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Annual Report
2007-08

OUR NEW LOGO

Our Logo has undergone a change and we are excited about it.

UCAL Fuel Systems has been a Green Company since 1994.

Our 9 windmills contribute to nearly 27% of our total energy requirements.

Additionally 22% of the total plant area is utilised for Green Belt development.

The water requirement for this Green Belt is met from our Sewage Treatment Plant. "Process Effluents" are treated in a

Tertiary Treatment Plant and the recycled water caters to nearly 20% of our production requirements.

Hence the change in colour to Green in our Logo.

AWARDS WON 2007

🏆 Gold Trophy from ACMA for Quality & Productivity

🏆 Silver Trophy from ACMA for Manufacturing Excellence

🏆 Bronze Trophy from ACMA for Manufacturing Excellence

🏆 India Manufacturing Excellence Award from Frost & Sullivan

🏆 Gold Certificate of Merit from Frost & Sullivan for Manufacturing Excellence

🏆 Strong Commitment to Excel from CII

🏆 Best Six Sigma Case Study Award from CII

🏆 Best Poster Award from TPM Club of India

🏆 Best Poster Commendation award from TPM Club of India

UCAL FUEL SYSTEMS LIMITED

BOARD OF DIRECTORS	<p>MR. S. MUTHUKRISHNAN <i>Chairman</i></p> <p>MR. K. JAYAKAR <i>Vice Chairman & Managing Director</i></p> <p>MR. V. NARAYANAN</p> <p>MR. N. GOMATHINAYAGAM</p> <p>MR. M.R. SIVARAMAN</p> <p>MR. MUKUL SARKAR <i>Exim Bank Nominee</i></p>
COMPANY SECRETARY	MR. S.R. SRIDHAR
BANKERS	<p>CORPORATION BANK</p> <p>STATE BANK OF INDIA</p> <p>IDBI BANK LTD</p> <p>INDIAN BANK</p> <p>BANK OF INDIA</p>
AUDITORS	<p>M/S. G. BALU ASSOCIATES</p> <p>CHARTERED ACCOUNTANTS</p> <p>NO. 4A VENKATESAAGRAHARAM ROAD</p> <p>MYLAPORE</p> <p>CHENNAI 600 004</p>
REGISTERED OFFICE	<p>"RAHEJA TOWERS"</p> <p>DELTA WING - UNIT 705</p> <p>177 ANNA SALAI, CHENNAI 600 002</p> <p>PHONE: 044-28604795-96/42208100</p>
PLANT-I	<p>E-9 – E-12 INDUSTRIAL COMPLEX</p> <p>MARAIMALAI NAGAR – 603 209</p> <p>KANCHIPURAM DISTRICT</p> <p>TAMIL NADU</p> <p>PHONE: 044-47408000</p>
PLANT-II	<p>A98-A100, A106, A107</p> <p>PIPDIC INDUSTRIAL ESTATE</p> <p>METTUPALAYAM</p> <p>PONDICHERRY – 605 009</p> <p>PHONE: 0413-4211500, 2272675</p>
PLANT-III	<p>PLOT 34-35, 53-54</p> <p>INDUSTRIAL DEVELOPMENT COLONY</p> <p>MEHRAULI ROAD, GURGAON</p> <p>HARYANA – 122 001</p> <p>PHONE: 0124-2335773, 2335895</p>
PLANT-IV	<p>11 B/2 (S.P), FIRST CROSS ROAD,</p> <p>AMBATTUR INDUSTRIAL ESTATE,</p> <p>CHENNAI – 600 058</p> <p>PHONE: 044-66544700</p>
PLANT-V	<p>12 POES ROAD, TEYNAMPET,</p> <p>CHENNAI 600 018.</p> <p>TEL. NO. 044-42081491</p>
PLANT-VI	<p>PLOT NO. A3/A3, A4, A5,</p> <p>CMDA INDUSTRIAL COMPLEX,</p> <p>MARAIMALAI NAGAR, PIN – 603 209</p> <p>TEL. NO. 47406800</p>

UCAL FUEL SYSTEMS LIMITED

FINANCIAL HIGHLIGHTS

(Rs. in' 000)

	2007-2008	2006-2007	2005-2006	2004-2005	2003-2004	2002-2003	2001-2002	2000-2001	1999-2000	1998-1999
SALES	2,952,283	2,944,810	2,601,967	2,714,056	2,591,380	2,242,422	1,760,007	1,595,692	1,270,563	862,583
Other Income	115,206	72,379	306,097	39,379	27,812	16,946	18,340	16,729	14,045	13,440
Total Income	3,067,489	3,017,189	2,908,064	2,753,435	2,619,192	2,259,368	1,778,347	1,612,421	1,284,608	876,023
Total Expenditure	2,651,448	2,585,355	2,223,746	2,252,697	2,045,907	1,695,767	1,376,444	1,274,696	1,042,394	659,680
Profit before Interest & Depreciation	416,041	431,834	684,318	500,738	573,285	563,601	401,903	337,725	242,214	216,343
Interest	156,929	92,295	59,968	4,634	10,770	20,650	55,118	64,179	35,020	22,684
Depreciation	158,328	138,013	129,909	134,530	123,263	136,612	130,707	119,822	90,216	82,469
Profit Before Tax	100,784	201,526	494,441	361,574	439,252	406,339	216,078	153,724	116,978	111,190
Profit After Tax	61,953	147,618	377,061	257,610	313,082	281,458	162,542	141,724	101,978	96,190
Share Capital	138,960	138,960	138,960	138,960	69,480	69,480	69,480	69,480	69,480	69,480
Reserves & Surplus	1,823,186	1,801,261	1,671,704	1,353,266	1,193,954	911,292	669,582	623,551	514,790	440,212
Loan Funds	1,450,040	1,286,522	791,048	109,279	179,089	208,332	329,260	581,900	521,729	309,435
Fixed Assets	1,364,574	1,072,001	961,192	962,075	1,025,684	811,743	762,475	800,322	752,405	525,623
Net Current Assets	868,448	967,028	476,179	560,423	388,335	364,122	315,510	382,231	260,772	228,073
Dividend Rate (%)	10%	10%	40%	40%	60%	60%	50%	40%	30%	30%
Earning per share (Rs.)	4.45	10.62	27.13	18.54	45.06	40.51	23.39	20.40	14.68	13.84
Current Ratio	0.95:1	1.18:1	1.67:1	2.55:1	1.90:1	2.02:1	2.85:1	1.35:1	1.31:1	1.29:1
Debt. Equity Ratio	0.65:1	0.59:1	0.47:1	0.04:1	0.11:1	0.21:1	0.45:1	0.81:1	0.69:1	0.42:1

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UCAL FUEL SYSTEMS LIMITED

NOTICE TO MEMBERS

NOTICE is hereby given that the TWENTY SECOND 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 26th September 2008 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 2008 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.N. Gomathinayagam, who retires by rotation and being eligible offers himself for reappointment.
4. To appoint a Director in the place of Mr.M.R.Sivaraman, 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 pursuant to the provisions of the Section 198, 269, 309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956, the consent of the Company be and is hereby accorded to the appointment of Mr. Koji Kaneda as Joint Managing Director for the period from 1.10.2007 to 24.5.2008 on a remuneration as detailed below:

1. SALARY - Rs. 2,85,000 per month
2. SPECIAL ALLOWANCE - Rs. 1,75,000 per month
3. PERQUISITES:
 - a. Residential Accommodation - The Company shall provide rent free furnished residential accommodation together with Gas, Water, and Electricity etc.
 - b. Medical Reimbursement - Reimbursement of medical expenses for self and family subject to a ceiling of one month's salary in a year.
 - c. Leave Travel Concession - On actuals for self and family once in a year to any place in India.
 - d. Club Fees - Fees of clubs, subject to a maximum of two clubs.
 - e. Personal Accident Insurance - Premium not to exceed Rs.10,000/- per annum.

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- f. Company's contribution towards Provident Fund will be as per 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. 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.
- j. Reimbursement of reasonable expenses not exceeding Rs.5,000/- per month incurred towards keeping caretakers for the premises occupied by Mr. K. Kaneda.
- 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.K.Kaneda 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.K. Kaneda at the time of joining the Company.
- l. To reimburse the expenses incurred not exceeding Rs.5,000 per month to watchman/sweeper/gardener for the premises occupied by Mr.K.Kaneda
- m. Mr. K. Kaneda shall be entitled to reimbursement of all expenses incurred by him on entertainment and travelling in the course of the Company's business.

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, allowances and perquisites as specified above".

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

"RESOLVED that the consent of the Company be and is hereby accorded to the Board of Directors, under Section 293(1)(d) of the Companies Act, 1956 to borrow any sum or sums of money, from time to time, notwithstanding that the money or moneys to be borrowed together with the money already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate of the paid up capital and free reserves (that is to say reserves not set apart for any specific purposes, provided however the total amount so borrowed shall not exceed Rs.400 crores (Rupees Four hundred crores only).

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

"RESOLVED that in supersession of all the previous resolutions passed at the General Meetings of the Company and pursuant to Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby accorded to the Board of

UCAL FUEL SYSTEMS LIMITED

Directors of the Company to mortgage, hypothecate or otherwise create charge or encumbrance of all or any of the properties and assets of the Company, movable and immovable, present and future, whatsoever and wheresoever situated in favour of the Financial Institutions, Banks or any other lenders to secure the existing or proposed borrowings of all and every nature from the Financial Institutions, Banks or any other lenders together with interest, additional interest, compound interest, premium or prepayment, costs, charges, expenses and all other moneys due, owing or payable presently or in future by the Company to said Financial Institutions, Banks or any other lenders provided however the total amount so borrowed shall not exceed Rs.400 Crores (Rupees Four hundred crores only).

RESOLVED further that the Board of Directors of the Company be and is hereby authorized to finalise with the Financial Institutions, Banks or any other lenders such deeds, agreements and other documents for creating the mortgage, hypothecation, charge or encumbrance and to do and perform all such acts, deeds, matters and things and to execute or authorise execution of all such documents or writings as the Board of Directors of the Company may consider necessary, expedient, usual, requisite or proper for the purpose of giving effect to this resolution."

9. To consider and, if thought fit, to pass, with or without modification, the following resolution as a Special Resolution.

Resolved that pursuant to Section 31 and other applicable provisions of the Companies Act, 1956 and subject to such approval as may be required approval of the Company be and is hereby accorded for the following amendments in the Articles of Association of the Company.

Existing Clause 2(a)(vii) deleted and all subsequent clauses shall be renumbered.

Existing Clause 2(a)(xii) be amended as under:

'Indian Promoters' mean the CARBURETTORS LIMITED a company incorporated under Companies Act, 1956 and having its registered office in the state of Tamilnadu and their successors and assigns.

Existing Clause 2(a)(xiii) amended as under:

"Affiliate" with reference to Indian Promoters means and includes their associate companies and nominees.

Existing Clause 110(a)(i) amended as under:

So long as Indian promoters and their Affiliate hold not less than 15% of the paid up equity share capital of the Company for the time being, Indian Promoters will be entitled to nominate a maximum of four of their representatives as Director on the Board and such Director will be called Nominated Director and shall hold office at the pleasure of the Indian Promoters.

Existing clause 110(a)(ii) – deleted and all subsequent clauses shall be renumbered.

Existing Clause 110(a)(iv) be deleted and all subsequent clauses shall be renumbered.

UCAL FUEL SYSTEMS LIMITED

Existing Clause 110(a)(v) - amended as Under:

Indian Promoters shall have the power to remove their Nominated Director. Indian Promoters shall also have the power to appoint or nominate any person in the vacancy thereby caused or vacancy caused in any other manner.

Existing Clause 137(a) amended as under:

The Board may from time to time appoint a Managing Director from among the Directors nominated by the Indian promoters.

Existing Clause 146(a) amended as under:

The Directors shall elect from among the nominees of the Indian Promoters as Chairman of the Board and determine the period of which he is to hold office. The Chairman shall be paid such remuneration as the Company in general meeting may determine.

Existing Clause 147 amended as under:

Questions arising at any meeting of the Board shall be decided by a majority of votes and in case of an equality of votes, the Chairman shall have a second or casting vote. However the matter regarding Merger, Consolidation or Amalgamation of the Company with any other Company or legal entity, shall be decided only by the affirmative votes of the Indian Promoters.

Existing Clause 180 (a) amended as under:

A document or notice may be served or given by the Company on any member either personally or by sending it by post to the member to his or its registered address or (if the member has no registered address in India) to the address, if any, in India supplied by him to the Company for serving documents or notices on him.

Place : CHENNAI
Date : 28.05.2008

BY ORDER OF THE BOARD
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 16.09.2008 to 26.09.2008 (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 2000-01, 2001-02, 2002-03, 2003-04, 2004-05, 2005-06 and 2006-07 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 2000-01 will be transferred to the Investor Education and Protection Fund of the Central Government on 20.09.2008.

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 dematerialized form are requested to bring their deposit account number (Client ID No.) for easier identification of attendance at the meeting.