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Annual
Report
2001-02



Plant-1 at Maraimalai Nagar (Near Chennai).



Plant-2 at Pondicherry

UCAL FUEL SYSTEMS LIMITED

BOARD OF DIRECTORS	MR.S. MUTHUKRISHNAN <i>Chairman</i> MR.K.JAYAKAR <i>Vice Chairman & Managing Director</i> MR.MASAKI IKUTA MR.OSAMI HASEGAWA <i>Joint Managing Director</i> MR.R.SUNDARARAMAN <i>Executive Director</i> MR.TAKESHI UMEBAYASHI MR.V. NARAYANAN MR.N. GOMATHINAYAGAM MR.SADAO NIHEI MR.M.R.SIVARAMAN
COMPANY SECRETARY	MR.S.R. SRIDHAR
BANKERS	CORPORATION BANK STATE BANK OF INDIA IDBI BANK LTD INDIAN BANK
AUDITORS	M/S. G. BALU ASSOCIATES CHARTERED ACCOUNTANTS NO.4A VENKATESA AGRAHARAM ROAD MYLAPORE CHENNAI 600 004
REGISTERED OFFICE	"RAHEJA TOWERS" DELTA WING - UNIT 505 177 ANNA SALAI, CHENNAI 600 002 PHONE: 8594652-55
PLANT-I	E-9 – E-12 INDUSTRIAL COMPLEX MARAIMALAI NAGAR – 603 209 KANCHIPURAM DISTRICT TAMIL NADU PHONE:04114-452547, 452548
PLANT-II	A98-A100, A106, A107 PIPDIC INDUSTRIAL ESTATE METTUPALAYAM PONDICHERRY – 605 009 PHONE: 0413-272673, 272675
PLANT-III	PLOT 34-35, 53-54 INDUSTRIAL DEVELOPMENT COLONY MEHRAULI ROAD, GURGAON HARYANA – 122 001 PHONE: 0124-6335773, 6335895

UCAL FUEL SYSTEMS LIMITED

FINANCIAL HIGHLIGHTS

RS.IN LAKHS

	2001-2002	2000-2001	1999-2000	1998-1999	1997-1998	1996-1997	1995-1996	1994-1995	1993-1994	1992-1993
SALES	17,600	15,957	12,706	8,626	8,051	6,327	5,489	3,662	2,720	1,671
Other Income	183	167	140	139	119	111	128	79	33	20
Total Income	17,783	16,124	12,846	8,765	8,170	6,438	5,617	3,741	2,753	1,691
Profit before Interest,										
Depreciation and Tax	4,019	3,377	2,422	2,163	2,335	1,696	1,516	926	600	379
Interest	551	642	350	227	237	260	171	164	186	150
Depreciation	1,307	1,198	902	825	575	441	336	260	186	121
Profit Before Tax	2,161	1,537	1,170	1,112	1,523	995	1,010	503	227	108
Profit After Tax	1,625	1,41	1,020	962	1,358	801	825	443	227	108
Share Capital	695	695	695	695	695	695	695	579	519	519
Reserves & Surplus	6,696	6,235	5,148	4,401	3,672	2,567	1,910	1,326	243	94
Gross Fixed Assets	12,794	12,658	10,163	7,520	6,407	5,514	3,751	2,786	2,022	1,382
Net Fixed Assets	7,258	7,842	6,535	4,770	4,470	4,144	2,818	2,142	1,580	102
Dividend Rate (%)	50%	40%	30%	30%	30%	22%	20%	20%	15%	10%
Earning Per Share (Rs.)	23.40	20.40	14.68	13.84	19.55	11.53	11.87	7.65	4.38	2.08

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UCAL FUEL SYSTEMS LIMITED**NOTICE TO MEMBERS**

NOTICE is hereby given that the SIXTEENTH ANNUAL GENERAL MEETING of Shareholders of UCAL FUEL SYSTEMS LIMITED will be held in the DYNASTY HALL, HOTEL AMBASSADOR PALLAVA, NO.53, Montieth Road, Chennai – 600 008 on Thursday, the 11th July 2002 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 2002 and the Balance Sheet as at that date and the Report of the Directors and Auditors thereon.
2. To declare dividend.
3. To appoint a Director in the place of Mr.S.Muthukrishnan, who retires by rotation and being eligible offers himself for reappointment.
4. To appoint a Director in the place of Mr.Masaki Ikuta, who retires by rotation and being eligible offers himself for reappointment.
5. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

6. To consider and if thought fit to pass with or without modifications the following as an Ordinary Resolution.
 "RESOLVED that Mr.M.R.Sivaraman who was appointed as Additional Director of the Company with effect from 30th August 2001 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 a 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 pursuant to the provisions of the Section 198, 269, 309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956, the Company accords its approval for the increase in the remuneration payable to Mr.Osami Hasegawa, Joint Managing Director from Rs.1,60,000/- to Rs.2,32,000/- per month with other perquisites from 1.4.2002 to 30.9.2002 as detailed below:
 1. Salary: Rs.1,60,000/- (Rupees One lakh Sixty thousand only) per month and
 Special Allowance: Rs.72,000/- (Rupees Seventy two thousand only).
 2. Commission: At the rate of 1% on the net profits of the Company calculated in the manner laid down in the Companies Act, 1956 subject to a maximum of Rs.6,00,000/-.
 3. Perquisites: Perquisites shall be evaluated as per Income-tax Rules.
 - a. Residential Accommodation : The Company shall provide rent-free furnished residential accommodation together with Gas, Water, Electricity etc.
 - b. Medical Reimbursement : Reimbursement of medical expenses for self and family subject to a ceiling of one month's salary or two months' salary over a period of two years.
 - c. Leave Travel Concession : On actuals for self and family once in a year to any place in India, as per the Rules of the Company, subject to a ceiling of one month's salary.
 - d. Club Fees: Fees of club, subject to a maximum of two clubs.
 - e. Personal Accident Insurance : Premium not to exceed Rs.10,000/- per annum.
 - f. Contribution to Provident Fund : Company's contribution towards Provident Fund will be as per the Rules of the Company subject to a ceiling of 12% of the salary.
 - g. Car : Facility of Car with Driver.
 - h. Telephone : Free Telephone facility at residence.
 - i. Passage Benefits : For self and family to and fro Japan once in twelve months by Business Class.

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- j. Reimbursement of reasonable expenses not exceeding Rs.6,000/- per month incurred towards keeping caretakers for the premises occupied by Mr.Osami Hasegawa.
- k. Payment/Reimbursement of packing, forwarding, loading and unloading expenses, freight, insurance, customs duty, clearing expenses, local transportation on actuals for moving the personal effects of Mr.Osami Hasegawa and family to his residence at the time of returning to Japan. Also to pay/reimburse the reasonable expenses incurred in India for clearing the personal baggage of Mr.Osami Hasegawa at the time of joining the company.
- l. To provide watchman/sweeper/gardener for a sum not exceeding Rs.7,000/- per month for the premises occupied by Mr.Osami Hasegawa and to meet any expenses not exceeding Rs.2000/- per month in connection with maintenance of the furniture/equipments provided to him.
- m. Mr.Osami Hasegawa shall be entitled to reimbursement of all actual expenses, including on entertainment and travelling incurred by him in the course of the Company's business.

Explanation: Family means the spouse, the dependent children and dependent parents of the Joint Managing Director.

Minimum Remuneration

"Where in any financial year during the currency of the tenure of the Joint Managing Director, the Company has no profits or its profits are inadequate, the Company will pay minimum remuneration by way of salary and perquisites as specified above".

BY ORDER OF THE BOARD

Place:CHENNAI

Date: 14.05.2002

S.R. SRIDHAR
Company Secretary

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 02.07.2002 to 11.07.2002 (both days inclusive).
3. The Dividend declared will be payable to the Members whose names appear in the Register of Members on 11.07.2002. The members are requested to notify immediately any change in their address. 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.
4. The relevant Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Special Business annexed hereto and forms part of this Notice.
5. 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.

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6. Members are requested to bring their copy of the Annual Report to the Meeting.
7. 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.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956**1. ITEM NO.6**

The Board of Directors have co-opted Mr.M.R.Sivaraman as Additional Director on 30th August 2001. As per Section 260 of the Companies Act, 1956 the above said Additional Director holds office upto the date of this Annual General Meeting and is eligible for appointment as Director. The Company also received Notice from a Member pursuant to Section 257 of the Companies Act, 1956 proposing the candidature of Mr.M.R.Sivaraman for the office of the Director of the Company.

Mr.M.R.Sivaraman aged 62 years is a Post Graduate in Economics from University of Madras. He joined I.A.S on the state cadre of Madhya Pradesh on 21st May 1962. He worked in various Departments of State of Madhya Pradesh and Central Government. He has an experience of about 40 years. He held important position at various responsible levels in the Departments of Finance, Planning, Finance Commission, Economic Affairs and Ministry of Commerce and Finance. He worked as Director General of Civil Aviation & Ex-Officio Additional Secretary to Government of India, Ministry of Civil Aviation and Revenue Secretary, Government of India, Ministry of Finance, New Delhi. He has also worked as Executive Director, International Monetary Fund and currently he is expert Adviser to the UN Security Council Committee on Counter Terrorism.

He joined the Board of Ucal Fuel Systems Limited on 30th August 2001. He is also on the Board of the following Companies.

Chairman & Director	Naltech Limited
Director	SBI Caps Limited
	Creative Eye Limited
	Kitco Limited
	Mascon Mastercard

Mr.M.R.Sivaraman is interested in the above said resolution.

2. ITEM NO.7

The Directors at the Board Meeting held on 29.9.2000 appointed Mr.Osami Hasegawa as Joint Managing Director of the Company for a period of 2 years with effect from 1.10.2000, which was subsequently approved by the shareholders at the Annual General Meeting held on 30th August 2001. His present salary is Rs.1,60,000/- with other perquisites as mentioned in the Resolution dated 30.8.2001. The Department of Company Affairs, Government of India vide their letter No.1/430/2000-CLVI dated 4th June 2001 has also given its approval for the said appointment and to the payment of remuneration. At the Board Meeting held on 14-05-2002, the Directors' have considered the revision in the remuneration payable to Mr. Hasegawa with effect 1-4-2002 to 30-9-2002.

Mr.Osami Hasegawa is 59 years old and has about 41 years of experience in various fields especially in techno-marketing. He worked with Mitsubishi Corporation, Japan and their subsidiaries in Japan. He has thorough knowledge and experience in the implementation of Turnkey projects. During such period, he worked in various capacities such as Project Manager, Deputy General Manager, General Manager and Project Director. He also has experience in export business of automotive component manufacturing equipment to India and Korea. His knowledge and experience in manufacturing operations would be of immense help to us in the indigenisation of certain critical components which are being imported. He is co-ordinating with Mikuni in ensuring smooth flow of technology for the entire range of new products and to develop high level contacts with Indian customers to take the business of the Joint Venture to great heights.

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Based on the prevailing market conditions his knowledge, experience, and his earlier positions in leading companies in far East Asia, Board considered the revision in the remuneration payable to the Joint Managing Director for the period from 1.4.2002 to 30.9.2002 and has revised his remuneration from Rs.1,60,000 to Rs.2,32,000 with other perquisites.

Since any increase in the remuneration payable to Joint Managing Director requires Shareholders approval, the said resolution is placed before you for your approval.

Mr.Osami Hasegawa is interested in the abovesaid resolution.

This, alongwith relevant resolution may also be treated as an abstract pursuant to Section 302 of the Companies Act, 1956.

INFORMATION PURSUANT TO CLAUSE 49 VI(A)(C) OF THE LISTING AGREEMENT

A brief resume of Directors who are re-appointed and names of the Companies in which they hold Directorship. The details regarding new director has already been given under explanatory statement.

Mr.S.Muthukrishnan, aged 64 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 this field since 1964.

He has also served as the President of Automotive Component Manufacturers Association of India (now ACMA), Regional Chairman of Association of Indian Engineering Industry (now CII), Vice President of Indo-Sri Lanka Chamber of Commerce & Industry and President of Madras Motor Sports Club. He joined the Board of Ucal Fuel Systems Limited on 4.11.1985. He is also on the Board of the following Companies.

Chairman & Managing Director	Carburettors Limited
Chairman & Director	Ucal Machine Tools Limited Ucal Power Systems Limited Ucal Exports Private Limited
Executive Chairman	Ucal Consultants Private Limited
Vice Chairman & Director	Engelhard Environmental Systems (India) Private Limited
Director	The Union Company (Motors) Private Limited Unicorn Private Limited The Standard Motor Company (India) Private Ltd Ucal Travels Private Limited Bangalore Union Services Private Limited K.G.Charities Minica Real Estates Private Limited

Mr.Masaki Ikuta aged 67years is a graduate in Economics from faculty of Economics, Kie University in March 1957. He is an industrialist having practical knowledge and experience in the manufacture of Automobiles and its Components. He joined Mikuni Corporation (MIC) as Executive Director in May 1996 and now he is the Chief Executive Officer. He joined the Board of Ucal Fuel Systems Limited on 12.09.1989. He is also on the Board of the following companies.

Chairman	Mikuni Shoko Corporation Mikuni Amercian Corporation Mikuni Sogyo Corporation Corbin Properties Incorporated
Director	Nippon Injector Corporation
President	Mikuni Corporation Mikuni ADEC Corporation

BY ORDER OF THE BOARD

Place:CHENNAI
Date: 14.05.2002

S.R. SRIDHAR
Company Secretary

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

The Directors have pleasure in presenting the SIXTEENTH ANNUAL REPORT together with the Audited Accounts for the year ended 31st March 2002.

FINANCIAL RESULTS

	(Rs. in '000)	
	For the year Ended 31.3.2002	For the year Ended 31.3.2001
Gross Sales	2,117,183	1,910,402
Less: Excise Duty	357,176	314,710
Net Sales	1,760,007	1,595,692
Other Income	18,340	16,729
Total Income	1,778,347	1,612,421
Total Expenditure	1,376,444	1,274,696
Profit before Interest & Depreciation	401,903	337,725
Interest	55,118	64,179
Profit before Depreciation	346,785	273,546
Depreciation	130,707	119,822
Profit before Taxation	216,078	153,724
Provision for Taxation	53,536	12,000
Profit after Taxation	162,542	141,724
Transfer to General Reserve	100,000	70,000
Proposed Dividend	34,740	27,792
Tax on Dividend	—	2,835
Balance carried to Balance Sheet	145,736	112,948

DIVIDEND

Your Directors recommend Dividend of 50% (Rs.5.00 per equity share of Rs.10/- each) for the year ended 31st March 2002.

	(Rs. in '000)
Dividend on 69,48,000 Equity Shares	34,740

PERFORMANCE AND OPERATIONS

The Company has posted an impressive performance even during an overall recessionary trend in Indian Industries with Net Sales of Rs.17,600 lakhs recording a growth of 10% over the previous year. This improved performance over the previous year is on account of the growth in the two wheeler segment.

The domestic sale has increased by Rs.2,046 lakhs during this year compared to previous year. This is largely due to impressive growth in the two wheeler segment. The Export sale has decreased by Rs.403 lakhs as the offtake of Mikuni Corporation has reduced due to the stagnant market situation in Japan.