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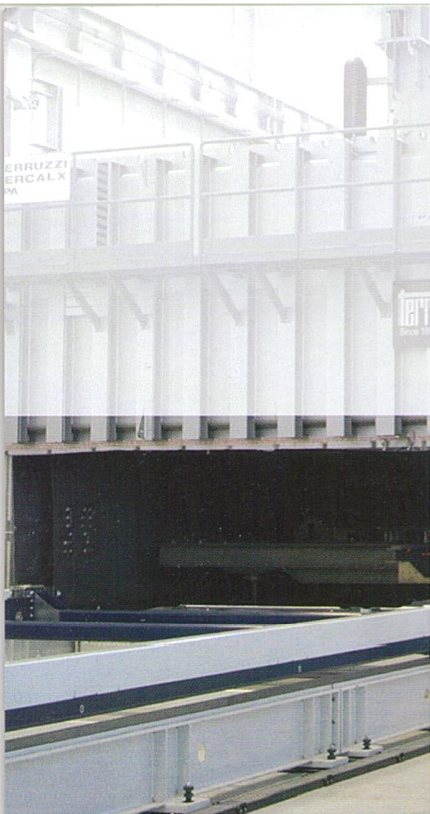
*Annual Report
for the year ended
31st December, 2012*



**VULCAN
ENGINEERS
LTD**

TERRUZZI FERCAUX GROUP

www.vulcanengineers.com



Electrical Vacuum Oven



Lime Kilns



Autoclaves

Freeze & Dry



**VULCAN
ENGINEERS
LTD**

TERRUZZI FERCALX GROUP

www.vulcanengineers.com

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

Trade Centre, Office No. 104, 105 & 106,
Wing C, First Floor, North Main Road,
Koregaon Park, Pune 411001,
Maharashtra - India.

Tel. + 91 20 6645 0800

Fax + 91 20 6645 0801

E-mail: info.vel@vulcanengineers.com

Website: www.vulcanengineers.com

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 |
| • 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

Trade Centre, Office No. 104, 105 & 106,
Wing C, First Floor,
North Main Road, Koregaon Park,
Pune - 411 001, Maharashtra - 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 Pvt. Ltd.
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 Ninth Annual General Meeting of Vulcan Engineers Limited will be held on Friday, 28th June, 2013 at 11.30 a.m. at Kilachand Conference Room, Indian Merchants' Chamber, 2nd Floor, IMC Building, IMC Marg, Churchgate, Mumbai - 400 020, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31st December, 2012, the Profit & 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 Mr. Astorre Terruzzi, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Dr. Daniele Terruzzi, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Nicola Obert, 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 a Special Resolution:

RE-APPOINTMENT OF MR. RANGANATH DESAI AND REMUNERATION PAYABLE TO MR. RANGANATH DESAI AS EXECUTIVE DIRECTOR - FINANCE:

"**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 reappointment of Mr. Ranganath Desai as whole time director to be designated as Executive Director - Finance, for a period of 1 year commencing from 21st February, 2013 to 20th February, 2014 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 : 10th May, 2013

Bela Thakkar
Company Secretary

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

NOTES

1. The relative Explanatory Statement in respect of business under Item No. 6 as set out in the Notice is annexed hereto.
2. 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.
3. The details of the Directors seeking 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.
4. The Register of Members and Share Transfer Books of the Company will remain closed from 17th June, 2013 to 28th June, 2013 (both days inclusive).
5. Link Intime India Pvt. 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.
6. Shareholders are requested to promptly notify any change in their addresses or bank account particulars.
 - a. To the Registrar and Share Transfer Agents of the Company for the shares held in physical form; and
 - b. Directly to the respective Depository Participants with whom they are maintaining their demat accounts and not to the Company/Registrar and Share Transfer Agents, for the shares held in electronic form.
7. 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.
8. Corporate members intending to send their authorised 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.
9. 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 Pvt. Ltd.
10. Members holding shares in single name and physical form are advised to make nomination in respect of their shareholding in the Company.
11. Members who hold shares in physical form in multiple folios in identical names are requested to send the share certificates to Link Intime India Pvt. Ltd. immediately to enable consolidation of their holdings into one folio.
12. Members desirous of obtaining any information concerning the accounts for the year ended 31st December, 2012 are requested to write to the Company Secretary at the Registered office of the Company atleast 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:

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

ITEM NO. 6

The tenure of Mr. Ranganath Desai, Executive Director - Finance & Corporate Services expired on 21st February, 2013. The Board of Directors at their meeting held on 21st February, 2013 had re-appointed Mr. Ranganath Desai as Executive Director - Finance for a period of one year with effect from 21st February, 2013 to 20th February, 2014 on the remuneration recommended by the Remuneration Committee of Directors at their meeting held on the same day, his re-appointment and the remuneration, is subject to the approval of the shareholders under the provisions of Section 269 read with Schedule XIII of the Companies Act, 1956.

Mr. Ranganath Desai is 57 years old and has graduated in Commerce with Advanced Accountancy and Auditing as his major subjects. He has 35 years of work experience. He joined Vulcan Engineers Limited in 1982 and has been working with the Company for 31 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, allowances, benefits, facilities and amenities (collectively called 'perquisites') such as medical reimbursement, leave travel assistance / hospitalization and accident insurance and other perquisites as per 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 as 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 Companies 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 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.

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 is deemed to be interested in the resolution set out in Item No. 6 of the Notice.

As per Sections 198, 269 and 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. 6 of the Notice.

The Notice read with the Explanatory Statement shall be considered as an abstract of the terms of reappointment and payment of remuneration to Mr. Ranganath Desai as Executive Director - Finance 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	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, 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.

49TH ANNUAL REPORT FOR THE YEAR ENDED 31ST DECEMBER, 2012

Sr. No.	Particulars	General Information
		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 calcinations plants). Components and fabricated items of supply are being outsourced.
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
4.	Financial Performance	Loss for the year 2012 : Rs. 4,36,34,296/-
5.	Export Sales & net foreign exchange earnings	Rs. 3,60,41,048/-
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	57 years
3.	Experience	He has 35 years of work experience. He joined Vulcan Engineers Limited in 1982 and has been working with the Company for 31 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. 20,75,113/- p.a. for the financial year ended 31 st December, 2012.
5.	Recognition or Rewards	No external recognition or rewards.
6.	Job Profile & Suitability	It is proposed to re-appoint Mr. Ranganath Desai as whole time director on the same remuneration to be incharge of finance and accounts 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 31 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.	Except his remuneration as whole time director, Mr. Desai has no other pecuniary relationship with the Company or any other managerial personnel.

III. Other Information

Sr. No.	Particulars	
1.	Reasons for loss or inadequate profits	Due to the reasons beyond its control the completion of the two public sector orders being executed by the Company has been delayed which has impacted the financial results of the Company. Moreover, there has been slowdown in the economic growth of the country particularly in the last year which has adversely affected the steel industry which forms the major customer base of the Company. This together with the increased competition from both domestic and foreign players has resulted in the paucity of fresh orders and lower 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 diversify the products and services offered by the Company. In this connection, the Company has recently appointed an experienced and technically qualified Chief Executive Officer. Your Company is also targeting to complete the existing two public sector projects by setting up realistic deadlines. In order to increase the sales and revenue of the Company, the Management has re-structured the Sales Department for more effective results. During the last year, the sales team has been doing aggressive scouting in the markets, to re-enter and re-establish the presence of Vulcan Engineers Limited among the customers.
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 reappointed on the following terms :

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

Period : 1 year commencing from 21st February, 2013 to 20th February, 2014.

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 and accounts of the Company.

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

By Order of the Board

Place : Mumbai
Dated : 10th May, 2013

Bela Thakkar
Company Secretary

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

ADDITIONAL INFORMATION**Brief Resume of Directors seeking re-appointment at this Annual General Meeting (in pursuance of Clause 49 of the Listing Agreement)**

Name of Director	Mr. Astorre Terruzzi	Dr. Daniele Terruzzi	Mr. Nicola Obert	Mr. Ranganath Desai
Age	80	52	50	57
Nationality	Italian	Italian	Italian	Indian
Shares held in the Company	Nil	Nil	Nil	200 Shares
Qualification	Degree in Electrical Engineering	University degree in law	Graduated in Business Administration and Economics from Turin University	Graduation in Commerce with Advanced Accountancy and Auditing as his major subjects
Expertise in specific functional area	<p>After graduating, he worked in the family owned Company, particularly with plants connected with heaters and pressure equipments and collaboration with other companies in the field of lime and allied plants.</p> <p>In 1977, he incorporated a Company for carrying on the business of manufacturing of Industrial Lime Kilns, that today is known as TERRUZZI FERCALX SpA - Milan - Italy, an engineering and fabrication company for industrial plants having its proprietary process technologies and is the President of the Board of Directors of TERRUZZI FERCALX SpA, Italy.</p>	<p>After graduating, he started working with the family company.</p> <p>During that time, he gained valuable experience and knowledge in the business of manufacturing of Lime Plants and Autoclaves and also travelled around the world promoting the company, leading and conducting several difficult and sensitive negotiations.</p> <p>From 1990 onwards, he has contributed significantly in the managing of the company, especially in all the commercial activities.</p>	<p>Mr. Nicola Obert began his career with Delco S.R.L in 1983 and was with them till 1990. He then moved on to work with Philips as Purchasing & Trading Officer, Piaggio V.E. S.p.A. He then joined Comau S.p.A. and was with them for 12 years. He has held various top management positions including MD Comau India, CEO Comau Rest of the World and Group Program Management Director worldwide. He was then appointed CEO of Geico S.p.A. (part of Comau Group) in 2004 until Comau sold back its 51% shares to the minority shareholder. He then became Comau Director for Powertrain Unit until December 2005.</p> <p>From January 2006 to June 2008 he was the Chief Operating Officer of the GHE Group who are leading manufacturers of systems.</p> <p>At present, he is the Managing Director of Casa Décor Pvt. Ltd. A joint venture enterprise between the Tata Group & Poltrona Frau Group in India, to develop business and achieve penetration of luxury interiors & furniture.</p>	<p>He joined Vulcan Engineers Limited in 1982 and has been working with the Company for over 31 years in various capacities. He has immense knowledge and experience in the field of Finance, Accounts, Taxation, Administration, Human Resources and Indian Laws.</p>