



VULCAN
ENGINEERS LTD.

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39TH ANNUAL REPORT
APRIL 2002 - MARCH 2003



BOARD OF DIRECTORS

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

REGISTERED OFFICE

415, 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 Accountants
410, Dalamal Chambers
29, New Marine Lines.
Mumbai 400 020.

REGISTRARS & TRANSFER AGENTS

M/s. INTIME SPECTRUM REGISTRY LTD.
C-13, Pannalal Silk Mills Compound
L.B.S. Marg, Bhandup (West)
Mumbai 400 078.



NOTICE

Notice is hereby given that the Thirty Ninth Annual General Meeting of Vulcan Engineers Limited will be held at 'Sunville' Executive Room, 2nd Floor, 9, Dr. Annie Besant Road, Worli, Mumbai 400 018, on Wednesday, 17th September, 2003 at 11.30 a.m. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Profit & Loss Account for the year ended 31st March, 2003, the Balance Sheet as at that date together with the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Suvir M. Malaney, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. Juergen Mendheim who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. Sanjeev M. Malaney who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint Auditors of the Company and to fix their remuneration.

By Order of the Board of Directors
For Vulcan Engineers Limited

Mrs. Sheila M. Malaney
Chairperson

Mumbai, Dated 31st July, 2003

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

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. The instrument of 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. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, 11th September, 2003 to Wednesday, 17th September, 2003, both days inclusive.
3. It is notified for the information of the shareholders concerned that the unclaimed dividends for the years prior to 1994-95 have been transferred by the Company to the General Revenue Account of the Central Government and the same can be claimed by the shareholders from the office of the Registrar of Companies, Maharashtra, situate at Central Government Office Building, 'A' Wing, 2nd Floor, Next to Reserve Bank of India, CBD Belapur, Navi Mumbai 400 614.
4. Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956, as amended and with the introduction of Section 205C by the Companies (Amendment) Act, 1999, the amount of dividend remaining unpaid or unclaimed for a period of seven years from the date of its transfer to the Unpaid Dividend Account of the Company is required to be transferred to the Investor Education and Protection Fund established by the Central Government and no claim shall lie against the said Fund or the Company for the amount of dividend so transferred to the Fund. Shareholders who have not yet encashed their dividend warrants for the financial year ended 31st March, 1996 or any subsequent financial years are requested to make their claims to the Company's Registered Office. It may be noted that unpaid dividend for the financial year ended 31st March, 1996 is due for transfer to the Investor Education and Protection Fund on 26th September, 2003.
5. Shareholders are requested to promptly notify any change in their addresses.



**ADDITIONAL INFORMATION ABOUT DIRECTORS SEEKING APPOINTMENT/REAPPOINTMENT AT THE
FORTHCOMING ANNUAL GENERAL MEETING
(PURSUANT TO CLAUSE 49VI(A) OF THE LISTING AGREEMENT)**

Item No.2: Reappointment of Mr. Suvir Malaney as a Director

Mr. Suvir Malaney graduated with a degree in Industrial Engineering from North Carolina State University, USA and then obtained a Masters degree in International Business Management from the American Graduate School of International Management, Thunderbird Campus, USA. Mr. Suvir Malaney joined the Company as Manager International Division in July, 1994 and represented the Company in negotiations with various collaborators, clients and technical consultants and was involved in management of exports, finance and administration. He was appointed Wholetime Director in 1997 and was re-designated as Joint Managing Director from April, 1998 which position he relinquished in October, 2000, but continued as a Director.

The Company has immensely benefited from Mr. Suvir Malaney's knowledge of its core business and his vast experience.

Item No.3: Reappointment of Mr. Juergen Mendheim as a Director

Mr. Juergen Mendheim was the Managing Director of Georg Mendheim GmbH, West Germany who were the collaborators of the Company for tunnel kilns for refractory and ceramic industries.

Mr. Mendheim has been a member of the Board since June, 1990 and his knowledge and expertise have been invaluable to the Company.

Item No.4: Reappointment of Mr. Sanjeev M. Malaney as a Director

Mr. Sanjeev Malaney obtained a B.S. degree in Electrical engineering from the North Carolina State University USA. Mr. Sanjeev Malaney has over 20 years of rich experience in creating and managing Information Technology companies. He founded MediaTel Inc. in 1989 in San Francisco USA, and grew it to over \$30 Million/year in revenues. He established MediaTel as the third largest global player in enhanced document delivery services and eventually merged it with Captaris (a Nasdaq listed company).

Mr. Sanjeev Malaney has been on the Board of Vulcan Engineers Limited since 1988 and the Company has benefited immensely from his association with the company.



DIRECTORS' REPORT

Your Directors are pleased to present the Thirty Ninth Annual Report of your Company together with the audited statement of accounts for the year ended 31st March, 2003.

FINANCIAL HIGHLIGHTS

	Rs. in Lakhs	
	Current Year	Previous Year
Total Sales and Income	366.94	240.18
Profit/(Loss) before taxation	48.55	(246.68)
Provision for taxation	-	-
Net Profit/(Loss) after taxation	48.55	(246.68)

Your Directors are pleased to report that the Company made a modest profit of Rs.48.55 lakhs for the year under review as against a loss of Rs.246.68 lakhs in the previous year.

DIVIDEND

Due to the carried forward losses, your Directors regret their inability to recommend any dividend.

REVIEW OF OPERATIONS

After three years of battling tremendous odds, it is a matter of great satisfaction that the Company has been able to post a modest profit. The Company has also been able to substantially reduce its past liabilities mainly through collection of old dues. This is an on going process and it is hoped that with more recoveries, the Company's financial position will further improve by the end of this year.

FUTURE PROSPECTS

With the improvement in demand for the Company's products and services and the successful completion of the restructuring process, the Company is now poised to regain its position as one of the leading players in the field of thermal technology. The focus now is to leverage its brand equity and expand its activities in areas which have synergy with its existing business.

DIRECTORS

Mr. Suvir Malaney, Mr. Jeorgen Mendheim and Mr. Sanjeev Malaney retire by rotation, and being eligible, offer themselves for reappointment at the ensuing Annual General Meeting.

CORPORATE GOVERNANCE

A separate Report on Corporate Governance in compliance of clause 49 of the Listing Agreement with the Stock Exchanges and the Auditors' Certificate on its compliance form a part of this Report.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management Discussion and Analysis Report on the operations of the Company is provided in a separate section and forms a part of this Report.

AUDIT COMMITTEE AND INVESTORS GRIEVANCE & SHARE TRANSFER COMMITTEE

In terms of clause 49 of the Listing Agreement, the Board constituted an Audit Committee and an Investors Grievance & Share Transfer Committee during the year under review.

PARTICULARS OF EMPLOYEES

During the year under review, there were no employees whose particulars are required to be given under the provisions of section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Particulars required by Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are given in Annexure 'A'.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- (i) in the preparation of the Annual Accounts, the applicable accounting standards have been followed with proper explanations relating to material departures, if any.
- (ii) 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, 2003 and of the Profit/Loss for the period from 1st April, 2002 to 31st March, 2003.



(iii) 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.

(iv) the Annual Accounts have been prepared on a going concern basis.

AUDITORS

M/s. Suresh Surana & Associates, Chartered Accountants, retire at the ensuing Annual General Meeting and offer themselves for reappointment.

ACKNOWLEDGEMENTS

Your Directors wish to express their appreciation for the co-operation and commitment of the management team and other employees.

For and on behalf of the Board

Mrs. Sheila Malaney
Chairperson

Mumbai,
Dated : 31st July, 2003

ANNEXURE 'A' TO THE DIRECTORS' REPORT INFORMATION PURSUANT TO COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988

FORM A

CONSERVATION OF ENERGY

Power and Fuel Consumption

Electricity : Since the Company's engineering and manufacturing activities at its Works have been suspended, consumption of electricity was nominal.

Fuel : Nil.

FORM B

RESEARCH AND DEVELOPMENT (R&D), TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

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

(1) Specific Areas

Development of detailed engineering/process/methods/materials improvement in systems in the existing process.

(2) Benefits Derived

Cost reduction/improved utilization of machinery and energy.

Technological upgradation and development of detailed engineering.

(3) Future plan of action

Improvement in the existing products and processes in various areas in which the Company is engaged.

(4) Expenditure on R&D

No separate funds allocated.

FOREIGN EXCHANGE EARNINGS AND OUTGO

Earnings in foreign exchange

Rs. 5,54,006/-

Outgo in foreign currency

Rs. 10,41,946/-

For and on behalf of the Board

Mrs. Sheila Malaney
Chairperson

Mumbai, Dated 31st July, 2003

REPORT ON CORPORATE GOVERNANCE

In terms of Clause 49 of the Listing Agreement with the Stock Exchange, the Company is required to provide a Management Discussion & Analysis Report and a Report on Corporate Governance from the financial year 2002-03. Your Company has implemented/complied with most of the recommendations made by the SEBI Committee on Corporate Governance as highlighted in this Report.

1. Board of Directors

The Board of Directors comprises of nine members all of whom are Non-Executive Directors. Of the nine Members, five are Independent Directors, i.e. more than 50%.

2. Attendance at Board Meetings and at the last AGM

During the year under review, four Board Meetings were held on the following dates: 6th July, 2002, 30th October, 2002, 31st January, 2003 and 28th March, 2003. Agenda papers were circulated to the Members well in advance of each meeting. The Company places before the Board the working of all divisions and statements containing status of various matters pursuant to Corporate Governance practices as prescribed in Clause 49 of the Listing Agreement. The details of each Director's attendance at the Board and last Annual General Meeting, Directorship, Membership in and Chairmanship of Committees of other companies are given below:

Name	Position	Attendance		Other Boards/Committees		
		Board Meetings (2002-03)	AGM	Directorships ¹	Committees ²	
					Member	Chairman
Mrs. Sheila Malaney	Non Executive	5	Yes	2	Nil	Nil
Vikram M. Malaney	Non Executive	2	Yes	2	Nil	Nil
Suvir M. Malaney	Non Executive	2	No	1	Nil	Nil
Admiral L. Ramdas (Retd.)	Independent Non Executive	3	No	Nil	Nil	Nil
Douglas Perks	Independent Non Executive	None	No	Nil	Nil	Nil
Juergen Mendheim	Independent Non Executive	None	No	Nil	Nil	Nil
Sanjeev M. Malaney	Non Executive	1	No	Nil	Nil	Nil
P.M. Kumar	Independent Non Executive	1	No	Nil	Nil	Nil
A.T. Vaswani	Independent Non Executive	5	No	4	2	3

NOTES 1. Excludes Foreign companies, Private Limited Companies and Alternative Directorships

2. Only Remuneration Committee, Audit Committee and Shareholders/Investors Grievance Committee are reckoned for this purpose

3. Committees of Directors

(a) Audit Committee

The Board constituted an Audit Committee of Directors in March, 2002. The terms of reference of the Audit Committee includes various matters in conformity with the statutory guidelines as per the Companies (Amendment) Act, 2000 and Clause 49 of the Listing Agreement.

The Audit Committee comprises of three Non-Executive Directors, two of them being Independent Directors. During the year under review, three Audit Committee Meetings were held on 6th July, 2002, 30th October, 2002 and 31st January, 2003 and the attendance of Directors was as under:



Name of Committee Member	No. of Meetings held	No. of Meetings attended
A.T. Vaswani	3	3
Mrs. Sheila M. Malaney	3	3
Admiral L. Ramdas (Retd.)	3	3

Mr. A.T. Vaswani, a Chartered Accountant and Chartered Secretary, is the Chairman of the Audit Committee. Mr. Vaswani was not present at the Annual General Meeting held on 4th September, 2002.

(b) Investors Grievance & Share Transfer Committee

The Company has an active Committee for matters related to shareholders, comprising of three Non-Executive Directors. The Investors Grievance & Share Transfer Committee specifically looks into issues related to shareholders including share transfer and redressing of shareholders' complaints. During the year under review, three meetings of the Committee were held on 6th July 2002, 30th October, 2002 and 31st January, 2003 and the attendance of the Directors at the Committee Meetings was as under:

Name of Committee Member	No. of Meetings held	No. of Meetings attended
A.T. Vaswani	3	3
Mrs. Sheila M. Malaney	3	3
Admiral L. Ramdas (Retd.)	3	3

Mr. A.T. Vaswani is the Chairman of the Investors Grievance & Share Transfer Committee.

4. Remuneration of Directors

The Company has no pecuniary relationship or transactions with its Directors other than payment of sitting fees for attending Board and Committee Meetings. In view of this, no Remuneration/Compensation Committee has been appointed by the Board. The amount of Sitting Fees paid to the Directors during the year was as follows:

A. T. Vaswani	Rs.18,000
Admiral L. Ramdas (Retd.)	Rs.14,000
P. M. Kumar	Rs.2,000

In view of the financial position of the Company, Mrs. Sheila Malaney, Mr. Vikram Malaney, Mr. Suvir Malaney and Mr. Sanjeev Malaney have waived the sitting fees during the year under review.

5. Compliance Officer and Shareholders' Grievances

Mr. R.G.G. Desai, General Manager-Finance & Corporate Affairs, has been designated as the Compliance Officer. During the year the Company received 12 complaints from shareholders/investors with regards to non-receipt of share certificates, Dividend warrants, Debiture Interest warrants, etc. The Company has resolved all the complaints to the satisfaction of the shareholders/investors. The average time taken by the Company to resolve complaints is 15-20 days. The Company received a letter from the Securities and Exchange Board of India (SEBI) relating to complaints from 3 investors for non-receipt of Debiture Interest, Dividend and Share certificates. These have been satisfactorily addressed. During the year no complaints were received from the Stock Exchanges or CLB or DCA. All valid share transfer applications received during the year have been acted upon and there were no pending share transfer applications as on 31st March 2003.

6. General Body Meetings

Date, location and time of last three Annual General Meetings were:

Financial Year	Date	Venue	Time
1999-2000	21-11-2000	'Sunville' 9, Dr. Annie Besant Road Worli, Mumbai 400 018.	2.30 p.m.
2000-2001	28-9-2001	'Sunville' 9, Dr. Annie Besant Road Worli, Mumbai 400 018.	2.30 p.m.
2001-2002	4-9-2002	'Sunville' 9, Dr. Annie Besant Road Worli, Mumbai 400 018.	11.30 a.m.

No special resolutions were put through postal ballot at the last Annual General Meeting.



7. Disclosures

There were no material transactions with related parties that were in conflict with the interests of the Company. There were also no cases of non-compliance of any matter related to capital markets during the last three years.

8. Means of Communication

Half yearly reports are not being sent to the shareholders as the financial results are regularly published in the newspapers.

Quarterly Financial Results are generally published in Free Press Journal and Navshakti (Marathi).

The Company presently does not have its website. Arrangements are being made to set up a website and thereafter the financial results will be posted on the website. In the meantime, information as prescribed in the Listing Agreement is submitted to the Stock Exchange for suitably disseminating the same to the investors.

'Management Discussion & Analysis' forms a part of the Annual Report.

9. General Shareholder Information

(a) Annual General Meeting

Date and Time

Wednesday, 17th September 2003, 11.30 a.m.

Venue

'Sunville' Executive Room
9, Dr. Annie Besant Road
Worli, Mumbai 400 018.

(b) Financial Calendar (Tentative)

Financial Year – April to March

Financial Reporting for the Quarter ended

30th June, 2003

3rd/4th week of July, 2003

30th September, 2003

3rd/4th week of October, 2003

31st December, 2003

3rd/4th week of January, 2004

31st March, 2004

3rd/4th week of April, 2004

(c) Book Closure

11th September, 2003 to 17th September, 2003

(d) Listing on Stock Exchanges

The Stock Exchange, Mumbai
The Stock Exchange, Ahmedabad
The Calcutta Stock Exchange Association Ltd.

(e) Stock Code

The Stock Exchange Mumbai	522080
The Stock Exchange, Ahmedabad	66070
The Calcutta Stock Exchange Association Ltd.	32076

(f) ISIN Number for NSDL/CDSL

INE699C01017

(g) Registrars & Transfer Agents

Intime Spectrum Registry Ltd.
C-13, Pannalal Silk Mills Compound
L.B.S. Marg
Bhandup (West)
Mumbai 400 078.
Tel: (022) 2592 3837
Fax: (022) 2567 2693
Email: satyawar@intimespectrum.com
Branch :
203 Dover House
197/199 D.N. Road
Mumbai 400 001.

(h) Share Transfer System

Share transfers in physical form can be lodged with the Registrars & Share Transfer Agents, M/s. Intime Spectrum Registry Ltd. at the above mentioned address or at their branch office. Transfer applications are processed by the Registrars & Transfer Agents and approved by a designated Committee of the Board of Directors. Normally transfers are processed within 15-20 days from the date of receipt if the documents are complete in all respects.

The Company has arrangements with National Securities Depository Ltd. (NSDL) and the Central Depository Services (India) Ltd. (CDSL) for dematerialization of shares. 17% of the Company's share capital was dematerialized as on 31st March, 2003.



(i) Market Price Data and Stock Performance

Market Price Data : High, Low (based on the closing prices) in each month of financial year 2002-03 on the Stock Exchange, Mumbai

Month	Share Price		BSE SENSEX	
	High Rs.	Low Rs.	High Rs.	Low Rs.
April 2002	3.20	1.90	3512.55	3301.21
May 2002	6.25	3.60	3462.01	3114.05
June 2002	6.00	4.50	3362.42	3161.09
July 2002	8.35	3.25	3358.58	2987.65
August 2002	3.65	1.55	3181.23	2950.09
September 2002	2.50	1.55	3187.26	2991.36
October 2002	2.25	1.65	3009.76	2834.41
November 2002	2.70	1.90	3228.82	2948.04
December 2002	3.10	2.00	3398.00	3207.36
January 2003	2.75	2.20	3390.12	3219.88
February 2003	2.60	1.90	3322.17	3223.41
March 2003	2.50	1.50	3277.27	3048.72

(j) Distribution of Shareholding as on 31st March, 2003

No. of equity shares held	Folios		Shares	
	Nos.	Percentage	Nos.	Percentage
Upto 500	4857	86.99	1239935	25.62
501 to 1000	472	8.45	356591	7.37
1001 to 2000	168	3.11	248120	5.13
2001 to 3000	30	0.54	75648	1.56
3001 to 4000	17	0.31	62051	1.28
4001 to 5000	7	0.13	32960	0.68
5001 to 10000	13	0.23	92435	1.91
10001 and above	19	0.24	2732260	56.45
Total	5583	100.00	4840000	100.00

(k) Shareholding Pattern as on 31st March, 2003

Category	No. of shares held	Percentage of shareholding
Promoters	1687240	34.86
Persons acting in concert	921020	19.03
Mutual Funds and UTI	2900	0.06
Banks, Financial Institutions & Insurance Companies	4000	0.08
Private Bodies Corporate	129960	2.69
Indian Public	2088930	43.16
NRIs/OCBs	5950	0.12
Total	4840000	100.00