



VULCAN
ENGINEERS LTD.

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37TH ANNUAL REPORT
APRIL 2000 - MARCH 2001



BOARD OF DIRECTORS

Mrs. Sheila M. Malaney	-	Chairperson
Mr. Vikram M. Malaney	-	Director
Mr. Suvir M. Malaney	-	Director
Admiral L. Ramdas (Retd.)	-	Director
Mr. Douglas Perks	-	Director
Mr. Juergen Mendheim	-	Director
Mr. Sanjeev M. Malaney	-	Director
Mr. P. M. Kumar	-	Director
Mr. A. T. Vaswani	-	Director

REGISTERED OFFICE

427, Unique Industrial Estate,
Off Veer Savarkar Marg,
Prabhadevi,
Mumbai 400 025.

WORKS

Plot No. B-21,
MIDC Industrial Area,
Ahmednagar - 414 001.
Maharashtra.

STATUTORY AUDITORS & TAX CONSULTANTS

M/S. SURESH SURANA & ASSOCIATES
Chartered Accounts
410, Dalamal Chambers,
29, New Marine Lines.
Mumbai 400 020.

REGISTRARS & TRANSFER AGENTS

M/s. K. R. FINANCIAL
& MANAGEMENT SERVICES PVT. LTD.
103, Omex Apartment,
1st Floor, 64, Sahar Road,
Koldongri, Andheri (East),
Mumbai 400 069.

BANKERS : Canara Bank
Prabhadevi, Mumbai - 400 025.



NOTICE

Notice is hereby given that the Thirty Seventh Annual General Meeting of Vulcan Engineers Limited will be held at "Sunville", 9, Dr. Annie Besant Road, Worli on Friday, 28th September, 2001 at 2.30 p.m. to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Directors' Report and the Audited Balance Sheet as at 31st March, 2001 and the Profit and Loss Account for the year ended on that date.
2. To appoint a Director in place of Mrs. Sheila M. Malaney who retires by rotation and being eligible, offers herself for re-appointment.
3. To appoint a Director in place of Mr. Vikram M. Malaney who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Douglas Perks who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors of the Company and to fix their remuneration.

Notes :

1. **A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself / herself and a proxy need not be a member of the Company. The proxy, in order to be effective, must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.**
2. Pursuant to Section 205 (A) of the Companies Act, 1956 all unclaimed/unpaid dividend upto and including the financial year ended on 31st March, 1995 have been transferred to the Central Government. Shareholders who have not encashed the dividend warrants for the said period are requested to claim the amount from the Registrar of Companies, Maharashtra, Hakoba Mills Compound, Dattaram Lad Marg, Kalachowki, Parel, Mumbai 400 033.
3. Shareholders are requested to promptly notify any changes in their address.
4. The Register of members and share transfer books of the company will remain closed from 18.09.2001 to 28.09.2001.
5. As per SEBI's notification the companies shares were required to be compulsorily dematerialized by end January, 2001. Accordingly trading in electronic media commenced from January, 2001.

By Order of the Board
For VULCAN ENGINEERS LIMITED,

Mumbai, Dated: 30th June, 2001

Mrs. Sheila M. Malaney
Chairperson

Registered Office :
427, Unique Industrial Estate,
Off Veer Savarkar Marg,
Prabhadevi,
Mumbai 400 025.



DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2001

Your Directors' are pleased to present the Thirty Seventh Annual Report of your Company together with the audited statement of accounts for the year ended 31st March, 2001.

	(Rs. in lacs)	
FINANCIAL HIGHLIGHT	Current Year	Previous Year
Total Sales and income	696.51	1,667.90
Profit (Loss) before taxation	(575.54)	53.94
Provision for taxation	-	(6.03)
Profit (Loss) after taxation	(575.54)	47.91
Prior years' expenditure	-	(48.62)
Net Loss	(575.54)	(0.71)

The Company made a loss of Rs. 575.54 lacs during the year as against Profit of Rs. 47.91 lacs last year. The loss for the current year includes a provision for bad and doubtful debts of Rs.193.29 lacs.

2. DIVIDEND

Due to the loss incurred during the year, your Directors regret their inability to recommend a Dividend.

3. REVIEW OF OPERATIONS

During the year under review there was no improvement in demand from the engineering and core sector industries with the result that the fresh order booking was very poor. The company has been down sizing its operations and reducing costs and overheads. The year closed with a loss of Rs.575.54 lacs.

Due to the economic slow down and financial stringency the company's customers have also defaulted in payments which is reflected in the high provisions for bad and doubtful debts. This coupled with a poor order book has severely impacted the company's operations. All operations at the Company's factory at Ahmednagar have been suspended due to lack of orders.

4. FUTURE PROSPECTS

The future prospects are largely dependant on improvement in the general economic conditions which remain sluggish and on present indications this trend will continue for some time. Reduction in costs and overheads and recoveries of amounts due are of immediate concern in order to contain the loss and generate cash flow to finance day to day operations.

Your Directors have started the process of downsizing and have substantially reduced its staff strength and overheads. The objective now is to move towards becoming an engineering services organisation.

5. SUBSIDIARY COMPANY

During the year, Vulcan Exports Ltd., which was a subsidiary of the company increased its paid-up capital by a further issue of shares as a result of which Vulcan Exports Ltd., is no longer a subsidiary of the company.

6. DIRECTORS

Mrs. Sheila M.Malaney, Mr.Vikram M.Malaney and Mr.Douglas Perks – Directors retire by rotation and being eligible offer themselves for reappointment. Separate resolutions are being proposed for their reappointment.

7. AUDITORS

The Company's Auditors M/s.Suresh Surana & Associates, Chartered Accountants will retire at the ensuing Annual General Meeting but are eligible for re-appointment. A letter has been received from them stating that if appointed, the appointment will be in accordance with the provision of Section 224 (1B) of the Companies Act, 1956.

8. PARTICULARS OF THE EMPLOYEES

In the compliance with the provisions of Section 217(2A) of the Companies Act, 1956, the particulars of the employees have been furnished in the Annexure I which forms part of this Report.

**9. CONSERVATION OF ENERGY, ETC.**

Information required under Section 217 (1) (e) of the Companies Act, 1956 read with the relevant rules, with regard to conservation of energy, technology absorption and foreign exchange earnings and outgo are given in Annexure II which forms part of this report.

10. DIRECTOR'S RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956 as amended by the Companies (Amendment) Act, 2000, the Directors confirm that :

1. In the preparation of the annual accounts, the applicable accounting standards have been followed.
2. Appropriate Accounting Policies have been selected and applied consistently and have made judgement and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2001 and of the Profit for the period 1st April 2000 to 31st March, 2001.
3. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. The Annual Accounts have been prepared on a going concern basis.

11. DEMATERIALISATION OF SHARES

The company's shares have been compulsorily dematerialized with effect from January, 2001. The company's shares are now being traded in the electronic media.

(SHEILA M. MALANEY)
CHAIRPERSON

Mumbai : Dated 30th June, 2001

ANNEXURE I TO THE DIRECTORS' REPORT

STATEMENT OF PARTICULARS OF EMPLOYEES PURSUANT TO THE PROVISIONS OF SECTION 217 (2A) OF THE COMPANIES ACT 1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULE 1975, AS AMENDED UPTO DATE AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2001

List of employees who are in receipt of remuneration aggregating to Rs.6,00,000/- or more per annum.

Sr. No.	Name & Age (Years)	Designation	Qualification	Remuneration (Gross) Rs.	Experience	Date of Joining	Previously Employed
1.	Mr. Anil Deshpande (53)	President & CEO	B.Tech (Hons.) in Chemical Technology (IIT Mumbai) PGDM (IIM Calcutta)	Rs.7,07,430/-	29 years experience in Business development, marketing and project implementation of capital goods	9-8-99	Praj Industries Ltd., Pune

NOTE: Gross remuneration includes salary, commission, bonus, H.R.A., L.T.A., children education allowance, uniform expenses and monetary value of perquisites as calculated under Income Tax act. It also includes company's contribution to annuity, provident fund, superannuation and medical benefits in accordance with the company's rules.



ANNEXURE II TO THE DIRECTORS' REPORT

(Additional information given in terms of notification issued by the Department of Company Affairs)

FORM A:

CONSERVATION OF ENERGY:

Since the company's engineering and manufacturing activities are not energy intensive the consumption of energy by the company is quite low. The measures already undertaken for energy conservation are still in place. The focus on improved manufacturing schedules may further improve energy conservation. Details of energy consumption are as follows:

Disclosure of particulars with respect to conservation of energy

POWER AND FUEL CONSUMPTION

2000-2001

1. Electricity:		
(a) Purchased		
Unit (kwh)		57,992
Total Amount (Rs.)	Rs.	3,67,670.00
Rate/Unit kwh (Rs.)	Rs.	6.34
(b) Own generation		NIL
(i) Through diesel generator		
Unit ('000kwh)		
Unit (kwh) per ltr. Of fuel oil		
Cost/Unit		

FORM B:

1. RESEARCH AND DEVELOPMENT (R & D)

- Specific areas in which R&D carried out by the Company:
Development of detailed engineering / processes/methods/materials.
Improvement of system in existing processes.
- Benefits derived as a result of above R&D:
Cost reduction/ Improved utilization of machinery & energy,
Technological upgradation and Development of detailed engineering.
- Future Plan of Action:
Improvement in the existing products and processes in various areas
in which the company is operating.
- Expenditure on R&D

Capital	NIL
Recurring	NIL
Total	NIL
Total R&D Expenditure as a percentage of total turnover	NIL

2. FOREIGN EXCHANGE EARNINGS AND OUTGO

Earnings in foreign exchange	Rs. 1,51,36,666.00
Outgo of foreign currency	Rs. 24,68,099.00

3. ABSORPTION OF FOREIGN TECHNOLOGY

Your Company has always emphasized on absorption and further enhancement of Foreign Technology for process equipment.

Mumbai, Dated : 30th June, 2001

(SHEILA M. MALANEY)
CHAIRPERSON



AUDITORS' REPORT

To,

The Members of
VULCAN ENGINEERS LIMITED

We have audited the attached balance sheet of **Vulcan Engineers Limited** as at 31st March, 2001 and the profit and loss account of the Company for the year ended on that date annexed thereto.

We report as follows :

1. As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988 issued by the Company Law Board in terms of section 227 (4A) of the Companies Act, 1956 and on the basis of such checks as we considered appropriate, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said order.
2. Further to our comments in the annexure referred to in paragraph 1 above :
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books;
 - c) The balance sheet and profit and loss account dealt with by this report are in agreement with the books of account;
 - d) In our opinion the profit and loss account and balance sheet comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956, except in following case:
 - i. Accounting Standard AS 2 (revised) 'Valuation of Inventories' for reasons mentioned in note 6 of Schedule- '19', impact of which on the profit is not ascertainable.
 - ii. Accounting Standard AS 15 'Accounting for Retirement Benefits in the Financial Statements of Employers' for reasons mentioned in note 3 read with note 1(g) of Schedule - '19'.
 - e) On the basis of representation received from the directors of the Company, we report that no director is disqualified from being appointed as a director of the Company under clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - f) In our opinion and to the best of our information and according to the explanations given to us, *subject to our comment in 2(d) above and following notes in Schedule - '19'* :
 - i. note 1 (a) (ii) regarding accounting for certain items on cash basis, and
 - ii. note 10 (a) regarding non-feasibility of furnishing the quantitative details regarding finished goods of Engineering and software / hardware Division,

the said accounts read together with other notes thereon, give the information required by the Companies Act, 1956 in the manner so required except that as explained in note no. 15 of Schedule - '19' regarding non - availability of details of dues to Small Scale Industries (SSI) creditors, and give a true and fair view :

- a) in the case of the balance sheet, of the state of affairs of the Company as at 31st March, 2001 and
- b) in the case of the profit and loss account, of the loss for the year ended on that date.

FOR SURESH SURANA & ASSOCIATES
Chartered Accountants

(Suresh Surana)
PROPRIETOR

Mumbai, Dated : 30th June, 2001