

48th

*Annual Report
for the year ended
31st December, 2011*

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ANNIVERSARY
1897-2012

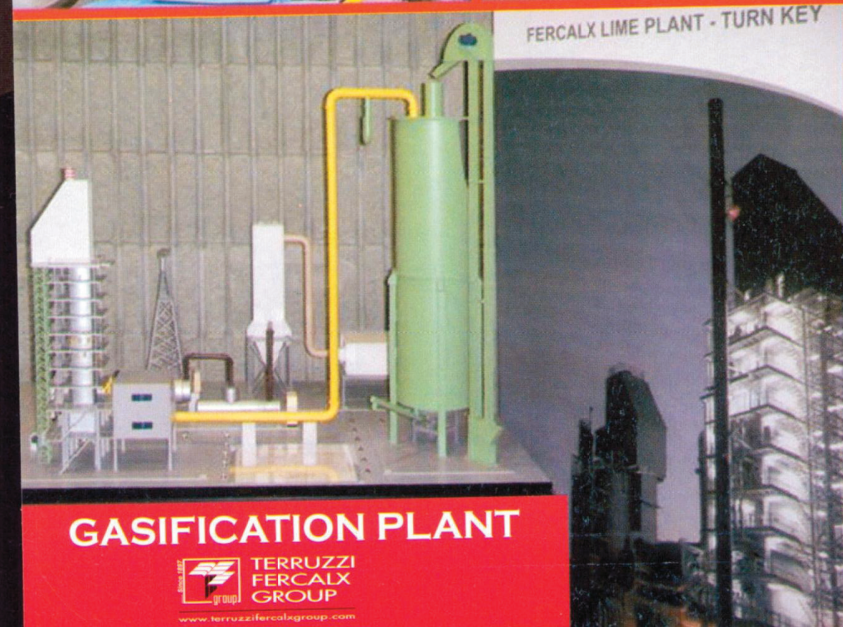
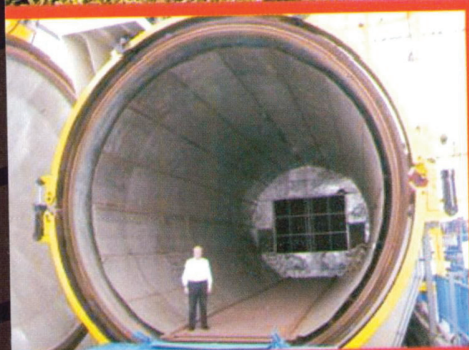
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**VULCAN
ENGINEERS
LIMITED**

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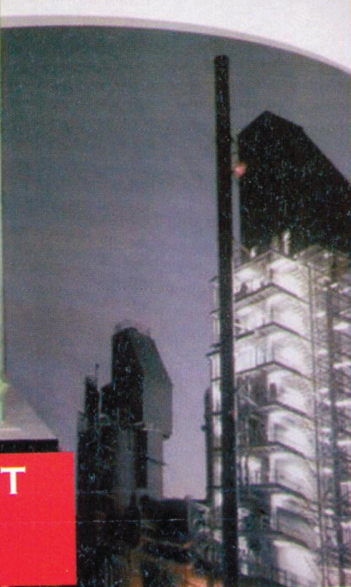
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GASIFICATION PLANT

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FERCALX LIME PLANT - TURN KEY



**VULCAN
ENGINEERS
LIMITED**

TERRUZZI FERCALX GROUP

REGISTERED OFFICE

326, Unique Industrial Estate,
Off Veer Savarkar Marg,
Prabhadevi, Mumbai 400 025,
India.
Tel. +91 22 2438 1678-1679
Fax +91 22 2438 5814

HEADQUARTERS

The Orion - CTS 5 S.No 477A, 477B, 478C
5, Koregaon Park Road, Opposite St. Mira's College,
Pune 411001,
India.
Tel. +91 20 6645 0800
Fax +91 20 6645 0801



BOARD OF DIRECTORS

- | | |
|---|---|
| • Mr. Astorre Terruzzi, Chairman Emeritus | – Promoter, Non- Executive |
| • Dr. Daniele Terruzzi, Chairman | – Promoter, Non- Executive |
| • Ms. Paola Terruzzi, Vice Chairperson | – Promoter, Non- Executive |
| • Mr. Massimo Ferracci | – Independent, Non Executive |
| • Mr. Ranganath Desai | – Executive Director - Finance & Corporate Services |
| • Mr. Claudio Del Bianco | – Independent, Non Executive |
| • Mr. Nicola Obert | – Independent, Non Executive |
| • Mr. Massimiliano Altabella | – Independent, Non Executive |

REGISTERED OFFICE

326, Unique Industrial Estate,
Off Veer Savarkar Marg,
Prabhadevi,
Mumbai - 400 025, India.

HEADQUARTERS

The Orion,
CTS 5, S. No. 477A, 477B, 478C,
5 Koregaon Park Road, Opp.St.Mira's College,
Pune - 411 001, India.

STATUTORY AUDITORS & TAX CONSULTANTS

- **Suresh Surana & Associates**
Chartered Accountants
13th Floor, Bakhtawar,
229, Nariman Point,
Mumbai - 400 021, India.

REGISTRAR & SHARE TRANSFER AGENTS

- **Link Intime India Private Limited**
C-13, Pannalal Silk Mills Compound,
L. B. S. Marg, Bhandup (West),
Mumbai - 400 078, India.

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NOTICE

Notice is hereby given that the Forty Eighth Annual General Meeting of Vulcan Engineers Limited will be held on Friday, 29th June, 2012 at 11.30 a.m. at "Sunville" Executive Room, 9, Dr. Annie Besant Road, Worli, Mumbai 400 018, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31st December, 2011, the Profit and Loss Account for the year ended on that date together with the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Ms. Paola Terruzzi, who retires by rotation and being eligible, offers herself for re-appointment.
3. To appoint a Director in place of Mr. Massimo Ferracci, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Massimiliano Altabella, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint M/s. Suresh Surana & Associates, Chartered Accountants as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956 (including any amendment thereto or re-enactment thereof for the time being in force), Mr. Ranganath Desai, who pursuant to Article 85 of the Articles of Association of the Company, was appointed as an Additional Director of the Company on 22nd February, 2012 and who under Section 260 of the Companies Act, 1956, holds office only up to the date of this Annual General Meeting and being eligible, offers himself for appointment and in respect of whom the Company has received a Notice in writing from a member, signifying his intention to propose the candidature of Mr. Ranganath Desai, for the office of Director of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of sections 198, 269, 309, 310, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, approval of the Company be and is hereby accorded for the appointment of Mr. Ranganath Desai as Whole-time Director to be designated as Executive Director - Finance and Corporate Services, for a period of one year from 22nd February, 2012 to 21st February, 2013 on the terms and conditions and remuneration as contained in the agreement to be entered into between the Company and Mr. Ranganath Desai, a draft of which is placed before the meeting and for the purpose of identification, initialed by the Chairman with liberty to the Directors / Remuneration Committee to alter and vary the terms and conditions of the said appointment in such manner as may be agreed to by the Company and Mr. Ranganath Desai.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to do all such acts, deeds and things as may be necessary or expedient to give effect to the above resolution."

By Order of the Board

Place : Mumbai
Dated : 14th May, 2012

Bela Thakkar
Company Secretary

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

NOTES

1. **Every 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 details of the Directors seeking appointment/re-appointment at the forthcoming Annual General Meeting as stipulated under Clause 49 of the Listing Agreement with the Bombay Stock Exchange are also annexed.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 18th June, 2012 to 29th June, 2012 (both days inclusive).
4. Link Intime India Private Ltd., C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai 400 078 are the Registrars and Share Transfer Agents of the Company to handle share transfers, both in physical and electronic segments and other share related matters. Shareholders are requested to correspond with the Registrars at the above address.
5. Shareholders are requested to promptly notify any change in their addresses.
6. Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956, all unclaimed dividends up to the financial year ended 31st March, 1994 have been transferred to the General Revenue Account of the Central Government. Shareholders who have not encashed their dividend warrants up to the said period are requested to claim the amount from the Registrar of Companies, Maharashtra. Pursuant to introduction of Section 205C by the Companies (Amendment) Act, 2000, the amount of dividend unpaid or unclaimed for a period of seven years from the date of payment is required to be transferred to the Investor Education and Protection Fund (IEPF) constituted by the Central Government. Accordingly, dividends for the financial years ended 31st March, 1995, 31st March, 1996 and 31st March, 1997 which remained unclaimed for 7 years from the date of declaration have been transferred to IEPF. Therefore, no claim shall lie against the Company or the Investor Education and Protection Fund after transfer of the dividends to IEPF.
7. Corporate members intending to send their authorized representatives to attend the meeting are requested to send to the Company, a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the meeting.
8. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company/Registrar & Share Transfer Agent i.e. Link Intime India Private Ltd.
9. Members holding shares in single name and physical form are advised to make nomination in respect of their shareholding in the Company.
10. Members who hold shares in physical form in multiple folio in identical names are requested to send the share certificates to Link Intime India Private Ltd. immediately to enable consolidation of their holding into one folio.
11. Members desirous of obtaining any information concerning the accounts for the year ended 31st December, 2011 are requested to write to the Company Secretary at the Registered office of the Company at least 10 days before the date of the meeting, to facilitate clarifications to the shareholders at the meeting.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 IN RESPECT OF ITEM NO. 6 & 7:

The following explanatory statements sets out all material facts relating to the Special Business mentioned in the accompanying notice:

ITEM NO. 6

Mr. Ranganath Desai was appointed as an Additional Director with effect from 22nd February, 2012. Pursuant to provisions of Section 260 of the Companies Act, 1956, Mr. Ranganath Desai would hold office as a Director only up to the date of this 48th Annual General Meeting.

The Company has received a notice alongwith a deposit of Rs. 500/- pursuant to and in accordance with Section 257 of the Companies Act, 1956, from a member signifying his intention to propose the appointment of Mr. Ranganath Desai to the office of a Director of the Company. Mr. Ranganath Desai has consented to continue as a Director of the Company, if appointed. The Board of Directors considers that it would be in the interest of the Company to continue to avail the services of Mr. Ranganath Desai as a Director and hence recommend his appointment.

Mr. Ranganath Desai holds 200 shares in Vulcan Engineers Limited.

The Board of Directors recommends passing of the Ordinary Resolution at Item No. 6 of the Notice.

None of the Directors except Mr. Ranganath Desai are deemed to be interested in the resolution set out in Item No. 6 of the Notice.

ITEM NO. 7

At their meeting held on 22nd February, 2012, the Board of Directors had appointed Mr. Ranganath Desai as Executive Director - Finance & Corporate Services for a period of one year with effect from 22nd February, 2012 on the remuneration recommended by the Remuneration Committee of Directors at their meeting held on the same day. His appointment and remuneration, is subject to the approval of the shareholders under provisions of Section 269 read with Schedule XIII of the Companies Act, 1956.

Mr. Ranganath Desai is 56 years old and has graduated in Commerce with Advanced Accountancy and Auditing as his major subjects. He has 34 years of work experience. He joined Vulcan Engineers Limited in 1982 and has been working with the Company for 30 years in various capacities. He has immense knowledge and experience in the field of Finance, Accounts, Taxation, Administration, Human Resources and Indian Laws.

The proposed remuneration and conditions of the appointment of whole time Director is given below:

Total Salary of Rs. 1,85,000/- per month inclusive of perquisites and allowances, benefits and facilities and amenities (collectively called 'perquisites') such as medical reimbursement, leave travel assistance / hospitalization and accident insurance and other perquisites in accordance with the policy / rules of the Company in force or as may be approved by the Board from time to time.

In addition to the above, the appointee shall also be entitled to the following benefits in accordance with the policy / rules of the Company which may be in force from time to time:

1. Company maintained car with driver to be used for the Company's business or cash equivalent thereof.
2. Tele Communication facility at residence.
3. Payment of gratuity and other retiral benefits.
4. Leave encashment.

The aggregate remuneration to Mr. Ranganath Desai as Executive Director - Finance & Corporate Services in any financial year shall not exceed the limits prescribed from time to time under Sections 198, 309 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII to the said Act, unless approved by the Central Government.

Mr. Ranganath Desai shall be liable to retire by rotation.

Mr. Ranganath Desai has been appointed as a member of the Investor Grievance & Share Transfer Committee of the Company on 22nd February, 2012.

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Mr. Ranganath Desai is neither a Director on the Board nor holds committee membership of any other public company. He holds 200 equity shares of the Company as on the date of this Notice.

None of the Directors, except Mr. Ranganath Desai are deemed to be interested in the resolution set out in Item No. 7 of the Notice.

As per Sections 198, 269, 309 and other applicable provisions of the Companies Act, 1956 including Schedule XIII to the Companies Act, 1956, members' approval by way of Special Resolution is required.

The Board of Directors recommends passing of the Special Resolution at Item No. 7 of the Notice.

The Notice read with the Explanatory Statement shall be considered as an abstract of the terms of appointment and payment of remuneration to Mr. Ranganath Desai as Executive Director - Finance & Corporate Services and a Memorandum as to the nature of the concern or interest of the Director as required under Section 302 of the Companies Act, 1956.

The information required under Clause (iv) of proviso to paragraph 1(B) of Section II of Part II of Schedule XIII of the Companies Act, 1956 is provided below.

INFORMATION REQUIRED UNDER CLAUSE (IV) OF PROVISIO TO PARAGRAPH 1(B) OF SECTION II OF PART II OF SCHEDULE XIII OF THE COMPANIES ACT, 1956

I. General Information

Sr. No.	Particulars	General Information
1.	Nature of Industry	<p>The Company is mainly engaged in the business of reheat and heat treatment furnaces and lime plants for the steel industry. The Company is also authorised by its memorandum to have the business of manufacturers and dealers in all kinds of electrical, mechanical, metallurgical, chemical, electronic and construction and all other types of machinery particularly to engage in and carry out the business of planning, design, manufacturing, constructing and erecting all types of equipments, material handling plants for all types of industry and to act as Consultants and Advisors in the matter aforesaid.</p> <p>The Company had its manufacturing facility at Plot No. B-21, MIDC Industrial Area, Ahmednagar 414 111, Maharashtra. However, since 1996 due to industrial recession, the Company did not have sufficient orders to run and maintain the factory. Consequently, in 1998, the manufacturing activities were suspended. The Company, however, continues to be in the business of design, engineering, supply, construction and erection of industrial plants (mainly reheat and heat treatment furnaces and lime calcination plants). Components and fabricated items of supply are being outsourced.</p>
2.	Date or expected date of Commencement of commercial Production	Not applicable
3.	In the case of new Companies, expected date of commencement of activities as per project approved by Financial Institutions appearing in the prospectus	Not applicable

Sr. No.	Particulars	General Information
4.	Financial Performance	Loss for the year 2011 : Rs. 1,37,17,191/-
5.	Export Sales & net foreign exchange earnings	Rs. 13,77,84,285/-
6.	Foreign Investments or Collaborations, if any	The Company has no foreign investments. However, Terruzzi Fercalx SpA, a Company incorporated in Italy holds 57.69% of the total issued and paid-up share capital of the Company and Societa Italiana Per Le Imprese All Estero - SIMEST SpA, a government financial institution based in Italy holds 13.79% of the total issued and paid-up share capital of the Company.

II. Information about the appointee, Mr. Ranganath Desai

Sr. No.	Details of Mr. Ranganath Desai	
1.	Qualification	Graduated in Commerce with Advanced Accountancy and Auditing as his major subjects.
2.	Age	56 years
3.	Experience	Mr. Ranganath Desai has 34 years of work experience. He joined Vulcan Engineers Limited in 1982 and has been working with the Company for 30 years in various capacities. He has immense knowledge and experience in the field of Finance, Accounts, Taxation, Administration, Human Resources and Indian Laws.
4.	Past Remuneration	Rs. 17,16,000/- p.a.
5.	Recognition or Rewards	No external recognition or rewards.
6.	Job Profile & Suitability	Mr. Ranganath Desai will be overall incharge of finance administration and other corporate affairs of the Company, under the supervision and control of the Board. Mr. Ranganath Desai has the financial and managerial skills and experience required for this job. Moreover, Mr. Ranganath Desai has been closely associated with the Company in various capacities for the last 30 years.
7.	Remuneration Proposed	Rs. 22,20,000/- p.a.
8.	Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be w.e.f. the country of his origin)	From Rs. 50,00,000/-p.a. to Rs. 70,00,000/- p.a.
9.	Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any	There is no pecuniary relationship with the Company.

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III. Other Information

Sr. No.	Particulars	
1.	Reasons for loss or inadequate profits	Due to the industrial recession in 1996 especially in the capital goods sector, the Company did not have sufficient orders. The customers were also faced with the recession and were unable to pay. Due to the actions taken, the Company's financial position improved. However, the Company has made a loss during the year ended 31 st December, 2011, due to reasons beyond its control the completion of the two large public sector projects have been delayed which has impacted the profit margins.
2.	Steps taken or proposed to be taken	The Management of the Company was taken over by Terruzzi Fercalx SpA, Italy in the year 2010. M/s. Terruzzi Fercalx SpA, who are the global leaders in lime plants have also invested in the equity capital of the Company. The Company now has access to greater financial resources and markets, both of which are required for the future growth of the Company. Efforts are also being made to improve the order load, both in the domestic and export markets and to complete the projects on hand.
3.	Expected increase in productivity and profits in measurable terms	As the Company's business is project based, it is not possible to predict increase in productivity and profits for the future years in measurable terms.

Mr. Ranganath Desai has been appointed on the following terms :

Remuneration : Rs. 1,85,000/- p.m.

Period : One year commencing from 22nd February, 2012 to 21st February, 2013.

General Terms :

Mr. Ranganath Desai will be a member of the Board of Directors and shall be liable to retire by rotation. Mr. Ranganath Desai will not be entitled to sitting fees.

Subject to the superintendence, control and direction of the Board, provisions of Section 292 and 293 of the Companies Act, 1956, and the Articles of Association of the Company, Mr. Ranganath Desai will be overall in charge of the finance, administration and other corporate affairs of the Company.

Notwithstanding anything contained herein, Mr. Ranganath Desai shall cease to hold the office of Executive Director - Finance & Corporate Services, if he ceases to hold the office of Director of the Company for any reason whatsoever.

By Order of the Board

Place : Mumbai
Dated : 14th May, 2012

Bela Thakkar
Company Secretary

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