



UOW PRO SYSTEMS
Limited

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Annual
Report
1999-2000



*Ucal Fuel Systems Limited Plant-3 inaugurated
on 17th April 2000 at Gurgaon.*

UCAL FUEL SYSTEMS LIMITED

BOARD OF DIRECTORS

MR. S. MUTHUKRISHNAN
Chairman

MR. S. ADHIMOOLAM
Managing Director

MR. MASAKI IKUTA
MR. TAKESHI UMEBAYASHI
MR. MASAHIRO YAMAGUCHI
MR. V. NARAYANAN
MR. N. GOMATHINAYAGAM
MR. K. JAYAKAR
MR. HIDEKI TAKAHASHI

COMPANY SECRETARY

MR. S. R. SRIDHAR

BANKERS

CORPORATION BANK
STATE BANK OF INDIA
THE BANK OF TOKYO-
MITSUBISHI LTD.
IDBI BANK LTD.
THE FUJI BANK LTD.
INDIAN BANK
HDFC BANK LTD.

AUDITORS

M/S. J. SRINIVASAN
NO.14, I FLOOR, MADHU COMPLEX
BURUGAL MUTT NORTH
CROSS ROAD
VISVESWARAPURAM
BANGALORE - 560 002

REGISTERED OFFICE

"TEMPLE TOWER"
8th FLOOR
476 ANNA SALAI
NANDANAM
CHENNAI - 600 035
PHONE : 4347944

PLANT-I

E-9 - E-12, INDUSTRIAL COMPLEX
MARAIMALAI NAGAR - 603 209
KANCHEEPURAM DISTRICT
TAMIL NADU
PHONE : 04114-52547

PLANT-II

A98-A100, A106, A107,
PIPDIC INDUSTRIAL ESTATE
METTUPALAYAM
PONDICHERRY - 605 009
PHONE : 0413-273006

PLANT-III

PLOT 34 - 35, 53 - 55
INDUSTRIAL DEVELOPMENT COLONY
MEHRAULI ROAD, GURGAON
HARYANA
PHONE : 0124-6335773

UCAL FUEL SYSTEMS LIMITED

NOTICE TO MEMBERS

NOTICE is hereby given that the FOURTEENTH ANNUAL GENERAL MEETING of Shareholders of UCAL FUEL SYSTEMS LIMITED will be held in the DYNASTY HALL, HOTEL AMBASSADOR PALLAVA, NO. 53, Montleth Road, Chennai-600 008 on Wednesday the 26th July 2000 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 31st March 2000 and the Balance Sheet as at 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 a Director in the place of Mr.V.Narayanan, who retires by rotation and being eligible offers himself for reappointment.
4. To appoint M/s G.Balu Associates, Chartered Accountants as Auditors and to fix their remuneration.

SPECIAL BUSINESS

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

"RESOLVED that consent of the Company be and is hereby accorded under section 293 (i) (e) and other applicable provisions, if any, of the Companies Act, 1956 to the Board of Directors of the Company contributing, subscribing or otherwise assisting or guaranteeing money to charitable, benevolent, religious, scientific, national, public or other funds, institutions, subject or purposes or for any exhibition not directly relating to the business of the Company or welfare of its employees upto an amount not exceeding Rs. 20 lakhs (Rupees Twenty Lakhs Only) in any financial year".

BY ORDER OF THE BOARD

S R SRIDHAR

Company Secretary

Place: CHENNAI
Date : 12.06.2000

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 18.07.2000 to 24.07.2000 (both days inclusive)
3. The relevant Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of Special Business annexed hereto and forms part of this Notice.
4. The Dividend declared for the year 1994 - 95, which remained unclaimed has been transferred to the General Revenue Account of the Central Government in terms of provisions of Section 205A of the Companies Act, 1956.
Consequent upon amendment to Section 205A of the Companies Act, 1956 and introduction to Section 205C by the Companies (Amendment) Act, 1999, the amount of dividend remaining unclaimed for a period of seven years shall be transferred to the Investor Education and Protection Fund.
Members who have not encashed the dividend warrants for the year ended 1995 - 96 and/or any subsequent dividend payments are requested to make their claim to the Company. Members who have not encashed the dividend warrants for the earlier years (prior to dividend for the year ended March 31, 1996) are requested to claim from the Registrar of Companies (Tamil Nadu), Shastri Bhavan, No. 26, Haddows Road, Chennai - 600 006.
5. Members are requested to bring their copy of the Annual Report to the Meeting.
6. Members who hold shares in the dematerialised form are requested to bring their deposit account number (client ID No.) for easier identification of attendance at the meeting.

UCAL FUEL SYSTEMS LIMITED

EXPLANATORY STATEMENT**1. ITEM NO.4**

The present Auditors M/s J. Srinivasan, Chartered Accountants, Bangalore resigned as Statutory Auditors from the conclusion of ensuing Annual General Meeting. The Company has received special notice under section 190 of the Companies Act, 1956 from a shareholder, proposing the appointment of M/s. G. Balu Associates, Chartered Accountants as Statutory Auditors of the Company for the financial year 2000 - 01. The Company has received the certificate under section 224 I B of the Companies Act, 1956 from M/s. G. Balu Associates, Chartered Accountants indicating that their appointment if made will be within the limits stipulated in the section.

None of the Directors is interested in the abovesaid resolution.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956**2. ITEM NO.5**

Pursuant to Section 293 (1) (e) of the Companies Act, 1956, Board of Directors of the Company is authorised to contribute to charitable and other Funds not directly relating to the business of the Company or the welfare of its employees, any amount, the aggregate of which will, in any financial year, not exceed Rs. 50,000 or 5% of its average net profit as determined in accordance with the provisions of Section 349 and 350 of the Act during the three financial years immediately preceeding, whichever is greater. In keeping with the larger social objectives of even private and corporate sectors, it may be necessary in certain cases to contribute funds for such purposes in excess of the prescribed limits. Hence Members approval is sought for the resolution.

None of the Directors is interested in the abovesaid resolution.

A large, semi-transparent watermark for 'Report Junction.com' is centered across the page. It features the word 'Report' in a light blue font, a yellow diamond icon with a blue arrow, and the word 'junction.com' in a light green font, all enclosed within a light green rounded rectangular border.

Place: CHENNAI
Date : 12.06.2000

BY ORDER OF THE BOARD

S R SRIDHAR
Company Secretary

UCAL FUEL SYSTEMS LIMITED**REPORT OF DIRECTORS TO THE SHAREHOLDERS**

The Directors have pleasure in presenting the FOURTEENTH ANNUAL REPORT together with the Audited Accounts for the year ended 31st March 2000.

FINANCIAL RESULTS

	For the year ended 31.03.2000	For the year ended 31.03.1999
	(Rs.in '000)	
Gross Turnover	1,47,59,53	96,55,95
Other Income	1,45,94	1,38,52
Expenditure	1,24,83,33	76,31,04
Profit before Interest & Depreciation	24,22,14	21,63,43
Interest	3,50,20	2,26,84
Profit before Depreciation	20,71,94	19,36,59
Depreciation	9,02,16	8,24,69
Profit before Taxation	11,69,78	11,11,90
Provision for Taxation	1,50,00	1,50,00
Profit after Taxation	10,19,78	9,61,90
Transfer to General Reserve	7,00,00	5,00,00
Interim Dividend & Dividend Tax	2,31,37	—
Dividend and Dividend Tax	—	2,31,37
Balance carried to Balance Sheet	7,41,87	6,96,09

DIVIDEND

The Company declared an interim dividend of Rs. 3.00 per equity share for the year. The Directors have not recommended any final dividend for the year under review.

PERFORMANCE AND OPERATIONS

The Company has achieved good performance with Sales turnover of Rs. 14,760 lakhs. The Domestic Sales turnover of the Company is Rs. 13,635 lakhs which is higher by 61% as compared to previous year primarily because of recovery in automotive sector.

Exports have been satisfactory with four wheeler carburettors of Rs. 985 lakhs and two wheeler carburettors Rs. 140 lakhs. The Company received Regional Export Award for outstanding performance for the year 1997 - 98 by Engineering Export Promotion Council.

MARAIMALAI NAGAR

During the year, the Company had commenced supplies of

1. Electronic Fuel Injection (EFI) Systems parts such as Throttle Body Assembly, Delivery Pipe, Pressure Regulator and High Pressure Fuel Filter for Passenger Cars manufactured by Maruti Udyog Limited to meet Euro II Emission Norms.

UCAL FUEL SYSTEMS LIMITED

2. new Model BS type Carburettors for fitment to 4 stroke Motor Cycle "FIERO" manufactured by TVS Suzuki Limited, which meets the year 2000 emission norms.

3. new Model VM type carburettors for Escorts Yamaha 2/4 stroke Motor Cycle, an import substitute for the customer.

The Company has re-designed all models of carburettors to incorporate additional facilities necessary for use on cars fitted with Catalytic Converters and Carbon Canisters as per Government regulations.

PONDICHERRY

The Company has added a new product to its range - Air Suction Valve a device used in four stroke two wheelers manufactured by Hero Honda to meet emission norms.

Facilities for producing some EFI parts such as Pressure Regulator and Delivery Pipe for four wheelers are being created.

QUALITY SYSTEMS

Both the plants Maraimalai Nagar and Pondicherry are recertified for QS9000 Systems by BVQI for further period of three years.

NEW PLANT AT GURGAON

The Company has established a third plant at Gurgaon, near New Delhi, with a view to serve Maruti's Just-In-Time needs. The factory was got ready in about six months and was inaugurated on 17th April 2000. Commercial Production was also commenced from 24th April 2000.

The factory has facilities to manufacture EFI related items. The total cost of the project is Rs. 17 crores which was met partly out of the loan sanctioned by State Bank of India and partly by internal generation of funds of the Company.

SUBSIDIARY COMPANIES

During the year under review, the Company formed a subsidiary Company Ucal Polymer Industries Limited (UPIL) for carrying out manufacturing activity of bonding rubber on to metal parts for automotive applications.

The Company had also acquired the shares of Ucal Machine Tools Limited as approved by the shareholders at the Annual General Meeting held on 27th July 1998. By such acquisition, Ucal Machine Tools Limited has become wholly owned subsidiary of our Company.

The annual report of subsidiaries have been attached to this report.

DIRECTORS

In accordance with the requirements of the Companies Act, 1956 and the Articles of Association of the Company, Mr. S. Muthukrishnan and Mr. V. Narayanan retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

UCAL FUEL SYSTEMS LIMITED

Industrial Development Bank of India (IDBI) has withdrawn the nomination of Mr.T.K.Venkatesh Kumar on the Board of the Company. The Directors wish to place on record their appreciation of the services rendered by him during his tenure as Director and for the valuable guidance received from him.

Mr. Darshan S. Desai ceased to be a Director on the Board of the Company w.e.f., 23rd November 1999. The Directors wish to place on record their appreciation of the services rendered by him during his tenure as Director and for the valuable guidance received from him.

Mikuni Corporation, Japan has withdrawn the nomination of Mr. Masahiro Yamaguchi as Resident Director of the Company w.e.f., 13th June 2000. The Directors wish to place on record their appreciation of the services rendered by Mr. Yamaguchi during his tenure as Director and for the valuable guidance received from him.

Mikuni while working on the nomination of a new Director have positioned two Japanese advisers for Quality Assurance and R & D / Engineering for a period of two years to guide the Company in establishing new products.

AUDITORS

The present Auditors M/s J. Srinivasan, Chartered Accountants, Bangalore resigned as Statutory Auditors from the conclusion of ensuing Annual General Meeting. The company has received special notice under section 190 of the Companies Act, 1956 from a shareholder, proposing the appointment of M/s. G. Balu Associates, Chartered Accountants as Statutory Auditors of the Company for the financial year 2000 - 01. The Company has received the certificate under section 224 I B of the Companies Act, 1956 from M/s. G. Balu Associates, Chartered Accountants indicating that their appointment if made will be within the limits stipulated in the section.

The Directors wish to place on record the appreciation of services rendered by M/s. J. Srinivasan, Statutory Auditors and also the guidance received from them during their tenure as Statutory Auditors of the Company.

CORPORATE GOVERNANCE

The Company has consistently stood for good Corporate Governance. Securities and Exchange Board of India (SEBI) has now issued guidelines for Corporate Governance through amendments to the listing agreement with Stock Exchanges.

The Directors are happy to state that the Company has already been conforming to some of the SEBI guidelines even before the guidelines were made mandatory. The Company had initiated steps for implementation of the remaining areas of Governance as required by SEBI guidelines. The Company will ensure with full compliance with SEBI guidelines well before the stipulated date i.e., March 31 2001.

DEMATERIALISATION OF SHARES

Securities and Exchange Board of India vide their Circular dated 16th February 2000 have notified that the Company's shares would have to be traded compulsorily in dematerialised form by Institutional Investors and Overseas Bodies Corporate w.e.f., 26.6.2000. In this connection, the Company has entered into an agreement with the Central Depository Services Limited (CDSL) and

UCAL FUEL SYSTEMS LIMITED

National Securities Depository Limited (NSDL) for dematerialisation of Company's securities in accordance with the provisions of the Depositories Act, 1995 which are now fully operational. With this, the other members also have the option/discretion to demat their shares in the Company through NSDL/CDSL.

FIXED DEPOSITS

The Company continued to accept deposits from the public during the year. There are no unpaid/unclaimed deposits which is due for payment. There is unclaimed deposit of Rs. 10,000 which is due for repayment.

ENERGY, TECHNOLOGY & FOREIGN EXCHANGE

Information on conservation of energy, technology absorption, foreign exchange earnings and outgo required to be given pursuant to Section 217 (1) (e) of the Companies Act 1956 read with the Companies (Disclosure of particulars in the report of Board of Directors) Rules 1988 is annexed hereto (Annexure - I) and forms part of this report.

PARTICULARS OF EMPLOYEES

The particulars of employees as per section 217 (2A) of the Companies Act, 1956 are set out in the Statement Annexed hereto (Annexure - II) which forms part of this report.

ACKNOWLEDGEMENT

The Directors wish to place on record their appreciation of the co-operation and assistance received by the Company from the various Departments of the Central and State Governments, State Industries Promotion Corporation of Tamil Nadu Ltd (SIPCOT), Pondicherry Industrial Promotion Development and Investment Corporation Limited (PIDIC), District Industries Centre (DIC), Haryana, Industrial Development Bank of India (IDBI), Indian Renewable Energy Development Agency Limited (IREDA), Reserve Bank of India (RBI), and State Bank of India/Corporation Bank/The Bank of Tokyo Mitsubishi Limited/The Fuji Bank Limited/IDBI Bank Limited/HDFC Bank Limited/Indian Bank and of the valuable advice and support received from our collaborators, Mikuni Corporation and Mikuni Shoko Corporation, Japan.

Board also records its deep appreciation of the services rendered by all the employees of the company.

Place: CHENNAI
Date : 12.06.2000

for and on behalf of the Board
S MUTHUKRISHNAN
Chairman

UCAL FUEL SYSTEMS LIMITED

ANNEXURE 1 TO REPORT OF DIRECTORS

Information as required under Section 217(1) (e) of the Companies Act, 1956.

A COMPARISON OF POWER & FUEL CONSUMPTION:

Electricity	Current Year	Previous Year
Purchased (Units)	56,78,602	43,08,194
Amount (in Rs.)	1,85,92,439	1,18,40,534
Rate per unit (Rs.)	3.27	2.75
Power factor	0.97	0.95
Own Generation :		
Unit produced through		
Diesel Generators	4,24,106	4,19,220
Unit per litre of Diesel	2.42	2.38
Cost per unit (Rs.)	5.90	4.49
Wind Power Generation in units	26,48,522	23,99,665

1. Energy saving lamp controller is provided in some selected areas in the factory.
2. Centralised stabilizer is provided in Research and Development Department and for the CNC machines in Machine Shop to feed stabilised supply to reduce the breakdown and constant energy consumption.
3. The power factor at our factory for the energy consumed from TNEB is maintained at 0.97 even after the increase of load due to additional machines and equipments.

TECHNOLOGY ABSORPTION

Technology Absorption is complete for all the models of carburettors, Fuel Injection related parts for which the technology was received from Mikuni Corporation in the previous years. In this year, we have obtained technical know-how for the following:-

1. Electronic Fuel Injection System Parts for various applications of Maruti Udyog Limited
Throttle Body Assembly
Delivery Pipe
Pressure Regulator
Fuel Filter
 2. Air Suction Valve Assembly for Hero Honda Motors Limited for their various applications.
 3. Buy Back Carburettors for Yamaha Motors Limited, Japan.
 4. Carburettor for various applications of Escorts Yamaha Motor Cycles Limited.
- Technology absorption is in progress and production has commenced in respect of all the above products.
- Products which have been launched during the year are:
- Throttle Body Assembly – for various applications of Maruti.
Delivery Pipe – for various applications of Maruti.
Pressure Regulator – for various applications of Maruti.
Fuel Filter – for various applications of Maruti.
Constant Depression (BS Type) Carburettors for TVS - Suzuki Motor Cycle.
Air Suction Valve Assembly for Hero Honda Motor Cycles.
Carburettors for various applications of Escorts Yamaha Motor Cycles Limited.
Carburettors for Alpha – 100 for Bajaj Auto Limited.
Carburettors for four stroke motor cycles – export of Mikuni for supply to Yamaha Motor Corporation.
Carburettor for Birla Yamaha Limited – Genset Application.
Carburettor for LML.Trendy