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**38TH ANNUAL REPORT
APRIL 2001 - MARCH 2002**



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 Eighth Annual General Meeting of Vulcan Engineers Limited will be held at "Sunville", 9, Dr. Annie Besant Road, Worli on Wednesday, 4th September, 2002 at 11.30 a.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, 2002 and the Profit and Loss Account for the year ended on that date.
2. To appoint a Director in place of Admiral L. Ramdas (Retd.) who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. P.M. Kumar who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. A. T. Vaswani 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 a 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 Mill 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 26th August, 2002 to 4th September, 2002
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,

Mrs. Sheila Malaney
Chairperson

Mumbai, Dated : 6th July, 2002

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



DIRECTORS' REPORT

Your Directors' are pleased to present the Thirty Eighth Annual Report of your Company together with the audited statement of accounts for the year ended 31st March, 2002.

FINANCIAL HIGHLIGHT	(Rs. in lacs)	
	Current Year	Previous Year
Total Sales and income	327.43	696.51
Profit (Loss) before taxation	(246.68)	(575.54)
Provision for taxation	-	-
Net Profit (Loss) after taxation	(246.68)	(575.54)

The Company made a loss of Rs.250.94 lacs during the year as against a loss of Rs. 575.54 lacs in the previous year. The loss for the current year includes a provision for bad and doubtful debts of Rs. 58.59 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 fresh order booking continued to be unsatisfactory. However the Company has been concentrating on procuring engineering and spares orders and has achieved some results in that area. The Company continues to suffer from a severe cash crunch and with no support from the Company's Bankers during the past year or so, the Company's operations have suffered substantially. During the year, the Company had to discontinue operations at the Ahmednagar factory.

It was possible to make payment of retiral dues to employees partly by funds injected by Promoters and partly by disposal of old and unserviceable items lying at the factory.

One of the main problems which continues to face the company is the poor recoveries from customers. Outstanding receivables on 31st March 2002 were Rs.142.84 lacs after making a provision of Rs. 58.59 lacs for bad and doubtful debts during the current year, which is in addition to an amount of Rs.127.93 lacs provided during the last financial year.

The company has downsized its operations and reduced costs and overheads and because of that, it was possible to restrict the loss for the year to Rs.250.94 lacs.

4. FUTURE PROSPECTS

These would be largely dependant on improvement in the general economic condition and in particular the Steel Industry. Reduction in costs and overheads and recoveries of amounts due to the Company continues to be the immediate concern in order to contain the loss and generate cash flow to finance day-to-day operations. But with no support forthcoming from the Company's Bankers, it is becoming increasingly difficult to continue processing new orders.

Your Directors have continued with the process of downsizing to keep the Company's fixed costs under control and in line with the volume of orders.

5. DIRECTORS

Admiral L. Ramdas (Retd.), Mr. P.M.Kumar, and Mr.A.T.Vaswani, Directors retire by rotation and being eligible offer themselves for reappointment. Separate resolutions are being proposed for their reappointment.

6. AUDITORS

The Company's Auditors M/s. Suresh Surana & Associates, Chartered Accountants retire at the ensuing Annual General Meeting have requested that the reappointment be made in a new partnership firm "M/s. Suresh Surana & Associates, (Partnership Firm)".

M/s. Suresh Surana & Associates, (Partnership Firm) have confirmed that their appointment if, made, will be in accordance with the provision of Section 224 (1B) of the Companies Act, 1956.

7. CORPORATE GOVERNANCE

As provided in clause 49 of the listing agreement with stock exchanges, corporate governance is to be implemented by your company during the financial year 2002-2003. The company has already initiated steps for implementation of the same and has constituted the audit committee and the share holders grievance committee.

**8. PARTICULARS OF THE EMPLOYEES**

In the compliance with the provisions of Section 217(2A) of the Companies Act, 1956, particulars of 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 a 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 the Directors have made judgements 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, 2002 and of the Profit for the period 1st April 2001 to 31st March, 2002.
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.

(SHEILA M.MALANEY)
CHAIRPERSON

Mumbai, Dated : 6th July, 2002

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, 2002

List of employees who are in receipt of remuneration aggregating to Rs.12,00,000/- or more per annum.

Sr. No.	Name & Age (Years)	Designation	Qualification	Remuneration (Gross) Rs.	Experience	Date of Joining	Previous Employed
For part of the year.							
1.	Mr.Anil Deshpande (54)	President & CEO	B.Tech (Hons.) in Chemical Technology (IIT Mumbai) PGDM (IIM Calcutta)	Rs. 5,21,912/-	30 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 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.



ANNEXTURE - II TO THE DIRECTOR'S 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 in place. Details of energy consumption are as follows:

Disclosure of particulars with respect to conservation of energy

POWER AND FUEL CONSUMPTION

1. Electricity:	Current year	Previous year
(a) Purchased		
Units (kwh)	7052	57992
Total amount (Rs.)	Rs. 50,794	Rs. 3,67,670
Rate/Unit kwh (Rs.)	Rs. 7.20	Rs. 6.34
(b) Own generation	Nil	Nil

FORM B:

1. RESEARCH AND DEVELOPMENT (R&D)

- Specific areas in which R&D carried out by the company:
Development of detailed engineering / process / methods / materials.
Improvement in system in existing process.
- Benefits derived as a result of above R&D:
Cost reduction / Improved utilization of machinery and 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:

Earning in foreign exchange	Rs. 77,20,485.00
Outgo of foreign currency	Rs. 12,48,586.00

3. ABSORPTION OF FOREIGN TECHNOLOGY:

Your company has always emphasized on absorption and further enhancement of foreign technology for process equipments.

(SHEILA MALANEY)
CHAIRPERSON

Mumbai, Dated : 6th July, 2002



AUDITORS' REPORT

To,

The Members of
VULCAN ENGINEERS LIMITED

We have audited the attached balance sheet of **Vulcan Engineers Limited** as at 31st March, 2002 and the profit and loss account of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on test basis, evidences supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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 Accounting Standard No 2 (revised) 'Valuation of Inventories' for reasons mentioned in note 7 of Schedule '20', impact of which on the profit is not ascertainable.
 - e) On the basis of written representations received from the directors of the Company, as on 31st March, 2002 and taken on record by the Board of directors, we report that none of the directors is disqualified from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956; and
 - 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 - '20':
 - i. note 2 regarding preparing of accounts on going concern basis,
 - ii. note 11 (a) regarding non-feasibility of furnishing the quantitative details regarding finished goods of Engineering 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. 16 of Schedule - '20' regarding non - availability of details of dues to Small Scale Industries (SSI) creditors, and give a true and fair view in conformity with the accounting principles generally accepted in India:
- a) in the case of the balance sheet, of the state of affairs of the Company as at 31st March, 2002 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 : 6th July, 2002