



**UCAL Fuel Systems
Limited**

Report  Junction.com

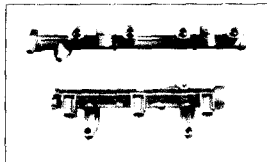
Annual
Report
2004-05

Quality products for OEM, exports and after market spares requirement

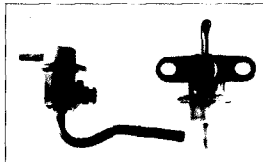
MULTI POINT FUEL INJECTION SYSTEM



Throttle Body

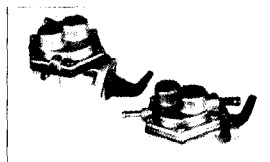


Fuel Rail (Delivery Pipe) & Pressure Regulator

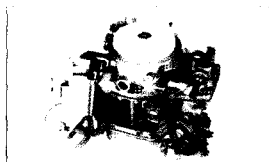


Fuel Filter

CARBURETTOR AND PUMP FOR PASSENGER CARS



Fuel pumps



Carburettor with coasting richer system



Single barrel side draught carburettor



Intank electric fuel pump

CARBURETTOR FOR 4 STROKE TWO WHEELERS



BS Carburettor for motorcycle



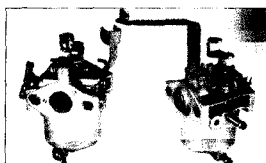
VM Carburettor

CARBURETTOR FOR 2 / 3 WHEELERS & CARBURETTOR FOR - UTILITY ENGINE

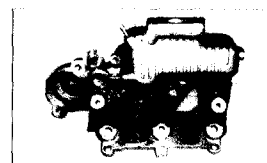
MANIFOLD



VM Carburettor for three Wheeler (2S)



TH type carburettor for general purpose engines

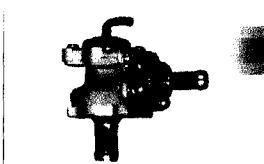


Intake manifold

MEETING TOMMORROW'S EMISSION NORMS TODAY



Electronic throttle body



Valves for Secondary Air Injection

UCAL FUEL SYSTEMS LIMITED

BOARD OF DIRECTORS

MR.S. MUTHUKRISHNAN
Chairman

MR.K.JAYAKAR
Vice Chairman & Managing Director

MR.MASAKI IKUTA

MR.HIROMI IIDA
Joint Managing Director

MR.R.SUNDARARAMAN
Executive Director

MR. HISATAKA IKUTA

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 705
177 ANNA SALAI, CHENNAI 600 002
PHONE: 044-28604795-96/52208100

PLANT-I

E-9 – E-12 INDUSTRIAL COMPLEX
MARAIMALAI NAGAR – 603 209
KANCHIPURAM DISTRICT
TAMIL NADU
PHONE:04114-508000

PLANT-II

A98-A100, A106, A107
PIDIC INDUSTRIAL ESTATE
METTUPALAYAM
PONDICHERRY – 605 009
PHONE: 0413-2273006, 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: 044-55544700

UCAL FUEL SYSTEMS LIMITED

FINANCIAL HIGHLIGHTS

(Rs. in' 000)

| | 2004-2005 | 2003-2004 | 2002-2003 | 2001-2002 | 2000-2001 | 1999-2000 | 1998-1999 | 1997-1998 | 1996-1997 | 1995-1996 |
|---------------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| SALES | 2,714,056 | 2,591,380 | 2,242,422 | 1,760,007 | 1,595,692 | 1,270,563 | 862,583 | 804,323 | 632,732 | 548,914 |
| Other Income | 39,379 | 27,812 | 16,946 | 18,340 | 16,729 | 14,045 | 13,440 | 11,867 | 11,121 | 12,829 |
| Total Income | 2,753,435 | 2,619,192 | 2,259,368 | 1,778,347 | 1,612,421 | 1,284,608 | 876,023 | 816,190 | 643,853 | 561,743 |
| Total Expenditure | 2,252,697 | 2,045,907 | 1,695,767 | 1,376,444 | 1,274,696 | 1,042,394 | 659,680 | 582,680 | 474,293 | 410,099 |
| Profit before Interest & Depreciation | 500,738 | 573,285 | 563,601 | 401,903 | 337,725 | 242,214 | 216,343 | 233,510 | 169,560 | 151,644 |
| Interest | 4,634 | 10,770 | 20,650 | 55,118 | 64,179 | 35,020 | 22,684 | 23,725 | 26,017 | 17,090 |
| Depreciation | 134,530 | 123,263 | 136,612 | 130,707 | 119,822 | 90,216 | 82,469 | 57,481 | 44,055 | 33,577 |
| Profit Before Tax | 361,574 | 439,252 | 406,339 | 216,078 | 153,724 | 116,978 | 111,190 | 152,304 | 99,488 | 100,977 |
| Profit After Tax | 257,610 | 313,082 | 281,458 | 162,542 | 141,724 | 101,978 | 96,190 | 135,804 | 80,088 | 82,477 |
| Share Capital | 138,960 | 69,480 | 69,480 | 69,480 | 69,480 | 69,480 | 69,480 | 69,480 | 69,480 | 69,480 |
| Reserves & Surplus | 1,353,266 | 1,193,954 | 911,292 | 669,582 | 623,551 | 514,790 | 440,212 | 367,408 | 254,702 | 191,429 |
| Loan Funds | 109,279 | 179,089 | 208,332 | 329,260 | 581,900 | 521,729 | 309,435 | 217,413 | 274,325 | 190,555 |
| Fixed Assets | 962,075 | 1,025,684 | 811,743 | 762,475 | 800,322 | 752,405 | 525,623 | 485,424 | 442,010 | 326,728 |
| Net Current Assets | 560,423 | 388,335 | 364,122 | 315,510 | 382,231 | 260,772 | 228,073 | 119,311 | 118,578 | 91,017 |
| Dividend Rate (%) | 40% | 60% | 60% | 50% | 40% | 30% | 30% | 30% | 22% | 20% |
| Earning per Share (Rs.) | 18.54 | 45.06 | 40.51 | 23.39 | 20.40 | 14.68 | 13.84 | 19.55 | 11.53 | 11.87 |
| Current Ratio | 2.55:1 | 1.90:1 | 2.02:1 | 2.85:1 | 1.35:1 | 1.31:1 | 1.29:1 | 1.73:1 | 1.85:1 | 1.73:1 |
| Debt. Equity Ratio | 0.04:1 | 0.11:1 | 0.21:1 | 0.45:1 | 0.81:1 | 0.69:1 | 0.42:1 | 0.50:1 | 0.85:1 | 0.73:1 |

UCAL FUEL SYSTEMS LIMITED

| CONTENTS | Page No. |
|--|-----------------|
| Notice | 4-8 |
| Report of Directors and Management Discussion & Analysis | 9-18 |
| Report on Corporate Governance | 19-28 |
| Auditors' Report | 29-31 |
| Balance Sheet | 32 |
| Profit and Loss Account | 33 |
| Schedules and Notes to the accounts | 34-50 |
| Balance Sheet Abstract and Company's General Business Profile | 51 |
| Cash Flow Statement | 52-53 |
| Statement pursuant to Section 212(3) of the Companies Act, 1956 | 54 |
| Subsidiary Companies | |
| Ucal Machine Tools Limited | 55 |
| Ucal Polymer Industries Limited | 56 |
| Auditors' Report on Consolidated Accounts | 57 |
| Consolidated Balance Sheet | 58 |
| Consolidated Profit and Loss Account | 59 |
| Schedules and Notes to the accounts | 60-69 |
| Consolidated Cash Flow Statement | 70-71 |

UCAL FUEL SYSTEMS LIMITED

NOTICE TO MEMBERS

NOTICE is hereby given that the NINETEENTH 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 Friday, the 9th September 2005 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 2005 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.Sundararaman 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 a Director in the place of Mr.Masahiro Hayashida who retires by rotation and being eligible offers himself for reappointment.
6. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

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

"RESOLVED that Mr. Hisataka Ikuta, who was appointed as Additional Director with effect from 26th July 2005 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.

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 consent of the Company be and is hereby accorded to the reappointment of Mr.R.Sundararaman as Executive Director for a period of three years from 26.07.2005 on a remuneration mentioned below:

1. Salary : Rs. 150,000/- per month with an annual increase of Rs.25,000 per month
2. Commission : Rs. 1,200,000/- per annum.
3. Perquisites: Perquisites shall be evaluated as Per Income-tax Rules.
 - a. House Rent Allowance:Rs.50,000/- per month
 - b. Medical Reimbursement: Reimbursement of expenses incurred for self and family subject to a ceiling of one month's salary in a year or three months' salary over a period of three years.

UCAL FUEL SYSTEMS LIMITED

- c. Leave Travel Concession: On actuals for self and family, once in a year incurred subject to a ceiling of one month's salary.
 - d. Club Fees: Fees of the Clubs subject to a maximum of two clubs.
 - e. Personal Accident Insurance: Premium not to exceed Rs.10,000/- per annum.
 - f. Company's contribution towards Provident Fund as per the Rules of the Company but not exceeding such percentage of the salary as may be fixed by the Central Government from time to time.
 - g. Company's contribution towards Superannuation fund as per the Rules of the Company but it shall not, together with Company's contribution to Provident fund, exceed such percentage as may be stipulated by the Central Government.
- Contribution to Provident Fund and Superannuation Fund will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income-tax Act.
- h. Gratuity as per the Rules of the Company, but shall not exceed half month's salary for each completed year of service.
 - i. Earned Leave: On 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.
 - j. Provision of Car with driver for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company.
 - k. The Executive 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.

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 by way of salary and perquisites as specified above".

BY ORDER OF THE BOARD

Place : CHENNAI
Date : 26.07.2005

S.R. SRIDHAR
Company Secretary

UCAL FUEL SYSTEMS LIMITED

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 2nd September 2005 to 9th September 2005 (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 1997-98, 1998-99, 1999-2000, 2000-2001, 2001-2002, 2002-2003, 2003-04 and 2004-05 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 1997-98 would be transferred to the Investor Education and Protection Fund of the Central Government on 24th August 2005.

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 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 PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956****ITEM NO.3&8**

At the Board meeting held on 22.6.2005, the Board of Directors have reappointed Mr.R.Sundararaman as Executive Director for a period of 3 years from 26.7.2005 on a remuneration as detailed in the resolution.

Mr.R.Sundararaman, aged 59 years is a Mechanical Engineer from College of Engineering, Guindy, Chennai. He has about 36 years of experience in various Companies. During such period, he has held positions such as Manager (Operations), Vice President, Director and Executive Director in various Engineering Companies. He has thorough knowledge and experience in the implementation of major projects and intimate knowledge in Auto Ancillaries. He joined the Board of Ucal Fuel Systems Limited on 26.7.2000. He is also on the Board of Ucal Polymer Industries Limited.

Notice under Section 302 of the Companies Act, 1956 for the said re-appointment was sent to the members on 12.7.2005

Mr. R. Sundararaman is interested in the abovesaid proposal.

ITEM NO.7

The Board of Directors had co-opted Mr. Hisataka Ikuta as Additional Director on 26th July 2005. As per Section 260 of the Companies Act, 1956 the abovesaid 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. Hisataka Ikuta for the office of the Director of the Company.

Mr. Hisataka Ikuta aged 42 years is graduated from Faculty of Business and Commerce, Keio University. He joined Mikuni Corporation as Advisor on 1st June 2001 and subsequently was promoted to Board Director - General Manager (Marketing). He has worked in various capacities as Director & Executive Officer, General Manager, Board Director & Senior Executive Officer and CS Project Leader, Board Director & Senior Executive Vice President, General Manager - Corporate Strategy & Administration. Presently he is also responsible for Logistics Control Center, Compliance, Finance & Accounting while holding the post of General Manager - Life Tech Division and CS Project Leader in Mikuni Corporation.

He is also on the Board of the following Companies: Mikuni (Thailand) Co., Ltd. Mikuni (Shanghai) Co., Ltd. Mikuni (Chengdu) Machinery & Electronics Co., Ltd. Ningbo Mikuni Machinery Electronics Co., Ltd.

Mr. Hisataka Ikuta and Mr. Masaki Ikuta are interested in the abovesaid resolution.

UCAL FUEL SYSTEMS LIMITED**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 is given below. The details regarding the appointment of new Directors has already been given under Explanatory Statement.

ITEM NO.4 – Mr.V.Narayanan

Mr.V.Narayanan, aged 67 years, holds a Masters Degree in Science from the University of Madras. Mr.V.Narayanan began his career in 1959 as Management Trainee in Hindustan Lever Limited (HILL). In his 10 years with HILL he specialised in Sales and Marketing, both in India and UK. He is the former Chairman and Managing Director of Pond's India Limited. He is a member of the Governing Council of the Institute for Financial Management and Research (IFMR), Chennai. He is also the President of the Tamilnadu Tennis Association. He joined Ucal Fuel Systems Limited as a Director in the year 1994. He is on the Board of the following Companies: Pond's Exports Limited, MM Forgings Ltd, Samcor Glass Limited, Glaxo Smithkline Pharmaceuticals Limited, Rane (Madras) Limited, Samtel Color Limited, Bata India Limited, Hindustan Lever Limited, Lafarge India Pvt. Limited, Sundaram Fasteners Limited, FAL Industries Limited, Foster's India Limited, Tamilnadu Newsprint & Papers Limited.

ITEM NO.5 – Mr.Masahiro Hayashida

Mr.Masahiro Hayashida aged 51 years is Ph.D holder 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 26 years in Research and Development. Presently he is the Director and Deputy General Manager of Technology Development Headquarter, Mikuni Corporation, Japan.

BY ORDER OF THE BOARD

Place : CHENNAI
Date : 26.07.2005

S.R. SRIDHAR
Company Secretary