual Listing fees for the year 2008-09 were duly paid to the above stock exchanges)

**e. Stock Market Data**

Month	Bombay Stock Exchange Limited			National Stock Exchange of India Ltd.		
	Month's High Price Rs.	Month's Low Price Rs.	Total volume of shares transacted	Month's High Price Rs.	Month's Low Price Rs.	Total volume of shares transacted
APRIL 2008	85.95	66.15	177,839	86.70	65.25	262,879
MAY 2008	87.10	68.40	223,162	87.90	68.65	286,556
JUNE 2008	68.45	50.10	124,682	79.80	50.10	174,600
JULY 2008	57.80	45.00	129,677	59.75	44.50	217,124
AUG 2008	64.00	52.55	62,277	64.90	50.40	100,783
SEP 2008	59.00	40.00	97,395	62.95	40.45	101,866
OCT 2008	44.50	26.40	92,099	44.55	23.00	144,199
NOV 2008	38.00	28.30	52,683	36.40	28.50	92,539
DEC 2008	36.75	27.00	69,201	38.80	26.00	110,618
JAN 2009	34.80	26.30	62,247	35.00	26.20	89,599
FEB 2009	30.95	26.50	30,800	31.85	26.35	34,968
MARCH 2009	28.95	24.00	38,381	28.95	23.15	74,118

f. Shareholding Pattern as on 31st March 2009

Particulars	No. of Share Holders	Shares held in Physical form	Shares held in dematerialised form	Total No. of Shares held	% to Capital
<b>Promoter and Promoter Group</b>					
a. Bodies Corporate	2	–	7,156,826	7,156,826	51.50
b. Directors & their relatives	6	480	242,268	242,748	1.75
<b>Public Shareholding</b>					
<b>I. Institutions</b>					
a. Mutual Funds/UTI	10	6,000	1,120	7,120	0.05
b. Financial Institutions/Banks	3	–	8,600	8,600	0.06
c. Insurance Companies	1	–	38,200	38,200	0.27
d. Foreign Institutional Investors	5	400	204,266	204,666	1.47
<b>II. Non Institutions</b>					
Bodies Corporate	574	9,401	889,902	899,303	6.47
Individuals	18,152	326,527	4,920,073	5,246,600	37.77
Non Resident Indians	139	680	91,257	91,937	0.66
<b>Total</b>	<b>18,892</b>	<b>343,488</b>	<b>13,552,512</b>	<b>13,896,000</b>	<b>100.00</b>

g. DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH 2009

No. of Equity shares held	Shares held in physical form		Shares held in dematerialised form		Total distribution of holding		
	No. of share-holders	No. of shares	No. of share-holders	No. of shares	No. of share-holders	No. of shares	% to Capital
Upto 500	1,575	279,468	15,365	2,273,999	16,940	2,553,467	18.38
501-1000	37	29,300	1,111	878,892	1,148	908,192	6.54
1001-2000	13	18,040	439	671,838	452	689,878	4.96
2001-3000	1	3,000	139	357,427	140	360,427	2.59
3001-4000	1	3,680	55	200,538	56	204,218	1.47
4001-5000	1	4,800	45	210,693	46	215,493	1.55
5001-10000	1	5,200	105	1,493,528	106	1,498,728	10.79
10001 AND ABOVE	–	–	4	7,465,597	4	7,465,597	53.72
<b>Total</b>	<b>1,629</b>	<b>343,488</b>	<b>17,263</b>	<b>13,552,512</b>	<b>18,892</b>	<b>13,896,000</b>	<b>100.00</b>

About 97% of the shares have been dematerialized as on March 31, 2008. Demat requests are normally confirmed on an average of 15 days from the date of receipt.

#### **h. Registrar and Share Transfer Agents**

Integrated Enterprises (India) Limited, having its registered office at Kences Towers – II Floor, No.1 Ramakrishna Street, T.Nagar, Chennai 600 017 are the Registrars for demat segment and Share Transfer Agents of the Company, to whom communications regarding share transfer and dematerialization requests could be addressed.

#### **i. Request to Investors**

Investors are requested to note the following procedure:

- If you are holding shares in physical form, please communicate the change of address, if any, directly to the Registrars at the abovementioned address:
- As required by SEBI, it is advised that the investors shall furnish details of their bank account number and name and address of their bank for incorporating the same in the dividend warrants. This would avoid wrong credits being obtained by unauthorized persons.
- Investors who have not availed nomination facility are requested to avail the same, by submitting the nomination form. The form will be made available on request.

Information in respect of unclaimed dividends due for remittance into IEPF is given below:

Financial Year	Unpaid/ Unclaimed as on 31.03.2008 Rs.	Date of declaration	Date of transfer to special account / warrant Date	Date of transfer to IEPF
2001-2002	309,060	11.07.2002	24.07.2002	24.07.2009
2002-2003	408,780	20.09.2003	01.10.2003	01.10.2010
2003-04 Interim Dividend	165,846	29.01.2004	20.02.2004	20.02.2011
2003-04 Final Dividend	308,504	25.06.2004	20.07.2004	20.07.2011
2004-05 Interim Dividend	334,998	14.02.2005	14.03.2005	14.03.2012
2004-05 Final Dividend	341,932	22.06.2005	15.09.2005	15.09.2012
2005-06 Interim Dividend	558,807	04.02.2006	09.02.2006	09.02.2013
2005-06 Final Dividend	266,252	01.09.2006	08.09.2006	08.09.2013
2006-2007	429,632	14.09.2007	24.09.2007	24.09.2014
2007-2008	658,078	26.09.2008	26.09.2008	26.09.2015

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- Members are advised by the Company well in advance before transferring the unclaimed dividends to IEPF. Members are requested to note that as per the Companies Act, 1956, unclaimed dividend once transferred to IEPF will not be refunded.
  - Investors holding shares in electronic form are requested to deal only with their Depository Participant in respect of change of address, nomination facility and furnishing bank account number, etc.

**j. SECRETARIAL AUDIT REPORT REGARDING RECONCILIATION OF CAPITAL**

As required by SEBI, a quarterly audit was conducted by a practising Company Secretary, reconciling the issued and listed capital of the Company with the aggregate of the number of shares held by investors in physical form and in the depositories and the said certificates were submitted to the stock exchanges within the prescribed time limit.

As on 31<sup>st</sup> March 2009, there was no difference between the issued and listed capital and the aggregate of shares held by investors in both physical form and in electronic form with the depositories.

**k. INFORMATION TO SHAREHOLDERS**

A brief resume of the Directors appointed as well as reappointed together with the nature of the experience and details of the other Directorships held are annexed to the notice convening the Annual General Meeting. Quarterly report is sent to the Stock Exchange regularly.

**l. WHISTLE BLOWER POLICY:**

The company has established a mechanism for employees to report concerns about unethical behaviour, actual or suspected fraud, or violation of our code of conduct or ethics policy. It also provides for adequate safeguards against victimization of employees who avail of the mechanism, and also allows direct access to the Chairperson of the audit committee in exceptional cases. The company affirms that no employee has been denied access to the audit committee.

**l. PLANT LOCATIONS**

Plant 1	E9-E12 Industrial Complex, Maraimalai Nagar – 603 209 Kanchipuram District, Tamil Nadu, India Tel. No.044-47408000, Fax: 044-27452549 Email: <a href="mailto:ufsl.mmn@ucalfuel.co.in">ufsl.mmn@ucalfuel.co.in</a>
Plant 2	A98/100, A 106 & A107 PIPDIC Industrial Estate Mettupalayam, Pondicherry – 605 009, India Tel. No.0413-4211500, Fax: 0413-2272176 Email: <a href="mailto:ufsl.pondy@ucalfuel.co.in">ufsl.pondy@ucalfuel.co.in</a>
Plant 3	Plot No.34-35, 53-54 Industrial Development Colony, Mehrauli Road, Gurgaon, Haryana – 122 001, India Tel. No.0124-2335773, 2335895; Fax: 0124-2313109 Email: <a href="mailto:ufsl.gurgaon@ucalfuel.co.in">ufsl.gurgaon@ucalfuel.co.in</a>
Plant 4	11 B/2 (S.P) First Cross Road, Ambattur Industrial Estate Chennai 600 058, India Tel. No.044-66544700; Fax:044-66544758 Email: <a href="mailto:ufsl.ambattur@ucalfuel.co.in">ufsl.ambattur@ucalfuel.co.in</a>

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Plant 5	12 Poes Road, Teynampet, Chennai 600 018. Tel.No.044-42081491; Fax:044-28604788
Plant 6	Plot No.A3/A3, A4, A5,CMDA Industrial complex, Maraimalai Nagar, Pin – 603 209 Tel.No.47406800; Fax:47406850 E-mail:ufsl.pl6@ucalfuel.co.in

**m. ADDRESS FOR CORRESPONDENCE**

To contact Registrars & Share Transfer Agents for matters relating to shares	M/s. Integrated Enterprises (India) Limited 2nd 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 : yesbalu@iepindia.com
For any other general matters or in case of any difficulties/ grievance	Mr. S.R. Sridhar Company Secretary Ucal Fuel Systems Limited, "Raheja Towers", Delta Wing – Unit 705 177 Anna Salai, Chennai 600 002. Tel : 91-44-42208100/28604795/96 Fax : 91-44-28604788 E-mail : investor@ucalfuel.co.in

**Compliance of Non-mandatory requirements as specified in clause 49 of the listing agreement.**

**1. Non Executive Chairman**

The Company maintains the office of the Non Executive Chairman and reimburses expenses incurred in the performance of his duties.

**2. Remuneration Committee**

The Company has constituted a Remuneration Committee; full details are furnished under Item 3 of Page 35.

**3. Postal Ballot**

There is no subject proposed to be taken up in the ensuing Annual General Meeting scheduled to be held on 29.9.2009 requiring approval of the shareholders through postal ballot.

**AFFIRMATION OF CODE OF CONDUCT**

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, the Board members and Senior Management Personnel have affirmed compliance with the Code of Business Conduct and Ethics for the Financial Year 2008-09.

For and on behalf of the Board

Place : Chennai  
Date : 30.05.2009

**K. JAYAKAR**  
*VICE CHAIRMAN AND MANAGING DIRECTOR*

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**M/s. G. BALU ASSOCIATES**  
Chartered Accountants

4A, Venkatesa Agraharam Street  
Mylapore  
Chennai – 600 004.

**AUDITORS' REPORT ON CORPORATE GOVERNANCE**

**TO THE MEMBERS OF UCAL FUEL SYSTEMS LIMITED**

We have examined the Compliance of conditions of Corporate Governance by Ucal Fuel Systems Limited for the year ended March 31, 2009 as stipulated in Clause 49 of the Listing Agreement of the said Company with the stock exchanges.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedure and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied in general with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement,

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

**For M/s. G. BALU ASSOCIATES**  
Chartered Accountants

**RAJA GOPALAN B**  
Partner  
Membership Number: 217187

Place: Chennai  
Date : 30.05.2009

**UCAL FUEL SYSTEMS LIMITED**

**M/s. G. BALU ASSOCIATES**  
Chartered Accountants

4A, Venkatesa Agraharam Street  
Mylapore  
Chennai – 600 004.

**AUDITORS' REPORT  
TO THE MEMBERS OF UCAL FUEL SYSTEMS LTD. CHENNAI**

1. We have audited the attached Balance Sheet of **M/s. UCAL FUEL SYSTEMS LIMITED**, Chennai, as at 31<sup>st</sup> March 2009, the Profit and Loss Account and Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. a) Attention is invited to note 5 to notes to accounts regarding the diminution in value of investment in subsidiary company M/s Amtec Precision Inc.  
b) As required by the Companies (Auditor's Report) Order, 2003, as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraph 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
  - a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. In our opinion, proper books of accounts as required by law have been kept by the company so far as it appears from the examination of the books.
  - c. The Balance Sheet and Profit and Loss Account dealt with by the report are in agreement with the books of account.
  - d. In our opinion the Balance Sheet and Profit and Loss Account dealt with by this report comply with the accounting standards referred to in sub section (3c) of Section 211 of the Companies Act, 1956.
  - e. On the basis of written representations from the Directors and taken on record by the Board of Directors of the Company, we report that, none of the director is disqualified as on 31<sup>st</sup> March 2009 from being appointed as Director of the Company, in terms of Clause (g) of subsection (1) of Section 274 of Companies Act, 1956.
  - f. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
    - a) in the case of the **Balance Sheet**, of the state of affairs of the Company as at 31<sup>st</sup> March 2009,
    - b) in the case of the **Profit and Loss Account**, of the profit of the company for the year ended on that date, and
    - c) in the case of the **Cash Flow Statement**, of the cash flows for the year ended on that date.

**For M/s.G.BALU ASSOCIATES**  
CHARTERED ACCOUNTANTS

**G.BALASUBRAMANYAN**  
PARTNER

Membership Number: 7628

Place: Chennai  
Date : 30.05.2009

ANNEXURE TO THE AUDITOR'S REPORT

STATEMENT REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE  
TO THE MEMBERS OF UCAL FUEL SYSTEMS LIMITED ON THE ACCOUNTS  
FOR THE YEAR ENDED 31st MARCH 2009.

**(1) FIXED ASSETS:**

- a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets. *The company is in the process of updating the Fixed Assets Register.*
- b) The fixed assets have been physically verified by the management at reasonable intervals and no material discrepancies were noticed on such verification.
- c) No substantial parts of fixed assets have been disposed off during the year.

**(2) INVENTORIES:**

- a) Physical verification of inventory has been conducted at reasonable intervals by the management.
- b) The procedures for physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
- c) The company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.

**(3) LOANS:**

As per the records produced to us and the explanations offered thereon, the company has neither granted nor taken any loans, secured or unsecured, to or from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.

**(4) INTERNAL CONTROL SYSTEMS:**

In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. There is no continuing failure to correct major weaknesses in the internal control system of the Company.

**(5) CONTRACTS (or) AGREEMENTS**

In our opinion and according to the information and explanations given to us

- a) the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956, have been entered in the register required to be maintained under that section, and
- b) the transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.

**(6) PUBLIC DEPOSITS:**

In our opinion and according to the information and explanations given to us, the company has not accepted any deposits from the public and hence compliance with directives issued by the reserve Bank of India and the provisions of Sec. 58 A, 58 AA or any other relevant provisions of the Act and the rules framed there under are not applicable.

**(7) INTERNAL AUDIT SYSTEM:**

In our opinion, the company has adequate internal audit system commensurate with its size and nature of its business.

**(8) COST AUDIT RECORDS:**

As per the books and records produced to us and explanations offered thereon, we are of the opinion that, prima facie, the cost records and accounts prescribed by the Central Government under Sec. 209 (1) (d) of the Companies Act, 1956, have been made and maintained.

**(9) STATUTORY DUES:**

- a) According to the records produced, the company is generally regular in depositing with appropriate authorities the undisputed applicable statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and Cess.
- (b) As per the information and explanations given to us, following are the statutory dues which have not been deposited on account of dispute.

**UCAL FUEL SYSTEMS LIMITED**

Name of the Statute	Nature of the dues	Amount in Rs. Lakhs	Forum where dispute is pending
Income Tax Act	Income Tax AY 2000-01	3.59	High Court of Madras
Income Tax Act	Income Tax AY 2005-06	43.37	CIT Appeals III, Chennai
Service Tax Act	Service Tax ( 07.07.1997-15.08.2002)	145.99	Honourable High Court of Madras
Service Tax Act	Service Tax ( 10.09.2004 - 31.03.2006)	4.62	Assistant Commissioner of Central Excise
Service Tax Rules	Service Tax ( 01.04.2004 - 09.09.2004)	97.18	Deputy Commissioner, Service Tax Cell
Central Excise Act	Central Excise ( 01.01.2001 - 31.03.2006	18.33	Assistant Commissioner of Central Excise
Central Excise Act	Central Excise ( 01.01.2001 - 31.03.2006	2,202.84	Commissioner of Central Excise, - Gurgaon, Haryana
Central Excise Act	Central Excise ( 01.01.2001 - 31.03.2006	154.53	Assistant Commissioner of Central Excise
TNGST Act	Sales Tax AY 1995-96	3.09	Tamil Nadu Sales Tax Appellate Tribunal
TNGST Act	Sales Tax AY 1998-99, 1999-00	10.03	Dy. Commissioner of Commercial Taxes
ESI Act	ESI ( 01.04.2000 - 30.06.2002)	1.27	Regional Director , Gurgaon
ESI Act	ESI 2004-05	1.66	Regional Director , Maraimalainagar
Haryana Vat Act	Vat 2004-05	70.96	Assessing Authority, Gurgaon

- (10) **ACCUMULATED LOSSES:** The company does not have accumulated losses as at the end of the Financial Year and has not incurred cash losses in the current financial year and in the immediately preceding financial year.
- (11) **DUES TO FINANCIAL INSTITUTIONS:** The company has not defaulted in repayment of dues to any financial institutions or bank or debenture holders.
- (12) **LOANS AND ADVANCES BY PLEDGE OF SHARES:**  
The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (13) **CHIT FUND COMPANY:** The company is not a Chit Fund, Nidhi or Mutual Fund or Society.
- (14) **TRADING IN SHARES – COMPANY:** The company is not dealing or trading in shares, securities, debentures and other investments.
- (15) **GUARANTEES:** In our opinion and according to the information and explanations given to us, the terms and conditions on which the company has given guarantees for loans taken by others from bank and financial institutions are not prima facie prejudicial to the interests of the company.
- (16) **TERM LOANS – APPLICATION:** In our opinion and according to the information and explanations given to us, the term loans were applied for the purposes for which they were obtained.
- (17) **BORROWED FUNDS – UTILISATION:** On the basis of an overall examination of the accounts of the company, no funds raised on short term basis have been used for long term investments.
- (18) **PREFERENTIAL ALLOTMENT OF SHARES:** The company has not made any preferential allotment of shares to the parties covered in the register maintained under Sec. 301 of the Companies Act, 1956.\
- (19) **DEBENTURES:** The company has not issued any debentures during the year.
- (20) **PUBLIC ISSUE:** The company has not raised any money through public issues during the year.
- (21) **FRAUD AND INTENTIONAL MISREPRESENTATION:** Based upon the audit procedures performed and on the basis of the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year.

**For M/s.G.BALU ASSOCIATES**  
*Chartered Accountants*

**G. BALASUBRAMANYAN**  
*PARTNER*

Membership Number: 7628

Place : Chennai  
Date : 30.05.2009

**UCAL FUEL SYSTEMS LIMITED****BALANCE SHEET AS AT 31ST MARCH 2009**

	SCHEDULE	As at 31.03.2009	As at 31.03.2008
Rs. in Lakhs			
<b>I) SOURCES OF FUNDS</b>			
<b>1) Shareholders' Funds</b>			
a) Capital	1	<b>1,389.60</b>	1,389.60
b) Reserves & Surplus	2	<b>18,236.04</b>	18,231.86
		<b>19,625.64</b>	19,621.46
<b>(2) Loan Funds</b>			
a) Secured Loans	3	<b>15,602.06</b>	14,019.49
b) Unsecured Loans	4	<b>2,689.59</b>	480.91
		<b>18,291.65</b>	14,500.40
<b>(3) Deferred Tax Liability</b>	5	<b>1,802.19</b>	1,715.76
		<b>39,719.48</b>	<b>35,837.62</b>
<b>II) APPLICATION OF FUNDS</b>			
<b>(1) Fixed Assets</b>			
Gross Block	6	<b>27,604.56</b>	24,996.28
Less: Depreciation		<b>14,559.37</b>	12,988.50
Net Block		<b>13,045.19</b>	12,007.78
Capital Work in Progress		<b>874.02</b>	1,637.96
		<b>13,919.21</b>	13,645.74
<b>(2) Investments</b>	7	<b>16,735.57</b>	11,595.19
<b>(3) (i) Current Assets, Loans and Advances</b>			
Inventories	8	<b>2,972.24</b>	2,947.15
Sundry Debtors	9	<b>4,750.15</b>	5,048.39
Cash and Bank Balances	10	<b>80.67</b>	130.85
Loans and Advances	11	<b>8,751.90</b>	10,766.50
		<b>16,554.96</b>	18,892.89
<b>Less: (ii) Current Liabilities and Provisions</b>	12	<b>9,648.86</b>	10,208.41
Net Current Assets (i) - (ii)		<b>6,906.10</b>	8,684.48
<b>(4) Miscellaneous Expenditure</b> (to the extent not written off or adjusted)	13	<b>2,158.60</b>	1,912.21
		<b>39,719.48</b>	<b>35,837.62</b>
Notes to the Accounts	19		
The Schedules referred to above form part of the Accounts.			

**S.MUTHUKRISHNAN**  
CHAIRMAN

**P.P.R. RAO**  
EXECUTIVE DIRECTOR

Place : Chennai  
Date : 30.05.2009

**K.JAYAKAR**  
VICE CHAIRMAN  
& MANAGING DIRECTOR

**S.R.SRIDHAR**  
COMPANY SECRETARY

**S. BADRINARAYANAN**  
VICE PRESIDENT  
(FINANCE)

As per our report of even date attached  
**For M/s. G. BALU ASSOCIATES**  
Chartered Accountants

**G.BALASUBRAMANYAN**  
Partner

**UCAL FUEL SYSTEMS LIMITED**

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2009**

	SCHEDULE	For the year Ended 31.03.2009	Previous year Ended 31.03.2008
		Rs. in Lakhs	
<b>INCOME</b>			
Sales		33,996.51	34,622.85
Service (Machining Charges) (TDS Rs. 4.05 Lakhs Previous Year Rs. 5.23 Lakhs)		219.09	254.28
Less: Excise Duty		4,189.94	5,100.02
		<u>30,025.66</u>	<u>29,777.11</u>
Other Income	14	312.68	897.78
		<u>30,338.34</u>	<u>30,674.89</u>
<b>EXPENDITURE</b>			
Consumption of Raw Materials, Components etc.,	15	17,750.18	18,013.51
Employees' Remuneration and other Benefits	16	2,934.86	2,799.31
Manufacturing & Other Expenses	17	5,097.90	5,701.66
Interest	18	2,527.61	1,569.29
Depreciation		1,848.23	1,583.28
Profit for the Year		179.56	1,007.84
		<u>30,338.34</u>	<u>30,674.89</u>
Profit before Taxation for the year		179.56	1,007.84
Less : Taxation for the year			
– Current Tax (including Wealth Tax)		(25.85)	(117.00)
– Deferred Tax		(86.43)	(138.36)
– Fringe Benefit Tax		(29.25)	(49.59)
Taxation Adjustments of Previous years (Net)		–	(83.36)
		<u>38.03</u>	<u>619.53</u>
Add/(Less) Prior period Adjustment (Net)		(33.85)	27.75
Provision no longer required		–	2.40
Balance of Profit brought forward from last year		5,920.35	5,633.25
		<u>5,924.53</u>	<u>6,282.93</u>
<b>APPROPRIATIONS :</b>			
Transfer to General Reserve		–	200.00
Dividend		–	138.96
Tax on Dividend		–	23.62
Balance carried to Balance Sheet		5,924.53	5,920.35
		<u>5,924.53</u>	<u>6,282.93</u>
Earnings Per Share (Basic and Diluted) in Rs. (Face Value of Rs.10 each)		0.27	4.45
Weighted average number of equity shares		13,896,000	13,896,000
Notes to the Accounts	19		
The Schedules referred to above from part of the Accounts			

**S.MUTHUKRISHNAN**  
CHAIRMAN

**P.P.R. RAO**  
EXECUTIVE DIRECTOR

Place : Chennai  
Date : 30.05.2009

**K.JAYAKAR**  
VICE CHAIRMAN  
& MANAGING DIRECTOR

**S.R.SRIDHAR**  
COMPANY SECRETARY

**S. BADRINARAYANAN**  
VICE PRESIDENT  
(FINANCE)

As per our report of even date attached  
**For M/s. G. BALU ASSOCIATES**  
Chartered Accountants

**G.BALASUBRAMANYAN**  
Partner

**UCAL FUEL SYSTEMS LIMITED****CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2009**

	<b>For the year Ended 31.3.2009</b>	For the year Ended 31.3.2008
	Rs. in Lakhs	
A. Cash Flow from Operating Activities:		
Net Profit before tax and extraordinary items	<b>163.36</b>	982.78
Adjustments for :		
Miscellaneous Expenditure written off	<b>156.42</b>	145.38
Depreciation/Assets Discarded	<b>1,848.23</b>	1,583.31
Interest Expense	<b>2,527.61</b>	1,569.29
Interest Income	<b>(114.81)</b>	(683.99)
Dividend Income	<b>(25.50)</b>	(25.38)
Operating Profit before Working Capital changes	<b>4,555.31</b>	3,571.39
Adjustments for :		
Debtors	<b>298.24</b>	(763.04)
Inventories	<b>(25.09)</b>	(610.38)
Loans and Advances	<b>1,958.55</b>	(1,199.94)
Trade Payables	<b>(593.16)</b>	3,507.27
Prior period Adjustments	<b>(33.85)</b>	30.15
Cash generated from Operations	<b>6,160.00</b>	4,535.45
Income - Tax paid	<b>(56.06)</b>	(65.37)
Net cash from Operating Activities - "A"	<b>6,103.94</b>	4,470.08
B. Cash flow from Investing Activities		
Purchase of Fixed Assets	<b>(2,616.26)</b>	(5,154.92)
Product Development & Research Expenses	<b>(402.79)</b>	(448.25)
Capital Work-In-Progress	<b>763.94</b>	558.03
Sale of Fixed Assets	-	87.88
Sale of Investments	<b>273.44</b>	250.00
Purchase of Investments	<b>(5,413.82)</b>	-
Interest Received	<b>114.81</b>	11.84
Dividend Received	<b>25.50</b>	25.38
Net cash used in Investing Activities - "B"	<b>(7,255.18)</b>	(4,670.04)

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**UCAL FUEL SYSTEMS LIMITED**

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**C. Cash flow from Financing Activities**

Proceeds from Borrowings / Repayment of Loans	<b>3,791.25</b>	1,635.18
Dividend paid including Tax on Dividend	<b>(162.58)</b>	(162.58)
Interest Paid	<b>(2,527.61)</b>	(1,566.31)
Net cash used in Financing Activities - "C"	<b>1,101.06</b>	(93.71)
Net increase in Cash and Cash Equivalents - "A+B+C"	<b>(50.18)</b>	(293.67)
Cash and Cash Equivalents as at the beginning	<b>130.85</b>	424.52
Cash and Cash Equivalents as at the end	<b>80.67</b>	130.85

**Notes :**

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

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**S.MUTHUKRISHNAN**  
*CHAIRMAN*

**K.JAYAKAR**  
*VICE CHAIRMAN*  
& *MANAGING DIRECTOR*

As per our report of even date attached  
**For M/s. G. BALU ASSOCIATES**  
*Chartered Accountants*

**P.P.R. RAO**  
*EXECUTIVE DIRECTOR*

**S.R.SRIDHAR**  
*COMPANY SECRETARY*

**G.BALASUBRAMANYAN**  
*Partner*

**S. BADRINARAYANAN**  
*VICE PRESIDENT*  
*(FINANCE)*

Place : Chennai  
Date : 30.05.2009

**UCAL FUEL SYSTEMS LIMITED****Schedules annexed to the Balance Sheet**

	<b>As at 31.03.2009</b>	<b>As at 31.03.2008</b>
<b>SCHEDULE - 1</b>		
Rs. in Lakhs		
<b>CAPITAL</b>		
Authorised		
600,00,000 (Previous Year 600,00,000) Equity shares of Rs.10/- each	<b><u>6,000.00</u></b>	<b><u>6,000.00</u></b>
Issued,Subscribed and Paid - Up		
1,38,96,000 (Previous Year 1,38,96,000) Equity shares of Rs 10/- each (Includes 81,06,000 fully paid Bonus Shares issued by Capitalisation of Share Premium and General Reserve)	<b><u>1,389.60</u></b>	<b><u>1,389.60</u></b>
<b>SCHEDULE - 2</b>		
<b>RESERVES AND SURPLUS</b>		
Special State Capital Subsidy	<b>282.85</b>	282.85
General Reserve:		
As per last Balance Sheet	<b>12,028.66</b>	11,828.66
Add: Transferred from Profit and Loss Account	—	200.00
	<b><u>12,028.66</u></b>	<u>12,028.66</u>
Profit and Loss Account	<b><u>5,924.53</u></b>	<u>5,920.35</u>
	<b><u>18,236.04</u></b>	<u>18,231.86</u>
<b>SCHEDULE - 3</b>		
<b>SECURED LOANS</b>		
Term Loan		
– From Financial Institutions	<b>4,871.83</b>	8,185.21
– From Banks	<b>5,172.24</b>	3,024.67
Cash Credit from Banks	<b><u>5,557.99</u></b>	<u>2,809.61</u>
	<b><u>15,602.06</u></b>	<u>14,019.49</u>
<b>SCHEDULE - 4</b>		
<b>UNSECURED LOANS</b>		
Interest free Sales Tax loan	<b>19.59</b>	80.91
Inter Corporate Deposit	<b>2,400.00</b>	400.00
Short Term Loan - IDBI	<b><u>270.00</u></b>	<u>—</u>
	<b><u>2,689.59</u></b>	<u>480.91</u>
<b>SCHEDULE - 5</b>		
<b>DEFERRED TAX LIABILITY</b>		
Arising on account of Timing Differences in :		
Depreciation	<b>1,802.19</b>	1,715.76

**UCAL FUEL SYSTEMS LIMITED**

**SCHEDULE - 6  
FIXED ASSETS**

Rs. in Lakhs

DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	AS AT 01.04.2008	ADDITIONS	DEDUCTIONS	TOTAL AS AT 31.03.2009	UP TO 31.03.2008	FOR THE YEAR	ON DEDUCTIONS	UP TO 31.03.2009	AS AT 31.03.2009	AS AT 31.03.2008
<b>LAND</b>										
- FREE HOLD	397.75	276.75	-	674.50	-	-	-	-	674.50	397.75
- LEASE HOLD	49.20	360.62	-	409.82	-	-	-	-	409.82	49.20
<b>BUILDINGS</b>	2,365.17	105.42	-	2,470.59	376.47	75.63	-	452.10	2,018.49	1,988.70
<b>PLANT &amp; MACHINERY</b>	19,369.22	1,847.35	264.97	20,951.60	10,379.24	1,600.29	247.85	11,731.68	9,219.92	8,989.99
<b>OFFICE EQUIPMENT</b>	221.50	8.46	3.09	226.87	155.94	25.56	2.63	178.87	48.00	65.56
<b>FURNITURE &amp; FIXTURE</b>	345.09	179.52	2.25	522.36	222.16	24.13	1.19	245.10	277.26	122.93
<b>VEHICLES</b>	198.91	7.83	25.79	180.95	138.46	24.31	25.69	137.08	43.87	60.45
<b>TECHNICAL KNOW-HOW FEE</b>	2,049.44	118.43	-	2,167.87	1,716.23	98.31	-	1,814.54	353.33	333.20
<b>TOTAL</b>	24,996.28	2,904.38	296.10	27,604.56	12,988.50	1,848.23	277.36	14,559.37	13,045.19	12,007.78
PREVIOUS YEAR	19,949.20	5,154.92	107.84	24,996.28	11,425.18	1,583.28	19.96	12,988.50		
Capital Work in Progress & Capital Advances include Advances to Subsidiary Company Rs.16,06,780/- (Previous Year Rs.62,61,181)									874.02	1,637.96
									13,919.21	13,645.74

## UCAL FUEL SYSTEMS LIMITED

	As at 31.03.2009	As at 31.03.2008
<b>SCHEDULE - 7</b>		Rs. in Lakhs
<b>INVESTMENTS (AT COST)</b>		
<b>LONG TERM INVESTMENTS</b>		
NON-TRADE-QUOTED:		
1,900 (Previous Year 1,900) Fully paid up Equity Shares of Rs.10/- each of HDFC Bank Ltd Market Value Rs. 18,38,919/- (Previous Year Rs. 25,29,375/-)	0.19	0.19
15,578 (Previous Year 14,240) Fully paid up Equity Shares of Rs.10/- each of Industrial Development Bank of India Ltd Market Value Rs. 7,07,241/- (Previous Year Rs.13,88,000/-)	2.69	2.69
200 (Previous Year 200) Fully paid up Equity Shares of Rs.10 each of Corporation Bank, Market Value Rs. 35,970/- (Previous year Rs.56,400/-)	0.16	0.16
23,436 (Previous Year 23,436 Bonds) 6.75% Tax Free bonds, 2008 of Unit Trust of India of Rs. 100/- each.	-	15.20
NON-TRADE-UNQUOTED:		
1,46,10,000 (Previous Year 86,10,000) Equity Shares of Ucal Machine Tools Limited of Rs. 10/- each (**)	1,106.01	1,106.01
12,50,000 (Previous Year 12,50,000) Equity Shares of Ucal Polymer Industries Limited of Rs. 10/- each (**)	128.59	128.59
5,00,000 (Previous Year 5,00,000) 8% Cumulative Redeemable Preference Shares, 2008 of Bharat Technologies Auto Components Limited of Rs.100/- each	-	250.00
1,000 (Previous Year 1,000) Equity Shares of Amtec Precision Products Inc of USD 0.01/- each (**)	10,086.90	10,086.90
Additional Investment in Equity Shares of Amtec Precision Products Inc (**)	5,405.58	
<b>UNITS</b>		
QUOTED		
1,00,000 (Previous Year 1,00,000) Units of Canfortune 94 of Rs. 10 each Market Value 31,12,000/- (Previous Year Rs. 36,86,000/-)	5.45	5.45
	<b>16,735.57</b>	<b>11,595.19</b>
(**) - Investments in Subsidiary Companies		



**UCAL FUEL SYSTEMS LIMITED**

	<b>As at 31.03.2009</b>	As at 31.03.2008
	Rs. in Lakhs	
<b>SCHEDULE - 11</b>		
<b>LOANS AND ADVANCES</b>		
Unsecured, considered good		
Advances recoverable in cash or in kind or for value to be received	<b>1,813.68</b>	731.25
Loans & Advances – Subsidiary Company	<b>3,699.60</b>	6,743.96
Advance Income Tax and TDS	<b>1,854.76</b>	2,183.71
Advance Fringe Benefit Tax	<b>111.01</b>	164.03
Balance with Excise	<b>790.20</b>	400.58
Other Deposits	<b>482.65</b>	542.97
	<b>8,751.90</b>	10,766.50
<b>SCHEDULE - 12</b>		
<b>CURRENT LIABILITIES AND PROVISIONS</b>		
<b>CURRENT LIABILITIES</b>		
Sundry Creditors		
– Purchases		
- Small Scale Industrial Undertakings	<b>35.80</b>	45.68
- Others	<b>5,107.27</b>	5,139.19
- Subsidiary companies	<b>656.06</b>	358.62
Unclaimed Dividend	<b>37.79</b>	34.92
Unclaimed Matured Deposits	<b>0.69</b>	0.69
Other Liabilities	<b>1,762.76</b>	2,615.46
Advance from Customers	<b>317.30</b>	84.05
Interest accrued but not due on loans	<b>2.62</b>	27.30
	<b>7,920.29</b>	8,305.91
<b>PROVISIONS</b>		
Provision for Income tax	<b>1,548.13</b>	1,528.56
Provision for Fringe Benefit tax	<b>124.79</b>	165.22
Proposed Dividend	–	138.96
Tax on Dividend	–	23.62
Employee Benefits	<b>55.65</b>	46.14
	<b>1,728.57</b>	1,902.50
	<b>9,648.86</b>	10,208.41
<b>SCHEDULE - 13</b>		
<b>MISCELLANEOUS EXPENDITURE</b>		
(to the extent not written off or adjusted)		
Product Development Expenses	<b>194.59</b>	351.00
Research Expenses	<b>1,964.01</b>	1,561.21
	<b>2,158.60</b>	1,912.21

**UCAL FUEL SYSTEMS LIMITED**

For the year ended 31.03.2009      For the previous year ended 31.03.2008

Rs. in Lakhs

**SCHEDULE - 14****OTHER INCOME**

Interest received (TDS Rs.NIL/- Previous Year Rs.2,63 Lakhs)	114.81	683.99
Miscellaneous Income	156.17	186.33
Profit on sale of Assets	7.96	2.08
Profit on sale of Investments	8.24	—
Dividends	25.50	25.38
	<u>312.68</u>	<u>897.78</u>

**SCHEDULE - 15****CONSUMPTION OF RAW MATERIALS,  
COMPONENTS AND FINISHED GOODS**

Opening Stock	1,635.36	1,261.08
ADD: Purchases		
Raw Materials	3,014.84	2,679.05
Components	12,646.80	13,700.49
Outworks	2,232.51	2,147.19
	<u>17,894.15</u>	<u>18,526.73</u>
	19,529.51	19,787.81
LESS: Closing Stock		
Raw Materials	31.58	43.56
Components	1,269.02	1,004.50
Work-in-progress	580.48	587.29
	<u>1,881.08</u>	<u>1,635.35</u>
	17,648.43	18,152.46
Add : Purchase of Traded Goods	76.67	34.78
Increase / (Decrease) in Finished Goods Stock	(25.08)	173.73
	<u>17,750.18</u>	<u>18,013.51</u>

**SCHEDULE - 16****EMPLOYEES REMUNERATION AND OTHER BENEFITS**

Salaries and Wages	2,447.49	2,303.90
Contribution to Provident Fund and other funds	211.24	205.70
Staff Welfare Expenses	276.13	289.71
	<u>2,934.86</u>	<u>2,799.31</u>

**UCAL FUEL SYSTEMS LIMITED**

**For the year**    For the previous year  
**ended 31.03.2009**    ended 31.03.2008  
Rs. in Lakhs

**SCHEDULE - 17****MANUFACTURING AND OTHER EXPENSES**

Tools and stores consumed	<b>839.31</b>	1,118.94
Power and Fuel	<b>588.56</b>	498.61
(+) Increase / (-) Decrease in Excise Duty Provision	<b>(21.10)</b>	(33.20)
Repairs and Maintenance		
- Building	<b>12.10</b>	9.51
- Plant and Machinery	<b>362.84</b>	332.54
- Others	<b>46.01</b>	249.78
Postage, Telephone, Fax, etc.	<b>52.41</b>	75.20
Insurance	<b>73.14</b>	78.07
Rates and Taxes	<b>14.58</b>	15.59
Rent	<b>172.14</b>	149.31
Directors' sitting fees	<b>13.10</b>	14.00
Auditors' Remuneration	<b>13.25</b>	12.31
Travelling and Conveyance	<b>221.97</b>	374.19
Discounts Allowed	<b>156.75</b>	71.06
Packing Charges	<b>229.50</b>	230.13
Royalties	<b>68.57</b>	67.60
Research and Development Expenses	<b>502.39</b>	605.08
Other Expenses	<b>1,619.53</b>	1,646.44
Fixed Assets Discarded	-	0.03
Loss on sale of assets	-	11.65
Loss on Exchange Fluctuation	<b>132.85</b>	174.82
	<b>5,097.90</b>	5,701.66

**SCHEDULE -18****INTEREST**

Term Loans	<b>1,193.91</b>	1,058.05
Others	<b>1,333.70</b>	511.24
	<b>2,527.61</b>	1,569.29

**SCHEDULE – 19 NOTES TO THE ACCOUNTS**

**1. ACCOUNTING POLICIES**

**a. System of Accounting**

The company adopts the accrual concept in the preparation of accounts except for warranty claims which are accounted on cash basis since it is difficult to estimate such liability.

**b. Method of Accounting**

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

**c. Fixed Assets**

Fixed Assets are stated at cost less accumulated depreciation. Depreciation has been provided on the straight line method on pro-rata basis at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956 except in the case of following assets where a higher rate is charged having regard to their useful economic life:

Computers	25%
Air Conditioners	20%
Furniture & Fittings	10%
Factory Equipments	10%
Imported Dies	33 <sup>1</sup> / <sub>3</sub> %
Indigenous moulds/dies	100%
Vehicles	20%
Office Equipments	20%

No provisions are made in respect of leasehold land.

**d. Assets acquired under Lease**

In respect of assets acquired under operating lease, rentals payable are charged to Profit and Loss account. Assets acquired under finance lease are prior to 1.4.2001 and rentals payable thereon are charged to Profit and Loss account and future rentals are disclosed as commitments.

**e. Borrowing Costs**

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

**f. Investments**

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

**g. Subsidy**

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

## UCAL FUEL SYSTEMS LIMITED

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### **h. Sundry Debtors and Loans & Advances**

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

### **i. Inventories**

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

### **j. Foreign Currency Transactions**

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

### **k. Research & Development**

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

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

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

### **l. Retirement Benefits**

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

### **m. Miscellaneous Expenditure**

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

### **n. Software Expenditure :**

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

### **o. Taxation :**

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

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

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

## UCAL FUEL SYSTEMS LIMITED

	<b>For the year ended 31.03.2009</b>	<b>For the previous year ended 31.03.2008</b>
	Rs. in Lakhs	
2 Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	<b>703.38</b>	621.76
3 Contingent Liabilities not provided for		
(a) On guarantees given by Bankers	<b>82.38</b>	82.38
(b) On guarantees given by the company on behalf of Subsidiary companies	<b>18,752.00</b>	15,331.20
(c) Letter of Credit opened by banks	<b>896.32</b>	593.41
(d) Taxation matters under appeal	<b>3,054.05</b>	2,826.53
(e) ESI demand under dispute	<b>2.93</b>	2.93
4 (a) Remuneration to Directors :		
Sitting fees	<b>13.10</b>	14.00
Salaries	<b>101.94</b>	186.25
Commission	-	-
Other perquisites	<b>3.52</b>	13.50
Contribution to Provident, Superannuation and other funds	<b>17.66</b>	23.29
(b) Computation of net profits in accordance with Sections 198 & 349 of the Companies Act, 1956 and the Commission payable to Managing Director / Whole time Directors / Non Whole time Directors		
Net profit after Depreciation	<b>179.56</b>	1,007.84
Add : Remuneration paid to Directors	<b>136.22</b>	237.04
Loss on sale of assets as per books	<b>38.63</b>	11.65
Loss on discarded assets	-	2.40
Provision no longer required	-	-
	<b>174.85</b>	251.09
	<b>354.41</b>	<b>1,258.93</b>
Less : Capital profit on sale of assets / Investments	<b>8.24</b>	70
Prior Period items	<b>33.85</b>	(27.75)
Reversal of provision for doubtful debts	<b>42.09</b>	(27.05)
Net profit for the purpose of sections 198(1)/349	<b>312.32</b>	1,285.98
(i) Commission payable to Managing Director and Whole time Directors as per terms of appointment	<b>NIL</b>	<b>NIL</b>
(ii) Commission payable to Non Whole time Directors @ 1% on Net profit	-	-

In the absence of sufficient profits for the current year, remuneration paid to wholetime directors as approved by the shareholders, are subject to confirmation by the Central Government.

Remuneration to Managing Director for the period from 1.11.2008 to 31.3.2009, a sum of Rs. 47,90,0000 has not been provided as decided in the Audit Committee meeting held on 28.01.2009.

## UCAL FUEL SYSTEMS LIMITED

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5. In the opinion of Directors the diminution in the value of investment in the subsidiary M/s. Amtec Precision Products Inc., USA viz., Capital Rs. 15,492.48 Lakhs, Advances Rs. 3,699.60 Lakhs, Receivables Rs. 450.03 Lakhs, Guarantees Rs. 16,204.80 Lakhs and Net Worth of the Company as on 31.03.2009 as per CPA Report Rs. – 7628.15 Lakhs, is of temporary nature arising out of market forces and is not expected to ultimately arise.
6. Amount due from the officers of the company: Rs. NIL (previous year Rs.1.50 lakhs). Maximum amount due at any time during the year was Rs. NIL (previous year Rs.1.50 lakhs)
7. Technical know-how Fee is being written off over a period of 6 years.
8. Sundry creditors – Other liabilities include Rs. 2.85 lakhs (previous year Rs.7.67 lakhs) due to Directors.
9. The details on Micro, Small and Medium Enterprises under the Micro, Small & Medium Enterprises Development Act (MSMED) 2006 have been determined based on the information available with the company. The required disclosures under MSMED Act are given below:

Particulars	Amount
a. Principal amount remaining unpaid and Interest due thereon	Rs. 33.17 lakhs
b. Interest due and payable for the period of delay in payment	Rs. 2.41 lakhs
c. Interest accrued and remaining unpaid	Rs. 2.62 lakhs

10. Balance Confirmations have been received only in a few cases. Hence the balances of advances, debtors and creditors are taken on the basis of book figures and are subject to confirmation. However in the opinion of the Board, Current Assets, Loans and Advances have a value on realization in the ordinary course of business atleast equal to the amount at which they are stated. The provision made in the accounts for depreciation and for all other known liabilities is considered adequate and not in excess of the amounts reasonably necessary.
11. Research and Development expenditure includes salaries, wages and bonus amounting to Rs. 330.43 lakhs (previous year Rs. 284.62 lakhs) and travel expenses Rs.20.66 (Previous year Rs. 59.36 lakhs) transferred from their respective accounts.
12. Electricity charges debited to Profit & Loss account is net of Rs.90.92 lakhs (previous year Rs.96.51 lakhs) being the electricity generated through Wind Electric Generators.
13. Working capital facilities from banks are secured by hypothecation of raw materials, work-in-progress, finished goods and book debts, outstanding monies, receivable claims, bills contracts, engagements and securities on pari passu basis and also secured by pari passu second charge on the immovable properties of the company.

The term loan and working capital loan from Financial Institutions are secured by first charge by way of mortgage of immovable properties and hypothecation of all movable fixed assets of the company. In respect of the term loan availed for the construction of the new facility at Maraimalai Nagar, exclusive charge on the Assets including mortgage over the lease hold rights has been offered to the Banks funding the term loan.

14. Expenditure incurred on project for manufacture of two/three wheeler injection parts is carried forward as product development expenses and amortised over a period of five years from the month of commencement of production. Of this, an amount of Rs.156.42 in lakhs (previous year Rs. 145.38 lakhs ) has been written off during the year.
15. Amount included under sundry debtors and due from Amtec Precision Products Inc., a wholly owned subsidiary company is Rs. 450.03 lakhs (more than six months amounting to Rs.450.03 lakhs) (previous year Rs. 450.03 lakhs)
16. The disclosures required under the Accounting Standard 15 (Employee benefits) notified in the companies (Accounting Standards) Rules 2006 are given below.

**Defined contribution plan:**

Contribution to defined contribution plans are charged in the Profit & Loss Account for the year:

Employers Contribution to Provident Fund:- Rs. 64.44 lakhs

Employers Contribution to Pension Scheme:- Rs.52.72 lakhs

Employers Contribution to Superannuation Scheme:- Rs 22.11 lakhs

**Defined Benefit Plan:**

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

## UCAL FUEL SYSTEMS LIMITED

Disclosures for defined benefit plans based on actuarial reports as on 31<sup>st</sup> March 2009 :

Description	Rs in Lakhs	
	Funded	Non-Funded
	Gratuity	Leave encashment
<b>(i) Change in defined benefit obligation</b>		
Opening defined benefit obligation	234.74	46.15
Current Service cost	21.20	9.50
Interest Cost	14.88	–
Actuarial loss / (gain)	34.20	–
Benefits paid	44.15	–
Closing defined benefit obligation	263.00	55.65
<b>(ii) Change in fair value of assets</b>		
Opening fair value of plan assets	177.66	–
Expected return on plan assets	14.88	–
Actuarial gain / (loss)	3.34	–
Contributions by employer	60.91	–
Benefits paid	44.15	–
Closing fair value of plan assets	212.64	–
<b>(iii) Amount recognized in the Balance Sheet</b>		
Present value of obligations as at year end	263.00	9.50
Fair value of plan assets as at year end	212.64	–
Amount not recognized as an assets	–	–
Net (asset) / liability recognized as on 31.03.09	50.37	–
<b>(iv) Expenses recognized in the profit &amp; loss account</b>		
Current service cost	21.20	20.53
Interest on defined benefit obligation	17.01	–
Expected return on plan assets	14.88	–
Net actuarial loss / (gain) recognized in the current year	30.86	–
<b>(v) Principal actuarial assumptions used</b>		
Discount rate (p.a)	8%	–
Expected rate of return on plan assets (p.a)	8.%	–
Salary Escalation (p.a)	5%	–
Attrition rate (p.a)	1-3%	–

**UCAL FUEL SYSTEMS LIMITED**

**17. Installed capacity \* (Quantity in Nos.)**

<b>Class of Goods</b>	<b>31.03.2009</b>	<b>31.03.2008</b>
4 wheeler Carburettor	240,000	240,000
Fuel pump	240,000	240,000
2 wheeler carburettor	2,400,000	2,400,000
Genset carburettor	36,000	36,000
Oil pump	36,000	36,000
Throttle body assembly	1,000,000	1,000,000
Delivery pipe assembly	1,000,000	1,000,000
Air suction valve	3,000,000	3,000,000
Fuel filter	720,000	720,000
Electric Throttle Valve	260,000	260,000
Oil pump (Diesel Engine applications)	240,000	96,000
Vacuum Pump	240,000	96,000
Machined Castings	2,000,000	1,500,000

\* As certified by the Management

**18. Detailed information in respect of opening and closing stocks, production and sales in respect of each class of goods produced**

For the year ended 31.03.2009

Class of goods	Opening Stock Qty. Nos.	Production Qty. Nos.	Sales Qty. Nos.	Samples & Qty. Nos.	Value Rs.in Lakhs	Closing Stock Qty. Nos.
4 wheeler Carburettor	<b>565</b> (804)	<b>68,017</b> (114,426)	<b>68,421</b> (114,635)	<b>(798)</b> (30)	<b>1,039.87</b> (2,197.32)	<b>959</b> (565)
Fuel pump	<b>372</b> (622)	<b>129,589</b> (135,200)	<b>129,649</b> (135,450)	<b>-</b> -	<b>223.85</b> (412.17)	<b>312</b> (372)
2 wheeler carburettor	<b>8,402</b> (8,347)	<b>1,714,929</b> (1,770,109)	<b>1,723,991</b> (1,757,909)	<b>(8,239)</b> (12,145)	<b>10,002.53</b> (12,275.81)	<b>7,579</b> (8,402)
Genset carburettor	<b>300</b> (514)	<b>23,945</b> (22,598)	<b>23,426</b> (22,547)	<b>502</b> (265)	<b>89.48</b> (96.74)	<b>317</b> (300)
Oil pump	<b>85</b> (85)	<b>65,075</b> -	<b>60,934</b> -	<b>305</b> -	<b>498.43</b> -	<b>3,921</b> (85)
Throttle body assembly	<b>10,623</b> (4,775)	<b>783,569</b> (928,026)	<b>791,378</b> (922,030)	<b>238</b> (148)	<b>6,246.39</b> (8,933.45)	<b>2,576</b> (10,623)
Delivery pipe assembly	<b>6,050</b> (4,262)	<b>785,518</b> (962,624)	<b>788,741</b> (958,104)	<b>140</b> (2,732)	<b>2,854.13</b> (3,752.94)	<b>2,687</b> (6,050)
Air suction valve	<b>7,535</b> (7,026)	<b>2,189,575</b> (2,018,954)	<b>2,188,815</b> (2,015,604)	<b>2,843</b> (2,841)	<b>3,853.01</b> (3,875.08)	<b>5,452</b> (7,535)
Fuel filter	<b>4,968</b> (10,871)	<b>538,690</b> (690,771)	<b>537,116</b> (696,576)	<b>-</b> (98)	<b>569.34</b> (1,171.16)	<b>6,542</b> (4,968)
Electric Throttle Valve	<b>210</b> (NIL)	<b>79,770</b> (165,573)	<b>79,710</b> (165,360)	<b>-</b> (3)	<b>111.07</b> (200.93)	<b>270</b> (210)
Machined Castings	<b>93,069</b>	<b>1,514,322</b> (550,438)	<b>1,591,067</b> (457,369)	<b>5,561</b>	<b>2,346.94</b> (636.75)	<b>10,763</b> (93,069)
Vacuum Pump	<b>-</b>	<b>64,709</b>	<b>60,728</b>	<b>10</b>	<b>327.30</b>	<b>3,971</b>
Others					<b>1,644.22</b> (1,070.48)	

**Note:**

- Figures in brackets are in respect of previous financial year.
- Closing balance of finished goods shown above are after adjustments for returns, samples and others.

## UCAL FUEL SYSTEMS LIMITED

### 19. Raw materials and Components consumed

	For the year 2008-09		For the previous year 2007-08	
	Qty. Kg.	Value Rs. in Lakhs	Qty. Kg.	Value Rs. in Lakhs
A) Raw material				
ADC - 12 Aluminium Alloy	1,725,827	1,890.92	1,422,468	1,587.73
ADC - 10 Aluminium Alloy	493,886	535.12	142,555	164.34
ZDC- Zinc Alloy	366,894	383.88	471,832	744.34
B) Other components and raw materials (which do not individually account for more than 10% of the total consumption)		14,838.51		15,656.05
Total		<u>17,648.43</u>		<u>18,152.46</u>

Consumption of Traded Goods not included in the above

### 20. Value and percentage of consumption of imported and indigenous Raw materials and Components

	For the year ended 2008-09				For the previous year ended 2007-08			
	RAW MATERIALS		COMPONENTS		RAW MATERIALS		COMPONENTS	
	Value (Rs. in Lakhs)	%	Value (Rs. in Lakhs)	%	Value (Rs. in Lakhs)	%	Value (Rs. in Lakhs)	%
Imported	225.58	7.47%	4,285.25	29.18%	146.79	5.58%	5,039.83	32.40%
Indigenous	2,794.42	92.53%	10,402.03	70.82%	2,483.04	94.42%	10,517.58	67.60%
Total	3,020.00	100.00%	14,687.28	100.00%	2,629.83	100.00%	15,557.41	100.00%

	For the year ended 31.3.2009	For the previous year ended 31.3.2008
	Rs. in Lakhs	
21. Value of C.I.F Imports		
Raw Materials	217.45	158.13
Components and Spares	3,887.26	4,475.57
Capital Goods	1,547.53	1,503.64
Others	94.07	192.91
22. Earnings in Foreign Exchange (on cash basis)		
Exports	2,157.43	3,276.04
Recovery of expenses	-	33.39
23. Expenditure in Foreign Currency (on cash basis)		
Foreign travel	68.04	112.76
Royalty (net of tax)	401.80	-
Technical know-how & Guidance fees (net of tax)	711.22	63.55
Others	34.98	28.54

## UCAL FUEL SYSTEMS LIMITED

	For the year ended 31.3.2009	For the previous year ended 31.3.2008
	Rs. in Lakhs	
24. Dividends remitted in Foreign currency		
a. Number of non-resident shareholders		1
b. Number of shares held (Equity shares of Rs.10 each)	–	36,129.60
c. Amount remitted (Rs. in Lakhs)	–	36.13
d. Year to which dividend relates		2006-07
25. Auditors' remuneration		
For audit fees	10.00	10.00
For certificates	2.07	1.07
For Tax Audit	1.00	1.00
For out of pocket expenses	0.17	0.24
26. Prior period adjustment represents :		
Expenses relating to earlier years	67.72	12.03
Income relating to earlier years	(28.24)	(39.78)
Sundry balances written back	–	–
	39.48	(27.75)
27. Investment in cumulative redeemable preference shares 2008 of Bharat Technologies Auto Components Ltd (BTACL) :		
Preferential Shares issued by the Company BTACL were fully redeemed on 16 <sup>th</sup> May 2008. However, the Dividends amounting to a sum of Rs 160 lakhs on the redeemed preference shares has not been received from BTACL as on 31.3.2009. However the same was adjusted by the company against purchase price of EOU division of BTACL.		
28. An amount of Rs 198 Lakhs has been charged off in Revenue during the year and adjusted against the Lease Advance paid during earlier years to M/ S Minica Services Pvt Ltd.		
29. Assets acquired under operating Lease :		
The Company acquired certain assets under operating lease for a period of 3 years.		
Details of lease payments outstanding as at 31.3.2009 and amount paid during the year are given below:		
	Minimum lease payments (Due)	
Not later than one year	Rs. 5.28 Lakhs	
Later than one year and not later than five years	Rs.12.96 Lakhs	
Lease payments recognized in the Profit & Loss Account	Rs.17.01 Lakhs	
30. Related Party Disclosures		
I Name of the related parties and Relationship		
(i) SUBSIDIARIES OF THE COMPANY		
Ucal Machine Tools Limited		
Ucal Polymer Industries Limited		
Amtec Precision Products Inc., USA		
North American Acquisition Corporation		
Amtec Moulded Products Inc., USA		
(ii) ASSOCIATES / JOINT VENTURE ENTERPRISES		
Mikuni Corporation (Part of the year)		
(iii) Key Management Personnel		
Mr.K.Jayakar, Vice-Chairman and Managing Director		
Mr.R.Sundararaman, Executive Director (Part of the year)		
Mr P.P.R. Rao, Executive Director (Part of the year)		

## UCAL FUEL SYSTEMS LIMITED

Details of remuneration to directors is disclosed in note 4 of Schedule - 19

(iv) OTHER RELATED ENTERPRISES

- (1) Bharat Technologies Auto Components Limited
- (2) Mascon Global Limited
- (3) Minica Real Estates Private Limited
- (4) Minica Services (P) Limited

(v) RELATIVES OF KEY MANAGEMENT PERSONNEL

Dr. V. Krishnamurthy

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

II Details relating to parties referred to in items (i) (ii) (iv) & (v) above :

	<b>For the year ended 31.03.2009</b>			Rs. in Lakhs
	SUBSIDIARIES	ASSOCIATES / JT. VENTURE COMPANIES	OTHER RELATED ENTERPRISES	RELATIVES OF KEY MANAGEMENT PERSONNEL
Purchase of materials	<b>1,419.89</b> (1,448.71)	<b>566.62</b> (3,769.53)	-	-
Labour charges paid	<b>732.10</b> (718.21)	-	-	-
Service charges paid	<b>2.50</b> -	<b>54.81</b> (28.04)	-	<b>16.82</b> (16.85)
Lease charges paid	-	-	<b>2.72</b> (76.20)	-
Purchase of fixed assets	<b>313.87</b> (262.95)	-	-	-
Investment in Shares	<b>5,405.58</b> -	-	-	-
Technical Assistance fees paid	-	-	-	-
Rent paid	-	(8.61)	<b>198.00</b> -	-
Dividend paid	-	-	-	-
Interest income on loan given	<b>83.48</b> (678.02)	-	-	-
Sale of goods	-	<b>511.67</b> (2,961.46)	-	-
Sale of Fixed Assets	-	-	-	-
Recovery of Expenses	<b>34.17</b> (9.31)	-	-	-
Rent Deposit	-	-	-	-
	-	-	(8.99)	-

**UCAL FUEL SYSTEMS LIMITED**

Advance for purchase of Fixed Assets	<b>45.69</b> (62.31)	–	<b>927.72</b> –	–
Loans given	<b>2,064.09</b> (580.14)	–	–	–
Loans repaid	–	–	–	–
Dividend Income	– (25.00)	–	–	–
Rent Deposit	<b>95.89</b> –	–	<b>100.62</b> –	–
Outstanding payables, Net of receivables	<b>739.52</b> –	– (2,083.70)	–	–
Outstanding receivables Net of payables	– (7,219.15)	–	– (214.30)	–

Figures in brackets represent corresponding amount of previous year.

**Notes:**

- Joint Venture with Mikuni Corporation ceased to exist from 24th May 2008.
- There are no transactions exceeding 10% with respect to one related party that are not disclosed.
- An Amount of Rs.54.05 Crores has been converted in to Equity Shares in the Subsidiary Company M/s. Amtec Precision Products Inc., USA during the year, out of the Loans extended during the year.
- Earnings Per Share (EPS) calculation (basic and diluted) :

	Unit	<b>For the year ended 2008-2009</b>	For the previous year ended 2007-2008
a) Amount used as the numerator Profit after taxation	Rs. in Lakhs	<b>38.03</b>	619.53
b) Weighted average number of equity shares used as the denominator	No.	<b>13,896,000</b>	13,896,000
c) Nominal value of shares	Rs. in Lakhs	<b>1,389.60</b>	1,389.60
d) Earnings Per share	Rs.	<b>0.27</b>	4.45

- Previous year's figures have been regrouped wherever necessary to confirm to current year's classification.
- Figures have been rounded off to the nearest Lakhs.

**S.MUTHUKRISHNAN**  
*CHAIRMAN*

**K.JAYAKAR**  
*VICE CHAIRMAN  
& MANAGING DIRECTOR*

As per our report of even date attached  
**For M/s. G. BALU ASSOCIATES**  
*Chartered Accountants*

**P.P.R. RAO**  
*EXECUTIVE DIRECTOR*

**S.R.SRIDHAR**  
*COMPANY SECRETARY*

**G.BALASUBRAMANYAN**  
*Partner*

Place : Chennai  
Date : 30.05.2009

**S. BADRINARAYANAN**  
*VICE PRESIDENT  
(FINANCE)*

## UCAL FUEL SYSTEMS LIMITED

### BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

#### I. Registration Details

For the year 2008-09

Registration No.12343 State Code :18  
Balance Sheet Date : 31.03.2009

#### II. Capital raised during the year ( Amount in Rs.Thousands)

Public Issue : Nil Rights Issue : Nil  
Bonus Issue : Nil Private Placement : Nil

#### III. Position of mobilisation and deployment of funds (Amount in Rs.Thousands)

Total Liabilities	39,71,948	Total Assets	39,71,948
SOURCE OF FUNDS		APPLICATION OF FUNDS	
Paid up Capital	138,960	Net Fixed Assets	13,91,921
Reserves & Surplus	18,23,604	Investments	16,73,557
Secured Loans	15,60,206	Net Current Assets	6,90,610
Unsecured Loan	2,68,959	Miscellaneous Expenditure	2,15,860
Deferred Tax Liability	1,80,219		

#### IV. Performance of Company ( Amount in Rs.Thousands) For the year ended 31.03.2009

Turnover	30,33,834
Total Expenditure	30,15,878
Profit before tax	17,956
Profit after tax	3,803
Earnings per share in Rs.	0.27
Dividend Rate	

#### V. Generic Names of Three Principal Products/Services of Company (As per monetary terms)

Item Code No.(ITC Code)	Product Description
87.14	Carburettors for Two Wheelers
87.08	Throttle Body Assembly
87.14	Air Suction Valve

**S.MUTHUKRISHNAN**  
CHAIRMAN

**K.JAYAKAR**  
VICE CHAIRMAN &  
MANAGING DIRECTOR

**P.P.R. RAO**  
EXECUTIVE DIRECTOR

**S. BADRINARAYANAN**  
VICE PRESIDENT  
(FINANCE)

**S.R.SRIDHAR**  
COMPANY SECRETARY

Place : Chennai  
Date : 30.05.2009

**UCAL FUEL SYSTEMS LIMITED**

**STATEMENT PURSUANT TO SECTION 212 (3) OF THE COMPANIES ACT, 1956**

(Rs. in Lakhs)

Name of the Subsidiary Companies	Extent of interest in the Subsidiary at the end of Financial year of the Subsidiary			Net aggregate amount of the Subsidiary's Profits after deducting its losses or vice-versa (so far as it concerns members of the Holding Company)			
	Subsidiary's Financial year ended on	No. of Shares held	% of total Paid-up capital	Profits/(Losses) not dealt with in the Holding Company's Accounts		Profits dealt with or (Losses) provided for in the Holding Company's Accounts	
				For the Financial year of the Subsidiary	For the Previous Financial years since it became the Holding Company's Subsidiary	For the Financial year of the Subsidiary	For the previous Financial years since it became the Holding Company's Subsidiary
1. Ucal Machine Tools Limited Shares of Rs.10 each fully paid	31.03.2009	14,610,000	100%	(189.29)	636.00	-	344.40
2. Ucal Polymer Industries Limited Shares of Rs.10 each fully paid	31.03.2009	1,250,000	100%	42.48	617.45	-	62.50
3. AMTEC Precision Products Inc. Shares of USD 0.01 each	31.03.2009	1,000	100%	(7,551.72)	(11,971.72)	-	-

**S.MUTHUKRISHNAN**  
CHAIRMAN

**K.JAYAKAR**  
VICE CHAIRMAN &  
MANAGING DIRECTOR

**P.P.R. RAO**  
EXECUTIVE DIRECTOR

**S. BADRINARAYANAN**  
VICE PRESIDENT  
(FINANCE)

**S.R.SRIDHAR**  
COMPANY SECRETARY

Place : Chennai  
Date : 30.05.2009

**UCAL FUEL SYSTEMS LIMITED****UCAL MACHINE TOOLS LIMITED**  
**(Wholly Owned Subsidiary)**

<b>BOARD OF DIRECTORS</b>	Dr. V. Krishnamurthy, Chairman Mr. M. SIVARAMAKRISHNAN, Managing Director Mr. S. MUTHUKRISHNAN Mr. K. JAYAKAR MR. T.K. SIVASUBRAMANIAN
<b>SR. GENERAL MANAGER (FINANCE) &amp; COMPANY SECRETARY</b>	Mr. V. RAMANATHAN
<b>BANKERS</b>	HDFC BANK LTD THE SOUTH INDIAN BANK LTD
<b>AUDITORS</b>	M/S.G.BALU ASSOCIATES CHARTERED ACCOUNTANTS No.4A, VENKATESA AGRAHARAM ROAD MYLAPORE CHENNAI 600 004
<b>REGISTERED OFFICE</b>	RAHEJA TOWERS, 7 <sup>TH</sup> FLOOR, SIGMA WING, 177 ANNA SALAI, CHENNAI 600 002
<b>PLANTS</b>	SIDCO INDUSTRIAL ESTATE MARAIMALAI NAGAR – 603 209 KANCHEEPURAM DISTRICT, TAMILNADU  PIPDIC INDUSTRIAL ESTATE METTUPALAYAM, PONDICHERRY 605 009.

**FINANCIAL HIGHLIGHTS**

	(Rs. in Lakhs)	
	<b>2008-09</b>	2007-08
(A) Capital	<b>1,461.00</b>	1,461.00
(B) Reserves	<b>449.20</b>	636.00
(C) Total Assets	<b>3,290.98</b>	3,412.97
(D) Total Liabilities	<b>3,290.98</b>	3,412.97
(E) Details of Investment (except in case of investment in subsidiaries)	<b>1.47</b>	1.47
(F) Turnover	<b>2,999.98</b>	4,107.67
(G) Profit before Taxation	<b>(264.57)</b>	301.19
(H) Provision for Taxation	<b>(75.33)</b>	110.87
(I) Prior Period (income) / expenses	<b>(2.49)</b>	(2.54)
(J) Excess/Short provision relating to earlier years	–	3.35
(K) Profit after Taxation	<b>(189.29)</b>	189.51

**UCAL POLYMER INDUSTRIES LIMITED**  
(Wholly Owned Subsidiary)

<b>BOARD OF DIRECTORS</b>	Dr. V.KRISHNAMURTHY Chairman Mrs. MEENAKSHI JAYAKAR Managing Director Mr. P.K.MOHANARANGANATHAN Mr.S.BADRINATHAN
<b>BANKERS</b>	STATE BANK OF INDIA HDFC BANK LTD
<b>AUDITORS</b>	M/S.R.SUBRAMANIAN AND COMPANY CHARTERED ACCOUNTANTS New No.6 (36) KRISHNASWAMY AVENUE LUZ, MYLAPORE CHENNAI 600 004.
<b>FACTORY &amp; REGISTERED OFFICE</b>	B-116, PIPDIC Industrial Estate, Mettupalayam, Pondicherry – 605 009.

**FINANCIAL HIGHLIGHTS**

	(Rs. in Lakhs)	
	<b>2008-09</b>	2007-08
(A) Capital	<b>125.00</b>	125.00
(B) Reserves	<b>616.14</b>	586.96
(C) Total Assets	<b>874.77</b>	828.77
(D) Total Liabilities	<b>874.77</b>	828.87
(E) Details of Investment (except in case of investment in subsidiaries)	–	–
(F) Turnover	<b>847.49</b>	714.41
(G) Profit before Taxation	<b>60.62</b>	141.76
(H) Provision for Taxation	<b>16.34</b>	37.00
(I) Provision for Income Tax no longer required	–	–
(J) Provision for Income Tax for earlier years	<b>0.47</b>	0.05
(K) (Add)/Less prior period (income)/expenses	–	0.03
(L) Profit after Taxation	<b>44.28</b>	104.76
(M) Proposed Dividend	<b>12.50</b>	25.00

**UCAL FUEL SYSTEMS LIMITED (CONSOLIDATED)**

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**AMTEC PRECISION PRODUCTS, INC.**  
**(Wholly Owned Subsidiary)**

<b>EXECUTIVE CHAIRMAN</b>	Mr. K. JAYAKAR
<b>BANKERS</b>	STATE BANK OF INDIA 19 S.LaSalle St. CHICAGO, IL 60603 USA  EXIM BANK Centre 1 Floor 21, World Trade Centre Cuffe Parade, Mumbai 400 005  BANK OF INDIA Cayman Islands Branch C/o New York Branch 277 Park Avenue New York 10172-0083
<b>AUDITORS</b>	VIRCHOW KRAUSE & COMPANY, LLP 225 N MICHIGAN Ave, Ste 1100. CHICAGO, IL 60601-7683.
<b>REGISTERED OFFICE</b>	32 LOOCKERMAN SQUARE, SUITE L-100 DOVER, DELAWARE 19901. USA
<b>PLANTS</b>	1. 1875 HOLMES ROAD, ELGIN, IL. USA 2. 1355 HOLMES ROAD, ELGIN, IL. USA 3. AMTEC MOLDED PRODUCTS, INC 866 RESEARCH PARKWAY ROCKFORD, IL 61109.

**FINANCIAL HIGHLIGHTS**

	(Rs. in Lakhs)	
	<b>2008-09</b>	2007-08
(A) Capital	<b>16,152.07</b>	10,049.95
(B) Reserves	<b>(23,755.05)</b>	(11,600.38)
(C) Total Assets	<b>9,088.45</b>	14,582.78
(D) Total Liabilities	<b>9,088.45</b>	14,582.78
(E) Details of Investment (except in case of investment in subsidiaries)	-	-
(F) Turnover	<b>16,453.96</b>	26,283.65
(G) Profit before Taxation	<b>(7,547.13)</b>	(3,509.09)
(H) Provision for Taxation	<b>4.59</b>	(172,947)
(I) Profit after Taxation	<b>(7,551.72)</b>	(5,238.56)

## CONSOLIDATED ACCOUNTS

M/s. G. BALU ASSOCIATES  
Chartered Accountants

4A, Venkatesa Agraharam Street  
Mylapore  
Chennai – 600 004.

### AUDITORS REPORT TO THE BOARD OF DIRECTORS OF UCAL FUEL SYSTEMS LIMITED, CHENNAI ON THE CONSOLIDATED FINANCIAL STATEMENTS OF UCAL FUEL SYSTEMS LIMITED AND ITS SUBSIDIARIES

1. We have examined the attached Consolidated Balance Sheet of Ucal Fuel Systems Limited (“the Company”), and its subsidiaries (as per the list appearing in Note 1 (a) to the consolidated financial statements) collectively referred to as the “UCAL Group” as at 31<sup>st</sup> March 2009, the Consolidated Profit and Loss Account for the year ended and also the consolidated cash flow statement. These consolidated financial statements are the responsibility of the Company’s Management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are prepared, in all material respect, in accordance with the financial reporting framework generally accepted in India and are free from material misstatements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.
3. The financial statements of the Subsidiary Ucal Machine Tools Limited are audited by us.  
The financial statements of the Subsidiary, Ucal Polymer Industries Limited are not audited by us. However the audited financial statements of this company have been considered by us for consolidation.  
The financial statements of the subsidiary Amtec Precision Products Inc., USA for the period from 1st April 2008 to 31<sup>st</sup> March 2009 are not audited by us. The un-audited financial statements of the company has submitted by a CPA have been considered for consolidation, reflecting total assets of Rs 9,088.45 Lakhs as at 31<sup>st</sup> March 2009 and total revenue of Rs 17,142.84 Lakhs for the period ended on that date and cash flow (net) Rs. 1.61 Lakhs.  
In our opinion, in so far as it relates to the amounts included in respect of the subsidiaries in the consolidated accounts, are based, on the report of the Auditors and in respect of the company not-audited on CPA’s review report and Management certification.
4. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21 – “Consolidated Financial Statements”, issued by the Institute of Chartered Accountants of India.
5. In our opinion and to the best of our information and according to the explanations given to us and on consideration of the separate audit reports / management certifications on individual financial statements of Ucal Fuel Systems Limited and its subsidiaries read together with the Notes on Accounts of the consolidated financial statements, give a true and fair view of:
  - a) In the case of the consolidated **Balance Sheet**, of the consolidated state of affairs of UCA L Group as at 31<sup>st</sup> March 2009 ; and
  - b) In the case of the consolidated **Profit and Loss Account**, of the consolidated results of Ucal Group for the year ended on that date.
  - c) In the case of the **Cash Flow Statement**, of the consolidated cash flows of Ucal Group for the year ended on that date.

For M/s.G.BALU ASSOCIATES  
CHARTERED ACCOUNTANTS

G.BALASUBRAMANYAN  
PARTNER

Membership Number: 7628

Place: Chennai  
Date : 30.05.2009

**UCAL FUEL SYSTEMS LIMITED (CONSOLIDATED)**

**CONSOLIDATED BALANCE SHEET AS AT 31st March 2009**

	SCHEDULE	As at 31.03.2009	As at 31.03.2008
<b>I) SOURCES OF FUNDS</b>			
<b>Rs. in Lakhs</b>			
<b>(1) Shareholders' Funds</b>			
a) Capital	1	<b>1,389.60</b>	1,389.60
b) Reserves & Surplus	2	<b>1,065.41</b>	9,393.26
			10,782.86
<b>(2) Loan Funds</b>			
a) Secured Loans	3	<b>31,898.22</b>	27,165.67
b) Unsecured Loans	4	<b>2,689.59</b>	480.91
			27,646.58
<b>(3) Deferred Tax Liability</b>	5	<b>(352.39)</b>	124.78
			38,554.22
		<b>36,690.43</b>	
<b>II) APPLICATION OF FUNDS</b>			
<b>(1) Fixed Assets</b>			
Gross Block		<b>46,589.49</b>	43,142.69
Less: Depreciation		<b>19,466.67</b>	15,741.49
Net Block	6	<b>27,122.82</b>	27,401.20
Capital Work in Progress		<b>1,452.34</b>	2,026.16
Goodwill		<b>121.15</b>	121.15
			29,548.51
<b>(2) Investments</b>	7	<b>9.96</b>	275.16
<b>(3) (i) Current Assets, Loans and Advances</b>			
a) Inventories	8	<b>6,963.83</b>	7,919.31
b) Sundry Debtors	9	<b>6,708.92</b>	8,645.28
c) Cash and Bank Balances	10	<b>153.53</b>	403.49
d) Loans and Advances	11	<b>6,694.19</b>	5,433.80
			22,401.88
		<b>20,520.47</b>	
<b>Less : (ii) Current Liabilities and Provisions</b>	12	<b>14,720.07</b>	15,630.48
Net Current Assets (i) - (ii)			6,771.40
		<b>5,800.40</b>	
<b>(4) Miscellaneous Expenditure</b>	13	<b>2,183.76</b>	1,959.15
(to the extent not written off or adjusted)			
			38,554.22
		<b>36,690.43</b>	
Notes to the Accounts	19		

The schedules referred to above form part of the Accounts.

<b>S.MUTHUKRISHNAN</b> <i>CHAIRMAN</i>	<b>K.JAYAKAR</b> <i>VICE CHAIRMAN</i> & <i>MANAGING DIRECTOR</i>	As per our report of even date attached <b>For M/s. G. BALU ASSOCIATES</b> <i>Chartered Accountants</i>
<b>P.P.R.RAO</b> <i>EXECUTIVE DIRECTOR</i>	<b>S.R.SRIDHAR</b> <i>COMPANY SECRETARY</i>	<b>G.BALASUBRAMANYAN</b> <i>Partner</i>
Place : Chennai Date : 30.05.2009	<b>S. BADRINARAYANAN</b> <i>VICE PRESIDENT</i> <i>(FINANCE)</i>	

**CONSOLIDATED ACCOUNTS**

**CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 st March 2009**

SCHEDULE	For the Year ended 31.03.09	For the previous Year ended 31.3.08
<b>INCOME</b>		
	<b>Rs. in Lakhs</b>	
Sales	51,995.77	63,669.62
Services (Machining Charges)	219.09	254.28
Less: Excise Duty	4,210.13	5,483.90
	<u>48,004.73</u>	<u>58,440.00</u>
Other Income	14	990.82
	<u>48,995.55</u>	<u>59,758.45</u>
<b>EXPENDITURE</b>		
Consumption of Raw Materials, Components etc.	15	24,861.77
Employees' Remuneration and Other Benefits	16	11,494.44
Manufacturing & Other Expenses	17	12,439.92
Interest	18	3,748.78
Depreciation		4,022.16
Profit for the Year	<u>(7,571.52)</u>	<u>(2,156.99)</u>
	<u>48,995.55</u>	<u>59,758.45</u>
Profit before Taxation for the year	<u>(7,571.52)</u>	<u>(2,156.99)</u>
Add/(Less) : Taxation for the year		
- Current Tax (including Wealth Tax)	(62.84)	(192.72)
- Deferred Tax	19.19	(1,931.78)
- Fringe Benefit Tax	(37.96)	(56.55)
Taxation Adjustments of previous years (Net)	<u>(0.03)</u>	<u>(83.36)</u>
	<u>(7,653.16)</u>	<u>(4,421.40)</u>
Add/(Less) Prior period Adjustment (Net)	<u>(31.36)</u>	30.26
Provisions no longer required	-	(1.00)
Balance of Profit brought forward from last year	<u>(6,152.66)</u>	<u>(1,318.69)</u>
	<u>(13,837.18)</u>	<u>(5,710.83)</u>
<b>APPROPRIATIONS :</b>		
Transfer to General Reserve	-	250.00
Dividend	-	163.96
Tax on Dividend	-	27.87
Balance carried to Balance Sheet	<u>(13,837.18)</u>	<u>(6,152.66)</u>
	<u>(13,837.18)</u>	<u>(5,710.83)</u>
Basic and diluted earnings per share (in Rs.) (Face Value of Rs.10 each)	<u>(55.07)</u>	<u>(31.82)</u>

Notes to the Accounts 19  
The schedules referred to above form part of the Accounts.

**S.MUTHUKRISHNAN**  
CHAIRMAN

**K.JAYAKAR**  
VICE CHAIRMAN  
& MANAGING DIRECTOR

As per our report of even date attached  
**For M/s. G. BALU ASSOCIATES**  
Chartered Accountants

**P.P.R.RAO**  
EXECUTIVE DIRECTOR

**S.R.SRIDHAR**  
COMPANY SECRETARY

**G.BALASUBRAMANYAN**  
Partner

Place : Chennai  
Date : 30.05.2009

**S. BADRINARAYANAN**  
VICE PRESIDENT  
(FINANCE)

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**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2009**

	<b>For the year Ended 31.3.09</b>	For the previous year Ended 31.03.08
	Rs. in Lakhs	
<b>A. Cash Flow from Operating Activities:</b>		
Net Profit before tax and extraordinary items	<b>(7,749.10)</b>	(3,451.11)
Adjustments for :		
Miscellaneous Expenditure written off	<b>156.42</b>	169.12
Depreciation/Assets Discarded	<b>4,022.18</b>	3,735.17
Interest Expense	<b>3,748.78</b>	1,738.26
Interest Income	<b>(1.86)</b>	(684.66)
Dividend Income / Rent Received	<b>(25.67)</b>	(113.78)
Loss on sale of investment`	-	6.57
Operating Profit before Working Capital changes	<u><b>150.75</b></u>	<u>1,399.57</u>
Adjustments for :		
Debtors	<b>1,255.71</b>	773.96
Inventories	<b>(1,115.48)</b>	(1,473.54)
Loans and Advances	<b>(1,365.54)</b>	(1,513.21)
Trade Payables	<b>717.53</b>	3,370.83
Prior period Adjustments	<b>(31.36)</b>	32.72
Cash generated from Operations	<b>(388.39)</b>	2,590.33
Income - Tax paid	<b>105.15</b>	1,549.46
Net cash from Operating Activities - "A"	<u><b>(283.24)</b></u>	<u>4,139.79</u>
<b>B. Cash flow from Investing Activities</b>		
Purchase of Fixed Assets	<b>(3,456.15)</b>	(6,853.30)
Product Development & Research Expenses	<b>(381.03)</b>	(448.25)
Capital Work-In-Progress	<b>541.00</b>	636.04
Sale of Fixed Assets	-	91.11
Sale of Investments	<b>273.44</b>	-
Purchase of Investments	-	250.00
Interest Received	<b>1.86</b>	11.59
Dividend Received	<b>25.67</b>	25.50
Rent received		79.54
Net cash used in Investing Activities - "B"	<u><b>(2995.21)</b></u>	<u>(6,207.77)</u>

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C. Cash flow from Financing Activities		
Proceeds from Borrowings / Repayment of Loans	<b>6,941.23</b>	3,824.92
Dividend paid including Tax on Dividend	<b>(163.96)</b>	(191.83)
Interest Paid	<b>(3,748.78)</b>	(1,725.36)
Net cash used in Financing Activities - "C"	<u><b>3,028.49</b></u>	<u>1,907.73</u>
Net increase in Cash and Cash Equivalents -"A+B+C"	<b>(249.96)</b>	(160.25)
Cash and Cash Equivalents as at the beginning	<b>403.49</b>	563.74
Cash and Cash Equivalents as at the end	<b>153.53</b>	403.49

**Notes:**

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

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**S.MUTHUKRISHNAN**  
*CHAIRMAN*

**K.JAYAKAR**  
*VICE CHAIRMAN  
& MANAGING DIRECTOR*

As per our report of even date attached  
**For M/s. G. BALU ASSOCIATES**

**P.P.R. RAO**  
*EXECUTIVE DIRECTOR*

**S.R.SRIDHAR**  
*COMPANY SECRETARY*

*Chartered Accountants*  
**G.BALASUBRAMANYAN**  
*Partner*

**S. BADRINARAYANAN**  
*VICE PRESIDENT  
(FINANCE)*

Place : Chennai  
Date : 30.05.2009

## CONSOLIDATED ACCOUNTS

### Schedules annexed to the Balance Sheet

	Rs. in Lakhs	
	As at 31.03.2009	As at 31.03.2008
<b>SCHEDULE - 1</b>		
<b>CAPITAL</b>		
Authorised		
60,000,000 (previous year 100,00,000) Equity shares of Rs.10/- each	<u>6,000.00</u>	<u>6,000.00</u>
Issued, Subscribed and Paid - Up		
1,38,96,000 (previous year 1,38,96,000) Equity shares of Rs. 10/- each (Includes 81,06,000 fully paid Bonus Shares issued by Capitalisation of Share Premium and General Reserve)	<u>1,389.60</u>	<u>1,389.60</u>
<b>SCHEDULE - 2</b>		
<b>RESERVES AND SURPLUS</b>		
Special State Capital Subsidy	<u>282.85</u>	<u>282.85</u>
General Reserve		
As per last Balance Sheet	11,955.96	11,705.96
Add: Transferred from Profit and Loss Account	—	250.00
	<u>11,955.96</u>	<u>11,955.96</u>
Foreign Currency Translation reserve	<u>2,663.79</u>	<u>3,307.12</u>
Profit and Loss Account	<u>(13,837.19)</u>	<u>(6,152.67)</u>
	<u>1,065.41</u>	<u>9,393.26</u>
<b>SCHEDULE - 3</b>		
<b>SECURED LOANS</b>		
Financial Institutions		
– Term Loan	<u>4,900.22</u>	<u>8,185.21</u>
– Working Capital Loan	<u>2,532.00</u>	<u>1,997.50</u>
Banks		
– Term Loan	<u>15,813.78</u>	<u>10,599.10</u>
– Working Capital Loan	<u>8,652.22</u>	<u>6,383.86</u>
	<u>31,898.22</u>	<u>27,165.67</u>
<b>SCHEDULE - 4</b>		
<b>UNSECURED LOANS</b>		
Interest free Sales Tax loan	<u>19.59</u>	<u>80.91</u>
Inter -corporate deposits	<u>2,400.00</u>	<u>400.00</u>
Short Term Loan – IDBI	<u>270.00</u>	<u>—</u>
	<u>2,689.59</u>	<u>480.91</u>
<b>SCHEDULE - 5</b>		
<b>DEFERRED TAX LIABILITY</b>		
Arising on account of Timing Differences in :		
– Depreciation	<u>(258.02)</u>	<u>(142.89)</u>
– Unpaid Bonus / Leave Salary	<u>94.37</u>	<u>18.11</u>
	<u>(352.39)</u>	<u>(124.78)</u>

**CONSOLIDATED ACCOUNTS**

SCHEDULE - 6 FIXED ASSETS		Rs. in Lakhs									
		GROSS BLOCK					DEPRECIATION				
DESCRIPTION	AS AT 01.04.2008	ADDITIONS	DEDUCTIONS	TOTAL AS AT 31.03.2009	UP TO 31.03.2008	FOR THE YEAR	ON DEDUCTIONS	UP TO 31.03.2009	AS AT 31.03.2009	AS AT 31.03.2008	
LAND											
- FREE HOLD	794.03	276.75	-	1,070.78	-	-	-	-	1,070.78	794.03	
- LEASE HOLD	65.18	360.62	-	425.80	-	-	-	-	425.80	65.18	
BUILDINGS	2,763.71	163.29	3.10	2,923.90	474.87	175.87	-	650.74	2,273.16	2,288.84	
PLANT & MACHINERY	36,113.58	2,629.42	287.80	38,455.20	12,679.70	3,590.34	256.41	16,013.63	22,441.57	23,433.88	
OFFICE EQUIPMENT	548.86	42.11	18.83	572.14	378.29	72.88	2.63	448.54	123.60	170.57	
FURNITURE & FIXTURE	421.87	185.90	2.25	605.52	283.65	30.23	1.19	312.69	292.83	138.22	
VEHICLES	373.39	8.07	25.79	355.67	196.14	54.53	36.75	213.92	141.75	177.25	
TECHNICAL KNOW-HOW/FEE	2,062.06	118.42	-	2,180.48	1,728.84	98.31	-	1,827.15	353.33	333.23	
<b>TOTAL</b>	<b>43,142.68</b>	<b>3,784.58</b>	<b>337.77</b>	<b>46,589.49</b>	<b>15,741.49</b>	<b>4,022.16</b>	<b>296.98</b>	<b>19,466.67</b>	<b>27,122.82</b>	<b>27,401.20</b>	
PREVIOUS YEAR	36,725.56	6,628.26	211.13	43,142.69	15,284.01	3,555.16	3,097.68	15,741.49	1,452.34	2,026.16	
Capital Work in Progress & Capital Advances									121.15	121.15	
Goodwill									28,696.31	29,548.51	

## CONSOLIDATED ACCOUNTS

	As at 31.03.2009	As at 31.03.2008
	Rs. in Lakhs	
<b>SCHEDULE - 7</b>		
<b>INVESTMENTS (AT COST)</b>		
LONG TERM INVESTMENTS		
NON-TRADE-QUOTED:		
1,900 (Previous Year 1,900) Fully paid up Equity Shares of Rs.10/- each of HDFC Bank Ltd Market Value Rs. 18,38,919/- (Previous year Rs.25,29,375/-)	0.19	0.19
15,578 (Previous Year 14,240) Fully paid up Equity Shares of Rs.10/- each of Industrial Development Bank of India Ltd Market Value Rs.7,07,241/- (Previous year Rs.13,88,000/-)	2.69	2.69
200 (Previous Year 200) Fully paid up Equity Shares of Rs.10/- each of Corporation Bank, Market Value Rs.35,970/- (Previous year Rs.56,400/-)	0.16	0.16
The Karnataka Bank Limited 3,367 (Previous Year 3,367) equity shares of Rs.10/- each fully paid Market Value Rs.219,528/- (Previous Year Rs.674,242/-)	1.47	1.47
23,436 (Previous Year 23,436 Bonds) 6.75% Tax Free Bonds 2008 of Unit Trust of India of Rs. 100/- each	-	15.20
NON-TRADE-UNQUOTED:		
Nil (Previous Year 5,00,000) 8 % Cumulative Redeemable Preference Shares, 2008 of Bharat Technologies Auto Components Limited of Rs.100/- each	-	250.00
<b>UNITS</b>		
QUOTED		
1,00,000 (Previous Year 1,00,000) Units Of Canfortune 94 of Rs.10/- each Market Value Rs.31,12,000/- (Previous Year Rs.36,86,000/-)	5.45	5.45
	<u>9.96</u>	<u>275.16</u>

**CONSOLIDATED ACCOUNTS**

	As at 31.03.2009	As at 31.03.2008
	Rs. in Lakhs	
<b>SCHEDULE - 8</b>		
<b>INVENTORIES</b>		
(As certified by Management)		
Spares	2,309.69	1,975.45
Tools & Consumables	982.55	433.07
Raw Materials and Components	1,607.85	1,946.77
Work-in-progress	1,311.02	2,231.96
Finished goods	621.06	792.48
Goods in transit	131.66	539.58
	<u>6,963.83</u>	<u>7,919.31</u>
<b>SCHEDULE - 9</b>		
<b>SUNDRY DEBTORS</b>		
UNSECURED		
Outstanding for a period exceeding six months		
– Considered Good	2,012.91	587.91
– Considered Doubtful		3.26
Outstanding for a period less than six months (Considered Good)	4,699.27	8,057.37
Less: Provision for Doubtful Debts	(3.26)	(3.26)
	<u>6,708.92</u>	<u>8,645.28</u>
<b>SCHEDULE - 10</b>		
<b>CASH AND BANK BALANCES</b>		
Cash on hand	21.57	35.18
With Scheduled Banks		
1) In Current Accounts	90.15	329.41
2) In Deposit Accounts	41.81	38.90
	<u>131.96</u>	<u>368.31</u>
	<u>153.53</u>	<u>403.49</u>
<b>SCHEDULE - 11</b>		
<b>LOANS AND ADVANCES</b>		
Unsecured, considered good		
Advances recoverable in cash or in kind or for value to be received	2,700.01	1,555.11
Loans & Advances – Subsidiary Company		
Advance Income Tax and TDS	1,941.91	2,310.44
Advance Fringe Benefit Tax	520.22	151.63
Balance with Excise	871.31	867.52
Other Deposits	660.74	549.10
	<u>6,694.19</u>	<u>5,433.80</u>

## CONSOLIDATED ACCOUNTS

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	As at 31.03.2009	As at 31.03.2008
	Rs. Lakhs	
<b>SCHEDULE - 12</b>		
<b>CURRENT LIABILITIES AND PROVISIONS</b>		
CURRENT LIABILITIES		
Sundry Creditors - Purchases		
– Small Scale Industrial Undertakings	70.72	46.31
– Others	8,710.56	8,999.69
Unclaimed Dividend	37.79	34.92
Unclaimed Matured Deposits	0.69	0.69
Other Liabilities	3,490.31	3,984.67
Advance from Customers	332.75	210.86
Interest accrued but not due on loans	2.62	27.30
	<u>12,645.44</u>	<u>13,304.44</u>
<b>PROVISIONS</b>		
Provision for Income tax	1,855.63	1,921.27
Provision for Fringe Benefit tax	151.45	166.02
Proposed Dividend		163.96
Tax on Dividend		27.87
Employee Benefits	67.55	46.92
	<u>2,074.63</u>	<u>2,326.04</u>
	<u>14,720.07</u>	<u>15,630.48</u>
<b>SCHEDULE - 13</b>		
<b>MISCELLANEOUS EXPENDITURE</b>		
(to the extent not written off or adjusted)		
Product Development Expenses	194.59	397.94
Research Expenses	1,989.17	1,561.21
	<u>2,183.76</u>	<u>1,959.15</u>

## CONSOLIDATED ACCOUNTS

For the Year  
ended 31.03.09      For the previous  
year ended 31.03.08

Rs. in Lakhs

### SCHEDULE - 14

#### OTHER INCOME

Interest received	1.86	684.66
(TDS Rs. Nil/- Previous Year Rs. 2.63 Lakhs)		
Miscellaneous Income	934.46	602.06
Profit on sale of Assets	15.17	4.71
Profit on sale of Investments	8.24	0.00
Dividend Income	25.67	25.50
Gain on Exchange Fluctuation	5.42	1.52
	<b>990.82</b>	<b>1,318.45</b>

### SCHEDULE - 15

#### CONSUMPTION OF RAW MATERIALS, COMPONENTS AND FINISHED GOODS

Opening Stock	1,945.36	4,607.37
ADD: Purchases		
Raw Materials	11,691.69	3,616.55
Components	11,366.16	22,344.32
Outworks	1,783.25	3,545.65
	<b>24,841.10</b>	<b>29,506.52</b>
	<b>26,786.46</b>	<b>34,113.89</b>
LESS: Closing Stock		
Raw Materials	112.64	136.41
Components	1,270.80	1,810.36
Work-in-progress	671.15	2,097.47
	<b>2,054.59</b>	<b>4,044.24</b>
	<b>24,731.87</b>	<b>30,069.65</b>
Add : Purchase of Traded Goods	<b>105.23</b>	-
Increase/(Decrease) in Finished Goods Stock	<b>(24.67)</b>	<b>(50.90)</b>
	<b>24,861.77</b>	<b>30,120.55</b>

## CONSOLIDATED ACCOUNTS

For the Year ended 31.03.09      For the previous year ended 31.03.08

Rs. in Lakhs

### SCHEDULE - 16

#### EMPLOYEES' REMUNERATION AND OTHER BENEFITS

Salaries and Wages	8,427.97	10,149.88
Contribution to Provident Fund and other funds	261.87	257.19
Staff Welfare Expenses	2,804.60	3,131.78
	<u>11,494.44</u>	<u>13,538.85</u>

### SCHEDULE - 17

#### MANUFACTURING AND OTHER EXPENSES

Tools and stores consumed	2,959.42	3,852.24
Power and Fuel	1,166.38	1,224.21
(+) Increase / (-) Decrease in Excise Duty Provision	(21.10)	-
Repairs and Maintenance		
– Building	130.81	41.90
– Plant and Machinery	849.93	779.36
– Others	100.61	320.90
Postage, Telephone, Fax, etc.	64.77	88.75
Insurance	175.43	183.52
Rates and Taxes	152.90	618.84
Rent	237.03	203.39
Directors' sitting fees	17.30	17.05
Auditors' Remuneration	15.55	14.11
Travelling and Conveyance	260.12	377.46
Discounts Allowed	156.75	71.06
Packing Charges	369.10	382.06
Royalties	68.57	68.40
Research and Development Expenses	502.39	605.08
Other Expenses	5,095.28	2,953.11
Fixed Assets Discarded	-	0.03
Loss on sale of assets	5.83	20.82
Loss on Exchange Fluctuation	132.85	176.18
	<u>12,439.92</u>	<u>11,998.47</u>

### SCHEDULE -18

#### INTEREST

Term Loans	2,402.25	2,173.89
Others	1,346.53	528.52
	<u>3,748.78</u>	<u>2,702.41</u>

**SCHEDULE - 19****NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2009****1 a. List of Subsidiaries**

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

<b>Name of Company</b>	<b>Proportion of Ownership Interest</b>
a) Ucal Machine Tools Limited (UMT)	100%
b) Ucal Polymer Industries Limited (UPIL)	100%
c) Amtec Precision Products Inc (APPI)	100%

The Financial year of APPI is from 1st June to 31st May. The accounts of APPI (Unaudited) have been drawn up for the period 1st April 2007 to 31st March 2009 and a limited review of the same has been conducted by a Certified Public Accountant. This has been incorporated in the consolidated financial statement for the year.

**b. Basis of preparation**

The consolidated financial statements have been prepared in accordance with Accounting Standard 21 (AS-21) "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India. These statements have been prepared using uniform accounting policies in accordance with generally accepted accounting principles. The effects of inter-company transactions between the consolidated companies are eliminated in consolidation. The consolidation of foreign subsidiary has been done by translating the financial statements of APPI in accordance with Accounting Standard 11 (AS11) "The effects of changes in foreign exchange rates" as per the following procedures:

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

**c. Other Significant Accounting Policies**

These are set out in the notes to accounts under "Accounting Policies" of the financial statements of UFSL.

Depreciation is provided on straight line method at the rates specified in the schedule XIV of the Companies Act 1956 except in respect of certain assets where a higher rate is charged as mentioned in the notes to the accounts of UFSL. In respect of one of subsidiary companies UMT, depreciation on Motor cars is provided on Written down value method.

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

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

- Amount due from the officers of the company Rs.Nil (previous year Rs.1.50 Lakhs). Maximum amount due at any time during the year Rs.1.50 Lakhs (previous year Rs.1.50 Lakhs)

## CONSOLIDATED ACCOUNTS

3. Sundry creditors – other liabilities include Rs. 4.93 Lakhs (previous year Rs. 8.26 Lakhs) due to directors.

	<b>As at 31.3.2009</b>	As at 31.3.2008
	Rs. in Lakhs	
4 Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	<b>712.24</b>	632.62
5 Contingent Liabilities not provided for		
(a) On guarantees given by Bankers	<b>82.38</b>	97.22
(b) Guarantee given to the Banks	<b>18,752.00</b>	15,331.20
(c) Claims against the company not acknowledged as debts	<b>623.61</b>	536.65
(c) Letters of Credit opened by banks	<b>915.48</b>	593.41
(d) Taxation matters under appeal	<b>3,100.33</b>	2,872.81
(e) ESI demand under dispute	<b>2.93</b>	2.93
	<b>For the Year ended 31.03.09</b>	For the previous year ended 31.03.08
6 Remuneration to Directors :		
Sitting fees	<b>17.30</b>	17.05
Salaries	<b>140.37</b>	210.62
Commission		
Other perquisites	<b>4.45</b>	18.63
Contribution to Provident, Superannuation and other funds	<b>26.59</b>	28.20
7 Auditors' remuneration		
For audit fees	<b>11.90</b>	11.55
For certificates	<b>2.07</b>	1.07
For Tax Audit	<b>1.40</b>	1.25
For out of pocket expenses	<b>0.17</b>	0.24
8 Prior period adjustment represents :		
Expenses relating to earlier years	<b>67.83</b>	12.60
Income relating to earlier years	<b>(36.47)</b>	(42.87)
Creditors no longer payable		

**9. Related Party Disclosures**

I Name of the related parties and Relationship

(i) ASSOCIATES / JOINT VENTURE ENTERPRISES

Mikuni Corporation (Part of the Year)

(ii) KEY MANAGEMENT PERSONNEL

Mr.K.Jayakar, Vice-Chairman and Managing Director, UFSL

Mr.R.Sundararaman, Executive Director, UFSL & President, APPI ( Part of the year )

Mr P P R Rao, Executive Director ( Part of the year ), UFSL

Mr M Sivaramakrishnan, Managing Director, UMT

Mrs. Meenakshi Jayakar, Managing Director (Part of the Year) UPIL

Details of remuneration to directors is disclosed in note 6 of Schedule - 19

(iii) OTHER RELATED ENTERPRISES

Bharat Technologies Auto Components Limited

Mascon Global Limited

Minica Real Estates Private Limited

Minica Services (P) Limited

Carburettors Limited

Ibex Products Private Limited

Ucal EI-Tech Private Limited

Ucal Consultants Private Limited

Ucal Travel Private Limited

Ucal Exports Private Limited

Ucal Finance Private Limited

(iv) RELATIVES OF KEY MANAGEMENT PERSONNEL

Ms. M. Lakshmi

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

## CONSOLIDATED ACCOUNTS

II Details relating to parties referred to in items (i), (ii) & (iii) above	For the year ended 31.03.2009		
	ASSOCIATES/ JT.VENTURE COMPANIES	OTHER RELATED ENTERPRISES	RELATIVES OF KEY MANAGEMENT PERSONNEL
	Rs. in Lakhs		
<b>Purchase of materials</b>	<b>566.62</b> (4,005.08)	<b>1,006.66</b> (1,658.60)	-
<b>Labour charges paid</b>	-	-	-
	-	(0.02)	-
<b>Service charges paid</b>	<b>54.81</b> (29.88)	-	<b>16.82</b> (16.83)
<b>Lease charges paid</b>	-	<b>2.72</b>	-
	(0.29)	(76.20)	-
<b>Purchase of fixed assets</b>	-	-	-
	(22.29)	-	-
<b>Technical Assistance fees paid</b>	-	-	-
	(118.26)	-	-
<b>Royalty paid</b>	-	-	-
	(466.16)	(0.17)	-
<b>Rent Paid</b>	-	<b>207.37</b>	-
	-	(8.40)	(3.00)
<b>Electricity charges Paid</b>	-	<b>1.78</b>	-
	-	(2.06)	-
<b>Travel Expenses Paid</b>	-	<b>5.76</b>	-
	-	(0.54)	-
<b>Sale of goods</b>	<b>511.67</b> (2,961.46)	-	-
	-	-	-
<b>Sale of Fixed Assets</b>	-	-	-
	(28.41)	(136.41)	-
<b>Rent Received</b>	-	<b>82.56</b>	-
	-	(5.50)	-
<b>R &amp; M Buildings</b>	-	<b>2.24</b>	-
<b>Amounts Written back</b>	-	-	-
	-	(0.45)	-
<b>Recovery of Expenses</b>	-	-	-
	(19.68)	-	-
<b>Rent Deposit</b>	-	-	-
	-	(8.99)	-

**CONSOLIDATED ACCOUNTS**

<b>Advance for purchase of Fixed Assets</b>	-	<b>927.72</b>	-
	-	-	-
<b>Rent Deposit</b>	-	<b>100.62</b>	-
	-	-	-
<b>Trade Advance</b>	-	-	-
	-	<b>(40.00)</b>	-
<b>Outstanding payables.</b>		<b>103.43</b>	-
<b>Net of receivables</b>	(4,288.86)	(80.48)	-
<b>Outstanding receivables</b>	-	-	-
<b>Net of Payables</b>	-	-	-

Figures in brackets represent corresponding amount of previous year

- Note: 1) Joint Venture with Mikuni Corporation ceased to exist from 24th May 2008.  
2) There are no transactions exceeding 10 % with respect to one related party that are not disclosed.

**S.MUTHUKRISHNAN**  
*CHAIRMAN*

**K.JAYAKAR**  
*VICE CHAIRMAN  
& MANAGING DIRECTOR*

As per our report of even date attached  
**For M/s. G. BALU ASSOCIATES**

**P.P.R. RAO**  
*EXECUTIVE DIRECTOR*

**S.R.SRIDHAR**  
*COMPANY SECRETARY*

*Chartered Accountants*  
**G.BALASUBRAMANYAN**  
*Partner*

**S. BADRINARAYANAN**  
*VICE PRESIDENT  
(FINANCE)*

Place : Chennai  
Date : 30.05.2009