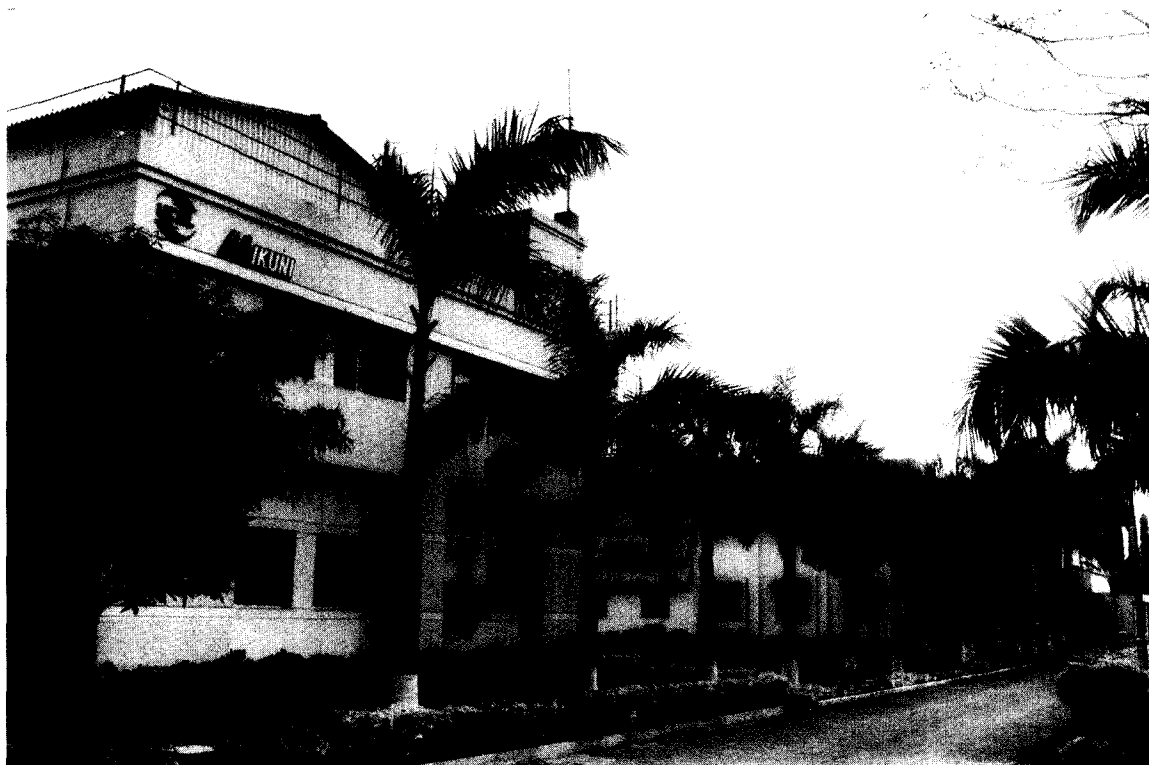




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2002-03



***Plant-1 at Maraimalai Nagar ( Near Chennai ).***



***Plant-2 at Pondicherry***

**UCAL FUEL SYSTEMS LIMITED****BOARD OF DIRECTORS****MR.S. MUTHUKRISHNAN***Chairman***MR.K.JAYAKAR***Vice Chairman & Managing Director***MR.MASAKI IKUTA****MR.OSAMI HASEGAWA***Joint Managing Director***MR.R.SUNDARARAMAN***Executive Director***MR.TAKESHI UMEBAYASHI****MR.V. NARAYANAN****MR.N. GOMATHINAYAGAM****MR.M.R.SIVARAMAN****MR.MASAHIRO HAYASHIDA****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: 28604795-98

**PLANT-I**

E-9 – E-12 INDUSTRIAL COMPLEX

MARAIMALAI NAGAR – 603 209

KANCHIPURAM DISTRICT

TAMIL NADU

PHONE:04114-252547, 252548

**PLANT-II**

A98-A100, A106, A107

PIPDIC INDUSTRIAL ESTATE

METTUPALAYAM

PONDICHERRY – 605 009

PHONE: 0413-2272673, 2272675

**PLANT-III**

PLOT 34-35, 53-54

INDUSTRIAL DEVELOPMENT COLONY

MEHRAULI ROAD, GURGAON

HARYANA – 122 001

PHONE: 0124-2335773, 2235895

# UCAL FUEL SYSTEMS LIMITED

## FINANCIAL HIGHLIGHTS

(RS.IN ' 000s)

	2002-2003	2001-2002	2000-2001	1999-2000	1998-1999	1997-1998	1996-1997	1995-1996	1994-1995	1993-1994
SALES	2,242,422	1,760,007	1,595,692	1,270,563	862,583	804,323	632,732	548,914	366,178	272,022
Other Income	16,946	18,340	16,729	14,045	13,440	11,867	11,121	12,829	7,949	3,318
Total Income	2,259,368	1,778,347	1,612,421	1,284,608	876,023	816,190	643,853	561,743	374,127	275,340
Total Expenditure	1,695,767	1,376,444	1,274,696	1,042,394	659,680	582,680	474,293	410,099	281,496	215,356
Profit before Interest & Depreciation	563,601	401,903	337,725	242,214	216,343	233,510	169,560	151,644	92,631	59,984
Interest	20,650	55,118	64,179	35,020	22,684	23,725	26,017	17,090	16,351	18,641
Depreciation	136,612	130,707	119,822	90,216	82,469	57,481	44,055	33,577	25,975	18,619
Profit Before Tax	406,339	216,078	153,724	116,978	111,190	152,304	99,488	100,977	50,305	22,724
Profit After Tax	281,458	162,542	141,724	101,978	96,190	135,804	80,088	82,477	44,305	22,724
Share Capital	69,480	69,480	69,480	69,480	69,480	69,480	69,480	69,480	57,900	51,900
Reserves & Surplus	911,292	669,582	623,551	514,790	440,212	367,408	254,702	191,429	133,203	25,046
Loan Funds	208,332	329,260	581,900	521,729	309,435	217,413	274,325	190,555	145,858	153,252
Fixed Assets	811,743	762,475	800,322	752,405	525,623	485,424	442,010	326,728	228,765	173,732
Net Current Assets	364,122	315,510	382,231	260,772	228,073	119,311	118,578	91,017	91,232	47,178
Dividend Rate (%)	60%	50%	40%	30%	30%	30%	22%	20%	20%	15%
Earning per Share (Rs.)	40.51	23.39	20.40	14.68	13.84	19.55	11.53	11.87	7.65	4.38

**UCAL FUEL SYSTEMS LIMITED**

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**UCAL FUEL SYSTEMS LIMITED****NOTICE TO MEMBERS**

NOTICE is hereby given that the SEVENTEENTH 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 Saturday, the 20<sup>th</sup> September 2003 at 10.00 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 2003 and the Balance Sheet as on 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.R.Sundaraman, who retires by rotation and being eligible offers himself for reappointment.
4. To appoint a Director in the place of Mr.V. Narayanan, 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.Masahiro Hayashida who was appointed as Additional Director with effect from 26<sup>th</sup> October 2002 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 and 311 and other applicable provisions, if any, of the Companies Act, 1956, the consent of the Company be and is hereby accorded to the reappointment of Mr.Osami Hasegawa as Joint Managing Director for a period of one year from 1.10.2002 on a remuneration mentioned below:

1. Salary: Rs.1,60,000/- (Rupees One lakh Sixty thousand only) per month and Special Allowance: Rs.72,000/- per month (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.600,000/-.
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.

**UCAL FUEL SYSTEMS LIMITED**

- i. **Passage Benefits :** For self and family to and fro Japan once in twelve months by Business Class.
- 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, and 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.
- 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.

"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".

8. **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 and 311 and other applicable provisions, if any, of the Companies Act, 1956, the approval of the Company be and is hereby accorded to the increased remuneration payable to Mr.Osami Hasegawa, Joint Managing Director from 1.1.2003 to 30.09.2003 as mentioned below:

1. **Salary:** Rs.1,60,000/- (Rupees One lakh Sixty thousand only) per month and **Special Allowance:** Rs.1,15,000/- per month (Rupees one lakh fifteen 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.

**UCAL FUEL SYSTEMS LIMITED**

- 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.
- 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.

"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".

9. 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 and subject to the approval of the Central Government if necessary, the approval of the Company be and is hereby accorded to the increased remuneration payable to Mr.K.Jayakar, Vice Chairman and Managing Director from 1.4.2002 to 31.8.2006 as mentioned below :

- a. Salary Rs.48 lakhs per annum
- b. Special allowance Rs.36 lakhs per annum.
- c. House rent allowance Rs.18 lakhs per annum.
- d. Commission will be calculated at such percentage so as to make the overall remuneration including salary, perquisites and commission equivalent to 5% of the net profits in the respective years of the Company as computed under section 198 and 349 of the Companies Act, 1956.
- e. Perquisites like gas, electricity, water, furniture/fittings, medical reimbursement, leave travel concession for self and family, club fees, medical /personal accident insurance premia and other benefits or amenities as may be decided by the Board of Directors from time to time, all such perquisites restricted to a sum not exceeding to Rs.5 lakhs per annum.
- f. The perquisites shall be evaluated at actual cost to the Company and where it is not possible to ascertain the actual cost, such perquisites shall be evaluated as per the Income tax Rules, 1962.
- g. Provision for use of Company car with driver for official duties and telephone at residence (including payment for local calls and long distance calls) shall not be included in the computation of perquisites for the purpose of calculation of the said ceiling. Personal long distance calls on telephone and use of Company car for private purposes shall be recovered by the Company from Vice Chairman and Managing Director.
- h. Company's contribution to provident fund and superannuation fund, if any, not exceeding such percentage of salary as may be fixed by the Central Government from time to time and



**UCAL FUEL SYSTEMS LIMITED**

gratuity as per rules of the Company shall not be included in the computation of the limits for remuneration or perquisites aforesaid.

- i. In addition to the above remuneration and perquisites, the Vice Chairman and Managing Director shall also be entitled to pension, if any, payable after retirement, subject to rules and regulations as may be framed by the Company in this regard.
- j. Passage benefits: For self and family to and fro United States of America once in twelve months.
- k. Earned Leave: One month's full pay and allowance as per the Rules of the Company, but not exceeding one month's leave for every eleven months of service and leave accumulated shall be encashable at the end of the tenure. Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites.
- l. Vice Chairman and Managing Director 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.

"In the event of loss or inadequacy of profits in any financial year, the Company will pay minimum remuneration by way of salary and perquisites as specified above."

BY ORDER OF THE BOARD

Place: CHENNAI

Date: 14.06.2003

**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 10.09.2003 to 20.09.2003 (both days inclusive).
3. The Dividend declared will be payable to the Members whose names appear in the Register of Members on 20.09.2003. 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. 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. The Dividend declared for the year 1995-96, which remained unclaimed will be transferred to the Investor Education and Protection Fund in terms of provisions of Section 205C of the Companies Act, 1956 before 1<sup>st</sup> August 2003.  
Members who have not encashed the dividend warrants for the year ended 1996-97 and/or any subsequent dividend payments are requested to make their claim to the Company.
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.

**UCAL FUEL SYSTEMS LIMITED****3. EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956****ITEM NO.6**

The Board of Directors had co-opted Mr.Masahiro Hayashida as Additional Director on 26<sup>th</sup> October 2002. 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 has also received Notice from a Member pursuant to Section 257 of the Companies Act, 1956 proposing the candidature of Mr.Masahiro Hayashida for the office of the Director of the Company.

Mr.Masahiro Hayashida aged 49 years is a PH.D in Engineering from Japan. He joined Mikuni Corporation in the year 1979 and has worked in various Departments of Mikuni Corporation. He has an experience of about 24 years in Research and Development. Presently he is the Director and Deputy General Manager of Technology Development, Headquarter Mikuni Corporation, Japan.

Mr.Masahiro Hayashida is interested in the above said resolution.

**ITEM NO.7 & 8**

Mr.Osami Hasegawa, a nominee of Mikuni Corporation was reappointed as Joint Managing Director for a further period of one year from 1.10.2002 on a salary of Rs.2,32,000/- per month together with other perquisites at the Board meeting held on 11.7.2002.

Mr.Osami Hasegawa is 60 years old and has about 42 years of experience in various fields especially in techno-marketing. He worked with Mitsubishi Corporation and its subsidiaries in Japan. He has thorough knowledge and experience in the implementation of Turnkey projects. He has worked in various capacities such as Project Manager, Deputy General Manager, General Manager and Project Director. He has immense experience in the export 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 thereby ensuring smooth flow of technology for the entire range of new products and in also developing high level contacts with Indian customers to take the Joint Venture to great heights.

The Board in its meeting held on 24.1.2003 approved an increase in the remuneration payable to Mr.Osami Hasegawa from Rs.2,32,000/- to Rs.2,75,000 per month with effect from 1.1.2003 to 30.9.2003 together with other perquisites keeping in mind the prevailing market conditions, his knowledge, experience and his earlier positions in leading Companies in Far East Asia. This increase is well within the limits specified in the Schedule XIII of the Companies Act, 1956. Since the above said proposals require the approval of the shareholders, the said resolutions are placed before the meeting for approval.

Mr.Osami Hasegawa is interested in the above said resolutions.

**ITEM NO.9**

At the Board Meeting held on 10.7.2001, Mr.K.Jayakar was appointed Vice Chairman and Managing Director for a period of five years with effect from 1.9.2001 on a salary of Rs.1,25,000 per month which is in the grade of Rs.1,25,000-25,000-2,50,000 together with other perquisites. This was approved by the shareholders at the Annual General Meeting held on 30.8.2001. The Department of Company Affairs, Government of India vide their letter No.1/254/2001-CLVII dated 7<sup>th</sup> January 2002 have also given their approval for the said appointment and remuneration.

Mr.K.Jayakar, a Non Resident Indian and US Citizen holds a MBA degree in Finance from Duke University, United States of America and has over 17 years of experience in all aspects of Corporate Finance including Mergers and Acquisitions, Treasury, Taxation and Compliance. Mr.K.Jayakar is responsible for worldwide Finance, Accounting, Legal, Administration, M&A, Compliance and HR in a leading Software service providing Company.

The Board at its meeting held on 11.7.2002 approved the increase in remuneration payable to Mr.K.Jayakar with effect from 1.4.2002 to 31.8.2006 based on his knowledge, experience and increased responsibilities. This increase is well within the limits specified in the Schedule XIII of the Companies Act, 1956. Since the