



# UCAL FUEL SYSTEMS LIMITED

10<sup>th</sup> January 2022

National Stock Exchange of India Limited Exchange Plaza, Bandra Kurla Complex Bandra East, Mumbai 400 051 NSE Code: UCALFUEL	BSE Limited, Corporate Relationship Department, 1st floor, New Trading Ring Rotunda Building, P J Towers, Dalal Street, Fort Mumbai - 400 001. BSE Code: 500464
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Dear Sir,

**SUB : DISCLOSURE UNDER REGULATION 30 OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 - CLOSURE OF OPERATIONS OF PUDUCHERRY PLANT II OF THE COMPANY.**

Pursuant to the provisions of Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with Schedule III thereof and SEBI Circular No.CIR/CFD/CMD/4/2015 dated September 9, 2015, we write to inform you that the Company has decided to close completely the manufacturing activities at its Plant II situated at A-98-A100-A107, PIPDIC Industrial Estate, Mettupalayam, Puducherry – 605 009 to be effective from 12.03.2022 for the reasons mentioned in the table below.

The manufacturing activities of the above unit will be closed after completion of necessary formalities and machinery either relocated to the company's existing facilities or disposed off. It is pertinent to mention here that the said unit comprise an insignificant portion of operations of the Company and the said closure does not have any material and adverse effect on operations of the Company.

The disclosures in terms of Schedule III of the Listing Regulations in accordance with SEBI Circular No.CIR/CFD/CMD/4/2015 dated September 9, 2015 is enclosed herewith.

A.	Date of such binding agreement, if any, entered for sale of such unit/division, if any.	Not Applicable
B.	Amount & percentage of turnover of the listed entity contributed by such unit or division during the last financial year.	Turnover of Plant 2 for FY 20-21 – INR 23 Crores as against the total turnover of Company of INR 493 Crores for FY20-21.  Percentage of Turnover of Plant 2 to the total turnover of the Company – 4.67%.

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CIN: L31900TN1985PLC012343





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C	Estimated time of closure	To be effective from 12.03.2022.
D	Reasons for closure	<p>The restriction on emission norms imposed by the Government, technological change, and transition of Bharat Stage IV to Bharat Stage VI, and ultimately to Electric Vehicles has resulted in rendering our products completely out-dated and fall into disuse. Alternative products in the fuel systems and diversification of business were considered to be far-fetched besides Company facing intense competition. As such there is no alternative business or business prospects to continue our operation at Puducherry Plant II.</p> <p>The sales turnover from Plant II which was Rs.140 Crores during the financial year 2018-19 has been gradually reduced from Rs.117 Crores in 2019-20 to Rs.23 Crores in 2020-21 and from 01/04/2021 to 30/09/2021, the sales turnover was only Rs.10 Crores.</p> <p>As our customers are already in transition from Bharat Stage VI to Electric Vehicle leaving no market for the products manufactured by the Company, the lack of orders from our customers has created serious challenges to the planning and feasibility of running the Plant II at Puducherry efficiently and economically.</p> <p>Further when the company to contain losses in Plant II issued transfer orders to few operators to relocate themselves to other plants of the Company, some of the operators indulged on sudden illegal strike which had resulted in Plant II declaring a lock out on 03.01.2021 which intimation was given to the exchange vide letter dated 04.01.2021 and was eventually lifted on 26.03.2021. The lockout as well as the lockdown declared by the Government due to Covid-19 pandemic further deteriorated the sales prospects and the Management has found it extremely difficult to run the Plant II at Puducherry after the sales turnover started plummeting. The future business prospects are</p>

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		<p>very bleak to run the Plant II at Puducherry with the existing manpower for a meagre sale.</p> <p>In view of the above, the Management, after carefully considering the entire situation, is left with no other option but to take the decision to close down the Plant II situated at A-98-A100-A107, PIPDIC Industrial Estate, Mettupalayam, Puducherry – 605 009.</p> <p>Further the Company is constrained to close down the Puducherry Plant as it would only lead to the burden of excessive cost of production resulting in financial loss and thus becoming a drain on the resources of the Company.</p> <p>Under the above circumstances, the Company is compelled to close down the Puducherry plant on the expiry of 60 days from the date of this notice given to the concerned Authorities.</p>
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Thanking you

Yours faithfully  
For UCAL FUEL SYSTEMS LIMITED

S. NARAYAN  
COMPANY SECRETARY

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