

48th

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

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ANNIVERSARY
1897-2012

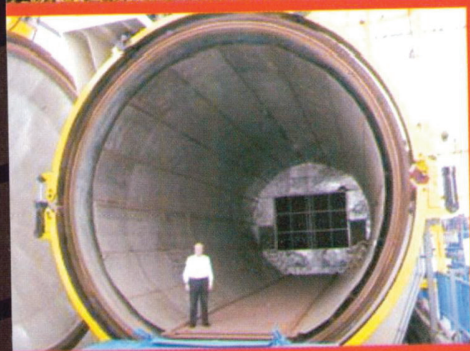
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**VULCAN
ENGINEERS
LIMITED**

TERRUZZI FERCALX GROUP

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GASIFICATION PLANT



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**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.

ADDITIONAL INFORMATION

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

Name of Director	Ms. Paola Terruzzi	Mr. Massimo Ferracci	Mr. Massimiliano Altabella	Mr. Ranganath Desai
Age	41	51	37	56
Nationality	Italian	Italian	Italian	Indian
Shares held in the Company	Nil	Nil	Nil	200 Shares
Qualification	Masters Degree in Corporate Finance.	Diploma from Instituto T.co Commerciale "Duca degli Abruzzi". Rome, Masters in Monetary and Banking Management, Boston, USA. Completed specialised courses in Business Administration, Risk Management, derivatives etc.	Degree in Economics from the University of Bologna and an MBA from the Graduate School of Information Technology Management.	Graduation in Commerce with Advanced Accountancy and Auditing as his major subjects.
Expertise in specific functional area	<p>After graduating she started working with the family run Company.</p> <p>At present she is the Managing Director of M/s Terruzzi Fercalx SpA, Italy and is in-charge of the financial affairs of the Company.</p>	<p>Mr. Massimo Ferracci has wide experience in the banking, financial and foreign organisation sectors including in the management of banks and financial institutions. He has also been rendering professional management and financial consultancy services to several Companies in Italy since 1996.</p> <p>He is at present a University Lecturer in Banking and Finance at Sienna University, Italian Management Institute, Milan, ABI, Italian banking Association, Rome, PST, Polo Scientifico Tecnologico, Livorno. He has also contributed to various prestigious publications on banking and commerce both within Italy and internationally.</p>	<p>He has developed expertise in Banking and has been working in the banking sector in various capacities for the last ten years and is at present the Chief Representative at the Mumbai Representative Office of Banca Monte dei Paschi di Siena, Italy.</p>	<p>He joined Vulcan Engineers Limited in 1982 and has been working with the Company for over 30 years in various capacities. He has immense knowledge and experience in the field of Finance, Accounts, Taxation, Administration, Human Resources and Indian Laws.</p>

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Name of Director	Ms. Paola Terruzzi	Mr. Massimo Ferracci	Mr. Massimiliano Altabella	Mr. Ranganath Desai
Directorship held in other Indian companies	Terruzzi Fercalx Engineering Pvt. Ltd.	Nil	Nil	Nil
Chairmanships/ Membership of Committees in other Indian Companies	Nil	Nil	Nil	Nil
Inter-se Relationship with other Directors	Daughter of Mr. Astorre Terruzzi and sister of Dr. Daniele Terruzzi	None	None	None

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.

DIRECTORS' REPORT

Dear Shareholders,

Your Directors are pleased to present the Forty Eighth Annual Report of your Company together with the audited statement of accounts for the financial year ended 31st December, 2011

FINANCIAL HIGHLIGHTS

	Rs. in Lacs	
	Current Year ended on 31/12/2011	Previous Period ended on 31/12/2010
Sales and Income from other sources	2,138.36	1,307.63
Profit/(Loss) before taxation	(137.17)	16.08
Provision for taxation:		
– Current tax	–	–
– Deferred tax (expenses) / benefits	37.62	(17.08)
	37.62	(17.08)
Net Profit/(Loss) after taxation	(99.55)	(1.00)

In view of the carried forward losses, your Directors regret their inability to recommend any dividend.

FINANCIAL RESULTS

Sales and Income for the year ended 31st December, 2011 is Rs. 2,138.36 lacs. However for the financial period ended 31st December, 2010 (9 months), Sales and Income was Rs. 1,307.63 lacs not comparable as they represent different periods. The loss after tax for the current year amounted to Rs. 99.55 lacs as against the loss after tax of Rs. 1 lac in the previous period.

REVIEW OF OPERATIONS AND FUTURE PROSPECTS

Due to reasons beyond our control, the completion of the two large public sector projects have been delayed which has impacted the profit margins. The Company is making all efforts to complete these projects during the current financial year.

The Company is strengthening its sales and technical teams, to try and win large public sector projects where the competition has become very aggressive with the entry of many international as well as local companies.

During the current year, the Company has also tried to grow its export markets by supply of components and fabricated items to international customers of our Holding Company, Terruzzi Fercalx SpA. Attempts are being to enlarge our market for spares and retrofits in India.

It is a matter of prestige for us, that Societa Italiana Per Le Imprese All Estero - SIMEST SpA(SIMEST), a government financial institution based in Italy has made an investment of 13.79% of the shareholding of the Company.

DIRECTORS

On 22nd February, 2012, Mr. Davide Nassuato, resigned as the Managing Director of the Company and Mr. Ranganath Desai, was appointed as an Additional Director designated as Executive Director - Finance & Corporate Services, subject to approval of the shareholders at the ensuing Annual General Meeting.

As per provisions of section 256 of the Companies Act, 1956, Ms. Paola Terruzzi, Mr. Massimo Ferracci and Mr. Massimiliano Altabella, Directors of the Company, retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. Your directors recommend their re-appointment.

PREFERENTIAL ALLOTMENT

During the year under review, the Company had issued and allotted 13,10,000 equity shares on preferential basis to Societa Italiana Per Le Imprese All'Estro ('SIMEST SpA'), an Italian Government Financial Institution at a price of Rs. 46.50 per share in accordance with applicable SEBI guidelines and Companies Act, 1956.

LISTING OF SECURITIES

The Company's shares are listed on the Bombay Stock Exchange. The annual listing fees have been paid by the Company for the year 2012-2013.

DEPOSITORY SYSTEM

Your Company's equity shares are available for dematerialization through National Securities Depository Limited (NSDL) and Central Securities Depository Limited (CDSL). As on 31st December, 2011, 80.92% of the equity shares of your Company were held in dematerialized form.

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CORPORATE GOVERNANCE

The Report on Corporate Governance in compliance with clause 49 of the Listing Agreement with the Bombay Stock Exchange Limited and the Auditors' Certificate forms part of this Report.

MANAGEMENT DISCUSSION AND ANALYSIS

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

DEPOSITS

The Company has not invited/accepted any deposit from the public during the year ended 31st December, 2011. There were no unclaimed or unpaid deposits as on 31st December, 2011.

PARTICULARS OF EMPLOYEES

None of the employees has received remuneration/salary exceeding the limit as stated in Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended.

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

Particulars required under 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 judgments 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 December, 2011 and of the loss for the year ended 31st December, 2011.
- (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' REMARKS

Remarks of the Auditors in respect of Accounting Standard (AS) - 22 'Accounting for Taxes on Income' for recognizing deferred tax assets(net) has been explained in Note 13 of Schedule 18 - "Accounting Policies and Notes forming Part of Accounts".

AUDITORS

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

SHIFTING THE BOOKS OF ACCOUNTS OF THE COMPANY

The Books of accounts of the Company are now being maintained at the office of the Company in Pune and all the compliances with the Registrar of the Companies have been duly completed with.

ACKNOWLEDGEMENTS

Your Directors wish to record their appreciation of the commitment and excellent performance of the management team and all employees.

By Order of the Board

**Place : Spirano, Italy
Dated : 14th May, 2012**

**Dr. Daniele Terruzzi
Chairman**

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

Details of energy consumption during the year are given below :

Power and Fuel Consumption

Electricity : Since the Company's engineering and manufacturing activities at its works have been suspended, consumption of electricity was nominal. There was no fuel consumption.

FORM B

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

Your Company continued to absorb foreign technology for process equipments.

- (1) Specific Areas
Development of detailed engineering/process/methods/materials and improvement in systems in the existing process.
- (2) Benefits Derived
Cost reduction/improved utilization of machinery and energy. Technological upgradation and development.
- (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 currency : Rs. 1,377.84 Lacs

Outgo in foreign currency : Rs. 244.77 Lacs

By Order of the Board

**Place : Spirano, Italy
Dated : 14th May, 2012**

**Dr. Daniele Terruzzi
Chairman**

48th Annual Report for the year ended 31st December, 2011

MANAGEMENT DISCUSSION & ANALYSIS

Industry

During the year, the rate of growth in the Indian economy decelerated which affected the industrial sector as well. Continuing high inflation rates, slow down in government policy initiatives, global economic and political uncertainties have further impacted the Indian growth story. Infrastructure of which the steel industry is an important component is critical to the country's development. Traditionally, the steel industry in India has been dominated by the public sector, however the private sector is now expected to play a larger role over the next five years.

Financial and Operational Performance

During the year ended 31st December, 2011, Sales and other income was Rs. 2,138.35 lacs as against Rs. 1,307.63 lacs for the period of nine months ended 31st December, 2010. There was a loss before taxation of Rs. 137.17 lacs for the current year ended 31st December, 2011, as compared to profit before taxation of Rs. 16.08 lacs for the period of nine months ended 31st December, 2010. The figures are not comparable since the previous period was of nine months.

SEGMENTAL INFORMATION

Your company has only one business segment viz. engineering goods and services, which is considered as the primary segment.

Performances in terms of secondary segment (Geographical Segments) are shown below:

	Outside India Rs.	Within India Rs.	Total Rs.
1. Segment revenue Sales (gross) and income from operations	143,389,133 (13,612,959)	68,529,592 (112,615,217)	211,918,725 (126,228,176)
2. Carrying amount of assets by geographical location of assets Segment assets	22,828,907 (4,903,057)	211,505,503 (156,102,562)	234,334,410 (161,005,619)
3. Additions to fixed and intangible assets Addition to fixed assets	- (-)	58,492,892 (2,969,084)	58,482,892 (2,969,084)

Notes:

- 1) Secondary segments are identified as per the requirements of Accounting Standard (AS) - 17 'Segment Reporting' taking into account the organization structure as well as the differing risks and returns.
- 2) The segment revenue and assets include revenue and assets, which are identifiable with each segment and amount allocated to the segments as a reasonable basis.
- 3) Figures in brackets represent previous period amounts. The figures are not comparable since the previous period was of nine months.

OPPORTUNITIES & THREATS

Your Company has strengthened its infrastructure, technical skills, strategic alliances and positioned itself to reap the benefits of the vast market potential of a fast developing economy. The Company has now access to the latest technology and systems as well as markets in China, Europe, South America, Africa and other parts of the world where the Promoters, Terruzzi Fercalx SpA have a presence.

The aggressive competition by international and local companies in the area of Lime Kilns and Furnaces in the Indian market continues to be a major cause for concern especially while bidding for large public sector projects. The Company has been exploring all avenues to reduce costs, increase productivity, develop new markets and introduce new products and services. The Management is also evaluating the prospects of restarting its manufacturing facilities in order to reduce the costs and open new markets.

Due to a variety of reasons beyond the control of the Company, the erection and commissioning of projects under execution has been considerably delayed and any further delays would greatly affect the Company's profitability.

Internal Controls

The Audit Committee of the Board of Directors meets on a regular basis to review the control systems and to take stock of the situation. Any significant findings by the Internal Auditor are reviewed by the Audit Committee.

The Company has also set up internal systems and control mechanisms to ensure:

- On going risk assessment, identification of new risks and implementation of effective mitigation processes to safeguard the Company's interests.

- Transparency and efficiency of operations and resource management.
- Accuracy in financial reporting by implementation of systems framework for detection of errors and frauds.
- Law and regulatory compliance.

Risk Management

The Company has set processes in place to ensure that it has a proper and continuous identification and management of risk.

Inflation Risk

The continued inflationary pressures continues to be a major problem. Prices of raw materials and components have been on the rise due to the overall inflationary pressures. Rise in costs will adversely affect profitability since the Company's large projects have a duration period of over 2-3 years.

Risk Mitigation

Your Company continues to witness cost push inflation. Efforts are being made to counter this through both price adjustments and elimination of operational inefficiencies as well as incorporation of escalation clauses in longer period contracts, wherever possible.

Financial Risk

Financial risks include liquidity for working capital requirements and non-fund facilities like Bank Guarantee limits required for large projects.

Risk Mitigation

With the induction of Terruzzi Fercalx SpA as the Promoters, the Company is in a stronger negotiating position with bankers and financial institutions. Currently, the Company is largely being financed out of advance payments received from customers. With the expected growth in business, the Company requires both fund-based and non-fund based lines of credit from banks some of which have been sanctioned.

Interest Rate Risks

The Company does not have any long term borrowings and therefore does not face at present any impact on account of interest fluctuations. The Company will have to resort to borrowings in the near future and the volatility in interest rates may have an impact.

Foreign Exchange Rate Risks

The Company is exposed to foreign currency fluctuations on foreign currency assets and forecasted cash flows denominated in foreign currency. The Company proposes to absorb the effects of foreign exchange rate fluctuations by following established risk management policies including the use of derivatives. The Company proposes to enter into forward and option contracts which will not be used for trading or speculation purpose.

Technology Obsolescence Risk

The Company's ability to remain competitive depends on its ability to adapt to changing technology and cutting costs.

Risk Mitigation

With the association of Terruzzi Fercalx SpA, the Company is assured of access to world technology for Lime Kilns. The Company has also a strategic alliance for its furnace division. The Company continually updates itself in terms of various emerging technologies and tie ups with world leaders in technologies related to the Company's products.

Risk of cyclical business

The business in the capital goods sector is cyclical in nature and the company's projects business is predominantly from sectors like steel and chemical which have witnessed volatility.

Risk Mitigation

The Company continually reviews significant developments taking place in the industrial sector and also closely monitors the projects under execution. The Company is endeavoring to reduce the impact of the cyclical business risks by developing its products and services.

Project Management Risk

Your Company faces risks associated with project execution with a large portion of the business coming from few projects. As the duration of the project is 18 months or more, delay can affect the company's finances and reputation.

Risk Mitigation

The Management reviews the risks related to key projects at all levels, on a case to case basis depending on their size and complexity. The Management has established processes and systems for reviewing the progress and costs of projects.

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Client Risk

Excessive exposure to a few clients could impact the Company's revenues and profitability in the event of loss of those clients.

Risk Mitigation

The Company is developing long-term relationships with its major customers as well as enlarging its customer base thus mitigating the risk of inconsistent revenues.

Client Liability Risk

A Client Liability Risk arises in the advent of a failure or deficiency in services rendered to a client. Such failure or deficiency could result in a claim for damages against the Company.

Risk Mitigation

The management pays adequate attention to the negotiation and documentation of contracts wherein an effort is made to limit the contractual liability for damages.

Human Resource Risk

The Company's main asset is its qualified and experienced and skilled personnel, attrition in human resources could drain valuable knowledge and customer experience and thus have an adverse impact on revenues. As the size of the Company is relatively small there is a constant risk of trained and efficient personnel being recruited by larger companies at remuneration levels which are not economical for Company of our size and turnover. For Companies of our size the rise in inflation and the growth in the industrial sector have also put a strain on trained and qualified human resources.

Risk Mitigation

The Company creates and maintains a team of talented and experienced staff. The Company imparts efficient and effective training to its staff, blending them into productive resources by creating challenging opportunities on projects. The Company manages the careers of its employees in order to groom them to assume higher responsibilities. The Company is also recruiting and training fresh bright graduate engineers. The Company also keeps abreast of HR practices and compensation levels in the industry. The Management recognizes human resources as its greatest asset and makes a special effort to train, develop and retain its employees.

Contingent Liabilities

Details of contingent liabilities are given in Schedule 18 - "Accounting Policies and Notes forming Part of Accounts".

Statutory Compliance

Compliance of SEBI regulations and the provisions of the Listing Agreement are ensured by the Board of Directors.

CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations may be 'forward looking statements' within the meaning of applicable securities laws and regulations. These are based on certain assumptions and expectations of future events. The Company does not guarantee that these assumptions and expectations are accurate or will be realised. The actual results or performance could differ materially from those expressed or implied. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements on the basis of any subsequent developments, information or events.

REPORT ON CORPORATE GOVERNANCE

1. Company's philosophy on code of governance

Vulcan Engineers Limited is committed to create a corporate culture of integrity and transparency for ethical conduct of business so as to meet its obligations towards all stakeholders.

2. Board of Directors

a) Composition

As on 31st December, 2011, the Board of Directors comprised of eight (8) members of which only one is an executive director who is the Managing Director. The Company has seven (7) non-executive Directors, since the Chairman is a non executive director and belongs to the Promoter Group, 50% of the Board should be independent as per Clause 49 of the Listing Agreement and accordingly, the Company has four (4) independent directors complying with the Corporate Governance requirements. None of the Directors on the Board, is a member of more than ten (10) Committees or Chairman of more than five (5) Committees (as specified in Clause 49 of the Listing Agreement) across all Companies in which he / she is a Director.

On 22nd February, 2012, Mr. Davide Nassuato has resigned as Managing Director of the Company and Mr. Ranganath Desai has been appointed as Executive Director - Finance & Corporate Services.

b) Board Meetings held and Directors' attendance

Nine Board Meetings were held during the year ended 31st December, 2011, 29th January, 2011, 28th February, 2011, 5th May, 2011, 24th June, 2011, 25th July, 2011, 5th August, 2011, 13th August, 2011, 10th October, 2011 and 4th November, 2011. The gap between any two Board Meetings did not exceed four months. Notice and agenda papers were circulated to the Directors well in advance to enable the Board to take informed decisions. All the relevant statements and information necessary for considering various matters in the light of Corporate Governance practices as prescribed in Clause 49 of the Listing Agreement were placed before the Board.

Attendance of Directors at Board Meetings during the year ended 31st December, 2011 and at the last Annual General Meeting as also the number of other Companies in which they hold Directorship and Membership or Chairmanship of Committees is given below.

Name of the Directors	Position	Attendance		Other Boards/Committees		
		Board Meetings (2011)	Last AGM (24-6-2011)	Directorships ¹	Committees ²	
					Member	Chairman
Dr. Daniele Terruzzi	Chairman / Promoter- Non Executive	8	Attended	Nil	Nil	Nil
Ms. Paola Terruzzi	Vice Chairperson / Promoter - Non Executive	8	Attended	Nil	Nil	Nil
Mr. Davide Nassuato	Executive - Managing Director	8	Attended	Nil	Nil	Nil
Mr. Astorre Terruzzi	Chairman Emeritus / Promoter- Non Executive	3	Did not attend	Nil	Nil	Nil
Mr. Claudio Del Bianco	Independent	–	Did not attend	Nil	Nil	Nil
Mr. Massimo Ferracci	Independent	6	Did not attend	Nil	Nil	Nil
Mr. Nicola Obert	Independent	6	Attended	Nil	Nil	Nil
Mr. Massimiliano Altabella	Independent	5	Attended	Nil	Nil	Nil

1. Excludes foreign companies, private limited companies, companies under Section 25 of the Companies Act, 1956 and Alternate Directorships.

2. Only Audit Committee and Investors Grievance Committee are reckoned for this purpose.

3. Information pursuant to clause 49 of the listing agreement is provided in the notice for convening Annual General Meeting.

3. Audit Committee

(a) Terms of Reference

The terms of reference of the Audit Committee are in conformity with the requirements of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement.

(b) Composition

The Audit Committee comprises of Ms. Paola Terruzzi, Mr. Massimo Ferracci (Independent), Mr. Nicola Obert (Independent) and Mr. Massimiliano Altabella (Independent). Mr. Massimo Ferracci is the Chairman of the Audit Committee.

Ms. Bela Thakkar, Company Secretary & Head of HR acts as Secretary to the Audit Committee. The Head of Finance & Corporate Affairs, Statutory Auditors and the Practicing Company Secretary attended the meetings on invitation.

(c) Meetings held and attendance

Five Audit Committee meetings were held during the year. These were held on 28th February, 2011, 5th May, 2011, 5th August, 2011, 13th August, 2011 and 4th November, 2011.

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Attendance at Audit Committee meetings for the year ending on 31st December, 2011 were as follows:

Name of the Directors	No. of Meetings held	No. of Meetings attended
Ms. Paola Terruzzi	5	4
Mr. Massimo Ferracci	5	4
Mr. Nicola Obert	5	4
Mr. Massimiliano Altabella	5	4

Note : Mr. Massimo Ferracci who is the Chairman of the Audit Committee, was not present at the previous Annual General Meeting of the Company held on 24th June, 2011

4. Remuneration Committee

a) Composition

The Board had constituted a remuneration committee on 28th May, 2010. The members of the Remuneration Committee comprises of Ms. Paola Terruzzi, Mr. Massimo Ferracci, Independent Director, Mr. Nicola Obert, Independent Director and Mr. Massimiliano Altabella, Independent Director. Ms. Paola Terruzzi is the Chairperson of the Remuneration Committee. There was no meeting of Remuneration Committee held during the year ended 31st December, 2011.

b) 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. Sitting fees paid to the directors during the year ended 31st December, 2011 was Rs. 2,45,000 as shown below:

Name of the Directors	Sitting Fees paid
Mr. Nicola Obert	Rs. 1,30,000
Mr. Massimiliano Altabella	Rs. 1,15,000
TOTAL	Rs. 2,45,000

Note : Mr. Astorre Terruzzi, Dr. Daniele Terruzzi, Ms. Paola Terruzzi, Mr. Davide Nassuato, Mr. Massimo Ferracci and Mr. Claudio Del Bianco, all have declined to accept sitting fees.

5. Investors' Grievance and Share Transfer Committee

(a) Composition

The Investors' Grievance Committee comprises of Dr. Daniele Terruzzi, Ms. Paola Terruzzi and Mr. Davide Nassuato. Dr. Daniele Terruzzi is the Chairman of the Committee.

The Investors' Grievance and Share Transfer Committee was reconstituted on 22nd February, 2012 with the resignation of Mr. Davide Nassuato and appointment of Mr. Ranganath Desai as member of the Committee.

Ms. Bela Thakkar, Company Secretary & Head of HR is the Compliance Officer.

(b) Meetings held and attendance

During the year, six meetings of the Investors' Grievance and Share Transfer Committee were held on 28th February, 2011, 5th May, 2011, 24th June, 2011, 5th August, 2011, 10th October, 2011 and 4th November, 2011. Attendance at the Investors' Grievance and Share Transfer Committee meetings during the year ended 31st December, 2011 was as follows :

Name of the Directors	No. of Meetings held	No. of Meetings attended
Dr. Daniele Terruzzi	6	6
Ms. Paola Terruzzi	6	6
Mr. Davide Nassuato	6	6

(c) Share Transfers

With a view to servicing the shareholders more expeditiously, the Board has delegated the authority to a Sub-committee of Directors to approve share transfers and transmissions received from Link Intime India Private Ltd., the Company's Registrars and Share Transfer Agents. All share transfers are ratified by the Board. The Sub Committee met 12 times during the last financial year.

There were no applications for share transfer pending as at 31st December, 2011.

(d) Investors Complaints

The Company received some complaints from shareholders during the year as shown below. These complaints were resolved to the satisfaction of the shareholders. The average time taken by the Company to resolve complaints was 15-20 days.

Nature of Complaint	Complaints received	Complaints redressed	Complaints pending
Non-receipt of share certificates	3	3	–
Non-receipt of Dividend/Interest/Redemption Warrant	2	2	–
Non-receipt of Rejected DRF	1	1	–
Total	6	6	–

6. Code of Conduct

The Board of Directors of the Company has laid down a Code of Conduct for all its board members and senior management personnel, who have affirmed their compliance therewith.

To the Shareholders of Vulcan Engineers Limited	
Sub : Compliance with Code of Conduct	
I hereby declare that all the Board members and senior management personnel have affirmed compliance with the Code of Conduct as adopted by the Board of Directors.	
Sd/-	
Ranganath Desai	
Executive Director - Finance & Corporate Services	
Dated : 14 th May, 2012	
Place : Mumbai	

7. Steps for Prevention of Insider Trading Practices

In compliance with the SEBI (Prevention of Insider Trading) Regulations as amended. The Company has issued a comprehensive set of guidelines after incorporating the amendments prescribed by SEBI, advising and cautioning management staff and other relevant business associates on the procedure to be followed while dealing in equity shares of the Company and disclosure requirements in this regard. The Company believes that 'The Code of Internal Procedure and Conduct' and 'The Code of Corporate Disclosure Policies' that it has framed in this regard will help in ensuring compliance with the amended SEBI regulations.

8. General Body Meetings

a) Date, time and location of last three Annual General Meetings and the Special Resolutions passed thereat:

Financial Year	Date	Time	Venue	Special Resolution passed
2008-2009	30/9/2009	11.00 a.m.	'Sunville' 9, Dr. Annie Besant Road, Worli, Mumbai 400 018.	Increase of remuneration to Mr. Suvir Malaney, from Rs. 1,00,000 p.m. to Rs. 2,50,000 p.m.
2009-2010	28/9/2010	11.30 a.m.	'Sunville' 9, Dr. Annie Besant Road, Worli, Mumbai - 400 018.	Appointment of Mr. Davide Nassuato as Managing Director of the Company subject to approval of the shareholders and the Central Government for a period of 3 years with effect from 1 st April, 2010 without remuneration.
2010	24/6/2011	11.30 a.m.	'Sunville' 9, Dr. Annie Besant Road, Worli, Mumbai 400 018.	No special resolution passed.

b) Date, time and location of last three years Extra-Ordinary General Meetings and the Special Resolutions passed thereat:

Financial Year	Date	Time	Venue	Special Resolution passed
2008-2009	NA	NA	NA	NA
2009-2010	11/11/2009	11.00 a.m.	'Sunville' 9, Dr. Annie Besant Road, Worli, Mumbai 400 018.	Resolution under section 81(1)(A) for issue and allotment of 3,350,000 equity shares of the Company having face value of Rs. 10 each at a price of Rs. 11.50 per equity share on preferential basis to Terruzzi Fercalx SpA.
2010	NA	NA	NA	NA
2011	28/02/2011	11.30 a.m.	'Sunville' 9, Dr. Annie Besant Road, Worli, Mumbai 400 018.	Resolution under section 81(1)(A) for issue and allotment of 1,310,000 equity shares of the Company having face value of Rs. 10 each at a price of Rs. 46.50 per equity share on preferential basis to SIMEST SpA.
2011	12/09/2011	11.30 a.m.	'Sunville' 9, Dr. Annie Besant Road, Worli, Mumbai 400 018.	Resolution under section 81(1)(A) for issue and allotment of 1,310,000 equity shares of the Company having face value of Rs. 10 each at a price of Rs. 46.50 per equity share on preferential basis to SIMEST SpA in supersession of the resolution passed by the members on 28 th February, 2011.

Note : At the Board Meeting held on 28th May, 2010, the financial year has been changed from 1st April - 31st March to 1st January-31st December.

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c) Special Resolution passed through Postal Ballot:

No Postal Ballot was conducted during the financial year 2011. No special resolution is proposed to be conducted through postal ballot in the ensuing Annual General Meeting of the Company.

9. Disclosures

• Preferential Allotment:

The Company has issued and allotted 13,10,000 equity shares to Societa Italiana Per Le Imprese All'Estero - SIMEST SpA (SIMEST) at a price of Rs. 46.50 per share on 10th October, 2011 on preferential basis in accordance with the applicable SEBI Regulations.

• Related party disclosures

i) Related party relationship:

Holding Company	Terruzzi Fercalx SpA
Enterprise under common control	Terruzzi Fercalx SpA - India Project Office

Notes:

- 1) The related party relationships have been determined by the management on the basis of the requirements of the Accounting Standard (AS) - 18 "Related Party Disclosures."
- 2) The relationships, as mentioned above, pertain to those related parties with whom transactions have taken place during the year, except where control exists.

ii) Transactions with related parties:

Particulars	1-Jan-11 to 31-Dec-11 Rs.
Terruzzi Fercalx SpA	
Sale of goods	127,790,408
Engineering and service charges income	16,838,366
Payment made on behalf of the Company	22,144,534
Expenses incurred by the Company and recovered	57,527
Terruzzi Fercalx SpA - India Project Office	
Sale of goods	39,179,213
Expenses incurred by the Company and recovered	2,734,797
	As at 31/12/2011 Rs.
Balances as at the year end:	
Terruzzi Fercalx SpA	
Payable	54,542,888
Receivable	22,828,907
Terruzzi Fercalx SpA - India Project Office	
Payable	3,500,000
Receivable	89,373,543

• Auditors Comments

In respect of Accounting Standard (AS)-22 'Accounting for Taxes on Income' for recognising deferred tax assets (net), though there is no virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised, due to which loss after tax for the year is lower by Rs. 3,762,274; deferred tax assets (net) is higher and profit and loss account (debit balance) is lower by Rs. 15,500,050 as at 31st December, 2011.

• Details of non-compliance, penalties and strictures imposed

There have neither been any instances of non-compliance nor any penalty or stricture imposed on the Company by the Stock Exchange or Securities and Exchange Board of India or by any other statutory authority on any matter related to capital markets during the last three years.

• Whistle Blower Policy

While the Company has not formally established a Whistle Blower Policy as a mechanism for its employees to report to the Management about any violation of the Company's code of conduct or business principles or unethical behaviour, the employees are free to access the Management or the Audit Committee to report such instances.

• Compliance with mandatory requirements

The Company has complied with the mandatory requirements of Clause 49 of the Listing Agreement as presently applicable. Details of non-mandatory provisions to the extent complied with, have been disclosed in this report.

10. Means of Communication

Quarterly and annual financial results are submitted to Bombay Stock Exchange Ltd. immediately on approval by the Board. The financial results are generally published in one English and one local vernacular language newspapers having appropriate circulation as required under the Listing Agreement. The results are also made available on the website of the Company 'www.vulcanengineers.com'. Annual reports are dispatched to all the shareholders. No presentation was made to the institutional investors or analysts during the year.

11. General Shareholder Information

(a) Annual General Meeting

Date : 29th June, 2012

Time : 11.30 a.m.

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

(b) Financial Year: 1st January, 2012 to 31st December, 2012

Particulars	Tentative dates
Unaudited results for the quarter ending:	
31 st March, 2012	By 15 th May, 2012.
30 th June, 2012	By 15 th August, 2012.
30 th September, 2012	By 15 th November, 2012.
Audited annual results for the year ending 31 st December, 2012	By 28 th February, 2013

(c) Date of book closure

18th June, 2012 to 29th June, 2012 (both days inclusive).

(d) Dividend payment date

Dividend not declared.

(e) Listing on Stock Exchange

The Company's shares are listed on Bombay Stock Exchange Limited, Mumbai. Listing fees to the Bombay Stock Exchange Limited, Mumbai has been paid for the year 2012-2013.

(f) Stock Code & ISIN

Stock Code : 522080

ISIN : INE699C01017 with NSDL and CDSL

(g) Market Price Data

Monthly high and low quotations as well as the volume of shares traded on the Bombay Stock Exchange Limited and the Sensex during 2011 were:

Month	Share Price on BSE		BSE Sensex	
	High Rs.	Low Rs.	High	Low
January, 2011	49.80	38.90	20,664.80	18,038.48
February, 2011	40.15	32.90	18,690.97	17,295.62
March, 2011	41.80	33.50	19,575.16	17,792.17
April, 2011	40.50	34.00	19,811.14	18,976.19
May, 2011	40.00	25.00	19,253.87	17,786.13
June, 2011	36.00	28.00	18,873.39	17,314.38
July, 2011	37.20	31.10	19,131.70	18,131.86
August, 2011	35.35	25.85	18,440.07	15,765.53
September, 2011	32.30	26.75	17,211.80	15,801.01
October, 2011	35.20	26.15	17,908.13	15,745.43
November, 2011	29.00	21.50	17,702.26	15,478.69
December, 2011	24.70	18.20	17,003.71	15,135.86

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(h) Registrar and Share Transfer Agents

Link Intime India Private Limited are the Registrar and Share Transfer Agents for shares held in physical and electronic mode. Their contact details are:

C-13, Pannalal Silk Mills Compound, L.B.S. Marg, OR 203 Davar House, 197/199 D.N. Road,
Bhandup (West), Mumbai 400 078. Mumbai 400 001.

In addition, shareholders can directly contact the following person at Link Intime India Private Limited.

Name	Telephone No.	Fax No.	Email ID
Ms. Trupti Parab	(022) 25946970	(022) 25946969	rnt.helpdesk@linkintime.co.in

(i) Share Transfer Procedure

Shareholders are advised to contact Link Intime India Private Limited directly. Every effort is made to clear share transfers / transmissions and split / consolidation requests within 30 days. Requests for issue of duplicate share certificates are normally cleared within 30 days provided the documents are clear in all respects.

(j) Distribution of Shareholding as on 31st December, 2011

No. of Equity Shares held	Folios		Shares	
	Nos.	Percentage	Nos.	Percentage
Upto 500	4200	83.0532	920,524	9.6897
501 to 1000	467	9.2347	371,293	3.9083
1001 to 2000	201	3.9747	298,226	3.1392
2001 to 3000	67	1.3249	174,360	1.8354
3001 to 4000	37	0.7317	135,843	1.4299
4001 to 5000	27	0.5339	125,998	1.3263
5001 to 10000	36	0.7119	253,889	2.6725
10001 and above	22	0.4350	7,219,867	75.9986
Total	5057	100.0000	9,500,000	100.0000

(k) Shareholding Pattern as on 31st December, 2011

Category	No. of Shares held	Percentage of Shareholding
Promoters	5,480,145	57.69
Mutual Funds and UTI	200	0.00
Banks, Financial Institutions	900	0.01
Bodies Corporate	241,073	2.54
Indian Public	2,382,566	25.08
NRI/OBC/Foreign Companies	1,353,102	14.24
Other (Clearing)	42,014	0.44
Total	9,500,000	100.00

(l) Dematerialization of shares

As on 31st December, 2011, 80.92% of the Company's paid up share capital was held in dematerialized form.

(m) Convertible Instruments

As on 31st December, 2011, the Company does not have any outstanding convertible instruments which are likely to have an impact on the equity share capital of the Company.

(n) Plant Location

Plot No. B-21, MIDC Industrial Area, Ahmednagar 414 111 (Maharashtra)
Note : Company is not carrying out any operational activities from the plant.

(o) Contact Address

Ms. Bela Thakkar,
Company Secretary & Compliance Officer
Vulcan Engineers Ltd.
326, Unique Industrial Estate, Off Veer Savarkar Marg, Prabhadevi, Mumbai 400 025.
Tel. : (022) 2438 1678/2438 1679
Fax : (022) 2422 5814
Email : cs.vel@vulcanengineers.com

12. CEO / CFO certification

As required by Clause 49 of the Listing Agreement, Mr. Ranganath Desai, Executive Director - Finance & Corporate Services, certification is given elsewhere in the Annual Report.

13. Compliance

The Company has obtained the certificate from its Statutory Auditors regarding compliance with the provisions relating to corporate governance laid down in the Clause 49 of the Listing Agreement. The certificate is annexed to this report.

AUDITORS' CERTIFICATE

To the Members of
Vulcan Engineers Limited

We have examined the compliance of conditions of Corporate Governance by Vulcan Engineers Limited ("the Company") for the financial year ended on 31st December 2011, as stipulated in Clause 49 of the Listing Agreement of the Company with the Bombay Stock Exchange.

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring compliance of the conditions of Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement for the financial year ended on 31st December 2011.

We further state that our report is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

FOR SURESH SURANA & ASSOCIATES

Chartered Accountants
Firm Reg. No.: 121750W

(Vinod Varma)
PARTNER
Membership No. 105545

Place : Mumbai
Dated: 14th May, 2012

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To,
The Board of Directors
Vulcan Engineers Limited

Sub : Certificate
(issued in accordance with provisions of Clause 49 of the Listing Agreement)

I have reviewed the financial statements of Vulcan Engineers Limited for the financial year ended 31st December, 2011, and to the best of my knowledge and belief, I state that :

- (a) (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that may be misleading
- (ii) These statements present a true and fair view of the Company's affairs and are in compliance with current accounting standards, applicable laws and regulations.
- (b) There are to the best of my knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the Company's code of conduct.
- (c) I accept responsibility for establishing and maintaining internal controls for financial reporting. I have evaluated the effectiveness of internal control systems of the Company and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, and steps taken or proposed to be taken for rectifying these deficiencies.
- (d) I have indicated to the Auditors and the Audit Committee:
 - (i) Significant changes in internal control during the year.
 - (ii) Significant changes in accounting policies made during the year and that the same have been disclosed suitably in the notes to the financial statements; and
 - (iii) Instances of significant fraud of which I have become aware and the involvement therein, if any, of the management or an employee.

FOR VULCAN ENGINEERS LIMITED

Ranganath Desai
Executive Director - Finance & Corporate Services

Place : Mumbai
Dated : 14th May, 2012

AUDITORS' REPORT

To,
The Members of
VULCAN ENGINEERS LIMITED

1. We have audited the attached balance sheet of Vulcan Engineers Limited ("the Company") as at 31 December 2011 and also the profit and loss account and cash flow statement 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.
2. 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.
3. As required by the Companies (Auditor's Report) Order, 2003 ('the Order') issued by Central Government of India in terms of section 227(4A) of the Companies Act, 1956 ('the Act'), on the basis of such checks of the books and records of the Company as we considered appropriate and according to information and explanations given to us, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the Order.
4. Further to our comments in the annexure referred to in paragraph 3 above, we report that:
 - 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 those books;
 - c) The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the balance sheet, the profit and loss account and the cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act to the extent applicable *except in respect of Accounting Standard (AS)-22 'Accounting for Taxes on Income' for recognising deferred tax assets (net), though there is no virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised, due to which loss after tax for the year is lower by Rs. 3,762,274; deferred tax assets (net) is higher and profit and loss account (debit balance) is lower by Rs. 15,500,050 as at 31 December 2011.*
 - e) On the basis of written representations received from the directors of the Company as on 31 December 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31 December 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act; and
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, subject to our comments in paragraph 4(d) above and read together with other notes thereon in Schedule '18', give the information required by the Act in the manner so required 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 31 December 2011;
 - b) in the case of the profit and loss account, of the loss of the Company for the year ended on that date; and
 - c) in the case of cash flow statement of the cash flows of the Company for the year ended on the date.

FOR SURESH SURANA & ASSOCIATES

Chartered Accountants
Firm Reg. No.: 121750W

(Vinod Varma)
PARTNER
Membership No. 105545

Place of Signature : Pune
Dated : 22 February 2012

ANNEXURE TO THE AUDITORS' REPORT

REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE

1. In respect of its fixed assets:
 - a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - b) The fixed assets are physically verified by the management according to a phased programme designed to cover all items over a period of three financial years, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the management during the year and no material discrepancies between the book records and the physical verification of fixed assets have been noticed.
 - c) During the year, the Company has not disposed off any of its fixed assets.
2. According to the information and explanations given to us, the Company doesn't have any inventory of materials during the year. Accordingly, the provisions of clause 4(ii) of the Order are not applicable to the Company during the year.
3. During the year, the Company has not granted/taken any loan, secured or unsecured to/from Companies, firms and other parties listed in the register maintained under Section 301 of the Act. Accordingly, the provisions of clause 4(iii)(b), 4(iii)(c), 4(iii)(d), 4(iii)(f) and 4(iii)(g) of the Order are not applicable to the Company.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in such internal control system.
5.
 - a) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements that need to be entered into the register maintained under Section 301 of the Act have been recorded in the register.
 - b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements entered in the register maintained under Section 301 of the Act have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
6. The Company has not accepted any deposits from public during the year.
7. In our opinion, the Company has an adequate internal audit system commensurate with its size and nature of its business.
8. As explained to us, the Central Government has not prescribed maintenance of cost records under Section 209(1)(d) of the Act in case of the Company.
9.
 - a) According to the information and the explanations given to us, the Company has been generally regular in depositing undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues with the appropriate authorities, wherever applicable. There are no undisputed amounts payable in respect of such statutory dues which have remained outstanding as at 31 December 2011 for a period of more than six months from the date they became payable.
 - b) According to information and explanations given to us, there are no dues on account of income tax / sales tax / wealth tax / service tax / custom duty / excise duty / cess which has not been deposited on account of any dispute.
10. The accumulated losses of the Company at the end of the financial year are not more than fifty percent of its net worth and the Company has incurred cash loss during the current financial year but not in the immediately preceding financial year.
11. According to information and explanations given to us, the Company has not defaulted in repayment of dues to the banks. The Company does not have any borrowing from financial institutions and by way of debentures.

12. According to the information and explanations given to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures, and other securities.
13. According to the information and explanations given to us, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Accordingly, provision of clause (xiii) of paragraph 4 of the Order is not applicable to the Company.
14. In our opinion and according to information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, provision of clause 4 (xiv) of the Order is not applicable to the Company.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks and financial institutions during the year.
16. According to information and explanations given to us, the Company has not taken any term loan during the year.
17. According to information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that as at 31 December 2011, no funds raised on short-term basis have been used for long-term investments.
18. During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act.
19. The Company has not issued any debentures during the year.
20. The Company has not raised any money by way of public issue during the year.
21. During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instances of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such cases by the management.

FOR SURESH SURANA & ASSOCIATES

Chartered Accountants
Firm Reg. No.: 121750W

(Vinod Varma)
PARTNER
Membership No. 105545

Place of Signature : Pune
Dated : 22 February 2012

48th Annual Report for the year ended 31st December, 2011

BALANCE SHEET AS AT 31 DECEMBER 2011

	Schedule	As at 31-Dec-11		As at 31-Dec-10	
		Rs.	Rs.	Rs.	Rs.
I. SOURCES OF FUNDS					
1. Shareholders' funds					
a) Share capital	1	95,000,000		81,900,000	
b) Reserves and surplus	2	<u>53,332,821</u>		<u>5,536,061</u>	
			148,332,821		87,436,061
2. Loan funds					
Unsecured loans	3		<u>28,471,720</u>		-
Total funds employed			<u>176,804,541</u>		<u>87,436,061</u>
II. APPLICATION OF FUNDS					
1. Fixed assets	4				
a) Gross block		73,329,004		14,836,112	
b) Less : Depreciation		<u>8,181,164</u>		<u>6,998,889</u>	
c) Net block			65,147,840		7,837,223
2. Deferred tax assets (net)			15,500,050		11,737,776
3. Current assets, loans and advances					
a) Inventories	5	-		2,882,400	
b) Sundry debtors	6	123,761,035		108,873,498	
c) Cash and bank balances	7	19,798,372		29,018,684	
d) Other current assets	8	3,045,615		793,046	
e) Loans and advances	9	<u>28,384,140</u>		<u>17,266,220</u>	
Total 'A'		<u>174,989,162</u>		<u>158,833,848</u>	
Less:					
Current liabilities and provisions					
a) Current liabilities	10	95,356,592		96,654,648	
b) Provisions	11	<u>3,440,363</u>		<u>4,327,665</u>	
Total 'B'		<u>98,796,955</u>		<u>100,982,313</u>	
Net current assets (A-B)			76,192,207		57,851,535
4. Profit and loss account (debit balance)			<u>19,964,444</u>		<u>10,009,527</u>
Total funds utilised			<u>176,804,541</u>		<u>87,436,061</u>
Accounting policies and notes forming part of accounts	18				

As per our report of even date attached

FOR SURESH SURANA & ASSOCIATES
Chartered Accountants
Firm Reg. No. 121750W

(Vinod Varma)
PARTNER
Membership No. 105545

Pune, Dated : 22nd February, 2012

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

DANIELE TERRUZZI Director

PAOLA TERRUZZI Director

DAVIDE NASSUATO Managing Director

BELA THAKKAR Company Secretary

Pune, Dated : 22nd February, 2012

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2011

	Schedule	1-Jan-11 to 31-Dec-11		1-Apr-10 to 31-Dec-10	
		Rs.	Rs.	Rs.	Rs.
I. INCOME					
Sales and income from operations	12	211,918,725		126,228,176	
Other income	13	1,916,786		4,534,925	
Decrease in stocks	14	<u>(2,882,400)</u>		<u>(3,244,160)</u>	
			210,953,111		127,518,941
II. EXPENDITURE					
Cost of materials and components	15	121,061,213		69,651,323	
Engineering and labour charges		22,933,977		13,351,538	
Employees' remuneration and benefits	16	32,105,643		28,691,892	
Other expenses	17	46,992,659		13,299,281	
Interest - Others		412,775		116,098	
Depreciation (Net of transfer from revaluation reserve Rs.18,240; previous period Rs.13,742)		<u>1,164,035</u>		<u>800,661</u>	
			224,670,302		125,910,793
III. PROFIT / (LOSS)					
Profit / (Loss) before taxation			(13,717,191)		1,608,148
Provision for taxation:					
- Current tax			-		-
- Deferred tax (expenses) / benefits		<u>3,762,274</u>		<u>(1,708,039)</u>	
			3,762,274		(1,708,039)
Loss after taxation			<u>(9,954,917)</u>		<u>(99,891)</u>
Deficit from previous period brought forward			<u>(10,009,527)</u>		<u>(9,909,636)</u>
Balance carried to balance sheet			<u>(19,964,444)</u>		<u>(10,009,527)</u>
Basic and diluted loss per share			(1.17)		(0.01)
Nominal value of equity shares			10.00		10.00
Accounting policies and notes forming part of accounts	18				

As per our report of even date attached

FOR SURESH SURANA & ASSOCIATES
 Chartered Accountants
 Firm Reg. No. 121750W

 (Vinod Varma)
 PARTNER
 Membership No. 105545

 Pune, Dated : 22nd February, 2012

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

DANIELE TERRUZZI

Director

PAOLA TERRUZZI

Director

DAVIDE NASSUATO

Managing Director

BELA THAKKAR

Company Secretary

 Pune, Dated : 22nd February, 2012

48th Annual Report for the year ended 31st December, 2011

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2011

	1-Jan-11 to 31-Dec-11		1-Apr-10 to 31-Dec-10	
	Rs.	Rs.	Rs.	Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES :				
Net profit / (loss) before tax		(13,717,191)		1,608,148
ADJUSTMENTS FOR :				
Depreciation	1,164,035		800,661	
Interest expenses	412,775		116,098	
Exchange rate difference (net)	9,743,810		(532,206)	
Provision for doubtful debts	-		140,859	
Interest income	(1,626,672)		(924,582)	
		<u>9,693,948</u>		<u>(399,170)</u>
Operating profit / (loss) before working capital changes		(4,023,243)		1,208,978
ADJUSTMENTS FOR WORKING CAPITAL CHANGES :				
Trade and other receivables	(29,385,132)		(22,117,211)	
Inventories	2,882,400		3,244,160	
Trade payables and other liabilities	(11,110,579)		18,860,547	
		<u>(37,613,311)</u>		<u>(12,504)</u>
Cash flow from / (used in) operations		(41,636,554)		1,196,474
Taxes paid		(137,140)		(5,344,281)
Net cash flow used in operating activities		(41,773,694)		(4,147,807)
B. CASH FLOW FROM INVESTING ACTIVITIES :				
Purchase of fixed assets		(58,492,892)		(2,969,084)
Net cash flow used in investing activities		(58,492,892)		(2,969,084)
C. CASH FLOW FROM FINANCING ACTIVITIES :				
Proceeds from issue of equity shares		60,915,000		-
Borrowings / (Repayments) (Net)		28,471,720		(1,250,000)
Interest received		2,072,329		584,820
Interest paid		(412,775)		(749,810)
Net cash flow from / (used in) financing activities		91,046,274		(1,414,990)
Net decrease in cash and cash equivalents (A+B+C)		(9,220,312)		(8,531,881)
Cash and cash equivalents - opening balance		29,018,684		37,550,565
Cash and cash equivalents - closing balance *		19,798,372		29,018,684
Net decrease in cash and cash equivalents		(9,220,312)		(8,531,881)
* Cash and cash equivalents - closing balance				
Cash on hand		420,597		192,710
Bank balance with scheduled bank :				
In current accounts	1,632,370		12,974,030	
In fixed deposit accounts (pledged with bank)	17,745,405		15,851,944	
		<u>19,377,775</u>		<u>28,825,974</u>
		<u>19,798,372</u>		<u>29,018,684</u>

Accounting policies and notes forming part of accounts are given in Schedule '18'

As per our report of even date attached

FOR SURESH SURANA & ASSOCIATES
Chartered Accountants
Firm Reg. No. 121750W

(Vinod Varma)
PARTNER
Membership No. 105545

Pune, Dated : 22nd February, 2012

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

DANIELE TERRUZZI Director

PAOLA TERRUZZI Director

DAVIDE NASSUATO Managing Director

BELA THAKKAR Company Secretary

Pune, Dated : 22nd February, 2012

SCHEDULES TO THE ACCOUNTS

	As at 31-Dec-11		As at 31-Dec-10	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE 1 : SHARE CAPITAL				
Authorised :				
11,000,000 equity shares of Rs. 10/- each		<u>110,000,000</u>		<u>110,000,000</u>
Issued and subscribed :				
9,500,000 (8,190,000) equity shares of Rs. 10/- each fully paid (including 3,870,000 shares allotted as fully paid bonus shares by way of capitalisation of general reserve, share premium account and other free reserves)		<u>95,000,000</u>		<u>81,900,000</u>
(Of the above 5,480,145 equity shares are held by Terruzzi Fercalx SpA, the holding company.)				
		<u>95,000,000</u>		<u>81,900,000</u>
SCHEDULE 2 : RESERVES AND SURPLUS				
Securities Premium Account				
Opening balance	5,025,000		5,025,000	
Add : Received during the year	<u>47,815,000</u>		<u>-</u>	
		<u>52,840,000</u>		<u>5,025,000</u>
Revaluation reserve:				
Opening balance	511,061		524,803	
Less : Amount transferred to profit and loss account for depreciation on account of increase in the value of fixed assets due to revaluation	<u>18,240</u>		<u>13,742</u>	
		<u>492,821</u>		<u>511,061</u>
		<u>53,332,821</u>		<u>5,536,061</u>
SCHEDULE 3 : UNSECURED LOANS				
Short Term				
From Banks :				
Bank overdraft (Secured by Standby Letter of Credit issued by bankers of holding company)		<u>28,471,720</u>		<u>-</u>
		<u>28,471,720</u>		<u>-</u>

SCHEDULES TO THE ACCOUNTS (Contd.)

SCHEDULE 4 : FIXED ASSETS

Sr. No.	Description of Assets	GROSS BLOCK (As revalued or at cost)			DEPRECIATION				NET BLOCK		
		As at 01-Jan-11 Rs.	Additions Rs.	Deductions Rs.	As at 31-Dec-11 Rs.	Upto 31-Dec-10 Rs.	For the year/period Rs.	Deductions Rs.	Upto 31-Dec-11 Rs.	As at 31-Dec-11 Rs.	As at 31-Dec-10 Rs.
1]	Leasehold land	630,000	-	-	630,000	169,475	7,519	-	176,994	453,006	460,525
2]	Factory building	1,657,381	-	-	1,657,381	1,155,029	55,357	-	1,210,386	446,995	502,352
3]	Office premises	-	58,344,124	-	58,344,124	-	-	-	-	58,344,124	-
4]	Sheds / Portable units	418,794	-	-	418,794	32,397	33,504	-	65,901	352,893	386,397
5]	Plant and machinery	1,283,885	-	-	1,283,885	123,036	58,407	-	181,443	1,102,442	1,160,849
6]	Furniture and fixtures	1,769,833	-	-	1,769,833	1,146,897	99,079	-	1,245,976	523,857	622,936
7]	Office equipments	1,124,199	84,918	-	1,209,117	595,852	53,952	-	649,804	559,313	528,347
8]	Air-conditioners, coolers, refrigerators and washing machines	903,002	-	-	903,002	549,413	42,496	-	591,909	311,093	353,589
9]	Vehicles	1,361,085	-	-	1,361,085	589,287	124,627	-	713,914	647,171	771,798
10]	Computers (including computer software)	4,762,266	63,850	-	4,826,116	1,776,295	642,875	-	2,419,170	2,406,946	2,985,971
11]	Tools and patterns	925,667	-	-	925,667	861,208	64,459	-	925,667	-	64,459
TOTAL		14,836,112	58,492,892	-	73,329,004	6,998,889	1,182,275	-	8,181,164	65,147,840	7,837,223
PREVIOUS PERIOD		11,867,028	2,969,084	-	14,836,112	6,184,486	814,403	-	6,998,889	7,837,223	-

Notes : 1. Leasehold land and Factory building has been provided as collateral security against the bank guarantee taken by the Company.
 2. Office acquired during the year is not ready for the intended use as at 31 December 2011, hence no depreciation charged.
 3. Vehicle purchased in earlier years for Rs. 270,000 is yet to be transferred in the name of the Company.

SCHEDULES TO THE ACCOUNTS (Contd.)

	As at 31-Dec-11		As at 31-Dec-10	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE 5 : INVENTORIES				
(as taken, valued and certified by the management):				
Work-in-progress		-		2,882,400
		-		2,882,400
		<u>-</u>		<u>2,882,400</u>
SCHEDULE 6 : SUNDRY DEBTORS				
(Unsecured) :				
Debts outstanding for a period exceeding six months:				
- Considered good				
Group Company	89,389,328		47,683,034	
(Includes retention amounts as per terms of contracts Rs.28,783,271; as at 31/12/2010 Rs.23,388,050)				
Others	6,263,801		925,025	
(Includes retention amounts as per terms of contracts Rs 3,295,539; as at 31/12/2010 Rs.838,332)				
- Considered doubtful	-		2,818,583	
		<u>95,653,129</u>		51,426,642
Other debts - considered good				
Group Company	22,813,122		53,484,794	
(Includes retention amounts as per terms of contracts Rs. 192,728; as at 31/12/2010 Rs.7,526,588)				
Others	5,294,784		6,780,645	
(Includes retention amounts as per terms of contracts Rs. 1,265,655; as at 31/12/2010 Rs.826,088)				
		<u>28,107,906</u>		60,265,439
		<u>123,761,035</u>		111,692,081
Less : Provision for doubtful debts		-		2,818,583
		<u>123,761,035</u>		<u>108,873,498</u>
SCHEDULE 7 : CASH AND BANK BALANCES				
Cash on hand		420,597		192,710
Bank balance with scheduled banks :				
In current accounts	1,632,370		12,974,030	
In fixed deposit accounts (pledged with banks)	17,745,405		15,851,944	
		<u>19,377,775</u>		28,825,974
		<u>19,798,372</u>		<u>29,018,684</u>
SCHEDULE 8 : OTHER CURRENT ASSETS				
Interest accrued on fixed deposits with banks		347,389		793,046
Unbilled revenue		2,698,226		-
		<u>3,045,615</u>		<u>793,046</u>

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SCHEDULES TO THE ACCOUNTS (Contd.)

	As at 31-Dec-11		As at 31-Dec-10	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE 9 : LOANS AND ADVANCES				
(Unsecured, considered good, unless otherwise stated)				
Advances recoverable in cash or in kind or for value to be received		1,263,359		984,052
Advances to suppliers		15,996,849		6,086,791
Sundry deposits		2,303,779		1,402,743
Balance with central excise and customs		29,239		29,239
VAT receivable		2,988,322		3,097,943
Taxation payments and refunds receivable (net of provision Rs. 8,322,924; as at 31/12/2010 Rs. 8,322,924)		5,802,592		5,665,452
		<u>28,384,140</u>		<u>17,266,220</u>
SCHEDULE 10 : CURRENT LIABILITIES				
Sundry creditors (Refer note 8 of Schedule '18')				
Dues to small and micro enterprises		-		-
Others		32,771,159		54,506,792
		<u>32,771,159</u>		<u>54,506,792</u>
Advances received from customers [Includes advances received from holding company Rs.15,598,077 (as at 31/12/2010: Rs. 15,821,670) and advances received from group company Rs 3,500,000 (as at 31/12/2010: Rs. 5,178,600)]		21,982,748		28,513,191
Due to holding company		38,944,811		10,664,452
Other liabilities		1,657,874		2,970,213
		<u>95,356,592</u>		<u>96,654,648</u>
SCHEDULE 11 : PROVISIONS				
Provision for leave encashment		1,918,360		2,145,584
Provision for gratuity		1,522,003		2,182,081
		<u>3,440,363</u>		<u>4,327,665</u>

SCHEDULES TO THE ACCOUNTS (Contd.)

	1-Jan-11 to 31-Dec-11		1-Apr-10 to 31-Dec-10	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE 12 : SALES AND INCOME FROM OPERATIONS				
Gross Sales	171,920,209		85,242,576	
Less : Excise duty	—		—	
Net Sales		171,920,209		85,242,576
Engineering and service charges		39,998,516		40,985,600
		<u>211,918,725</u>		<u>126,228,176</u>
SCHEDULE 13 : OTHER INCOME				
Interest :				
On fixed deposits	1,410,089		924,582	
[Tax deducted at source Rs. 141,009; (previous period Rs. 95,042)]				
On income tax refund	188,783		—	
On sales tax refund	25,210		—	
Others	2,590		—	
		1,626,672		924,582
Sundry balances / provisions written back (net)		—		2,975,398
Exchange rate difference (net)		—		608,254
Sales tax refund		280,640		—
Miscellaneous income		9,474		26,691
		<u>1,916,786</u>		<u>4,534,925</u>
SCHEDULE 14 : INCREASE / (DECREASE) IN STOCKS				
Closing Stock :				
Work-in-progress		—		2,882,400
Less: Opening Stock				
Work-in-progress		2,882,400		6,126,560
		<u>(2,882,400)</u>		<u>(3,244,160)</u>
SCHEDULE 15 : COST OF MATERIALS AND COMPONENTS				
Opening stock		—		—
Add : Purchases	121,061,213		69,651,323	
	121,061,213		69,651,323	
Less: Closing stock		—		—
		121,061,213		69,651,323
		<u>121,061,213</u>		<u>69,651,323</u>
SCHEDULE 16 : EMPLOYEES' REMUNERATION AND BENEFITS				
Salaries, wages, bonus and allowances		29,933,408		25,724,048
Contribution to provident and other funds		1,058,498		661,219
Gratuity		400,625		1,731,627
Staff welfare expenses		713,112		574,998
		<u>32,105,643</u>		<u>28,691,892</u>

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SCHEDULES TO THE ACCOUNTS (Contd.)

	1-Jan-11 to 31-Dec-11		1-Apr-10 to 31-Dec-10	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE 17 : OTHER EXPENSES				
Rent		4,256,236		2,610,400
Rates and taxes		185,368		72,239
Electricity and water charges		613,831		149,167
Insurance charges		1,621,619		918,136
Repairs and maintenance - others		741,672		281,660
Security charges		413,463		333,063
Legal and professional charges		4,588,435		1,676,203
Directors' sitting fees		245,000		215,000
Auditors' remuneration:				
Audit fees	177,859		177,859	
Tax audit fees	110,300			
Taxation matters	50,000		55,978	
Other matters	82,636		56,806	
		420,795		290,643
Printing and stationery		826,233		580,580
Computer hire charges		652,459		402,925
Bank charges and commission		1,110,796		657,685
Postage and telephone charges		1,526,625		1,139,879
Travelling and conveyance expenses		3,949,185		3,168,137
Exchange rate difference (net)		13,230,467		
Packing, freight and forwarding charges		11,284,212		248,873
Advertisement and business promotion expenses		126,832		179,762
Bad debts/provision for doubtful debts				140,859
Share issue expenses		538,164		
Miscellaneous expenses		661,267		234,070
		46,992,659		13,299,281

SCHEDULES TO THE ACCOUNTS (Contd.)

SCHEDULE '18' : ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS

1) Significant accounting policies:

a) General :

- i. These accounts are prepared on historical cost basis except in case of fixed assets which have been revalued as per note 2, and on the accounting principle of going concern basis.
- ii. The Company is maintaining its accounts on accrual basis.

b) Fixed assets and depreciation :

- i. Fixed assets are stated at cost of acquisition (which includes freight, duties, taxes and incidental expenses) or at revalued cost, wherever the assets are revalued.
- ii. Depreciation is charged on straight-line method on pro-rata basis in accordance with the manner and rates specified in Schedule XIV of the Companies Act, 1956. The value of leasehold land is amortised over the period of the lease and sheds and portable units are amortised over a period of 12.5 years.

c) Revenue recognition :

- i. Revenue in respect of sale of goods is recognised when significant risk and rewards of ownership are transferred to the customers.
- ii. In case of divisible contracts, revenue is recognised as the contract activity progresses based on percentage completion method. In other cases, revenue is recognised on accrual basis except in case of significant uncertainties.
- iii. Revenue from services is recognized as per terms of the agreement.

d) Inventories :

- i. Material and components are valued at lower of cost or net realisable value. Cost is ascertained on first-in-first-out (FIFO) basis.
- ii. Work-in-progress is valued at estimated cost on percentage completion method.

e) Foreign currency transactions :

Foreign currency transactions are recorded at the exchange rates prevailing on the date of such transactions. Monetary assets and liabilities as at the Balance Sheet date are translated at the rates of exchange prevailing at the date of the Balance Sheet. Gains and losses arising on account of differences in foreign exchange rates on settlement/translation of monetary assets and liabilities are recognised in the Profit and Loss Account. Non-monetary foreign currency items are carried at cost.

f) Retirement benefits :

- i. Provident fund contributions payable are charged to profit and loss account.
- ii. Liability for accumulated leave is provided on the basis of actuarial valuation as at year-end.
- iii. Liability for gratuity is provided on the basis of actuarial valuation as at the year end and funded with Life Insurance Corporation of India.

g) Lease :

Lease rentals in respect of properties acquired under operating leases are charged off to the profit and loss account as incurred.

h) Provision for taxation :

Provision for taxation comprises of current tax and deferred tax.

Current tax represents tax on profits for the current year as determined as per the provisions of the Income Tax Act, 1961.

The deferred tax for timing differences between the book and tax profits for the year are accounted based on tax rates in force and tax laws that have been enacted or substantively enacted as of the balance sheet date. Deferred tax assets arising from timing differences, are recognised to the extent there is reasonable / virtual certainty that these would be realized in future and are reviewed for the appropriateness of their respective carrying values at each balance sheet date.

SCHEDULES TO THE ACCOUNTS (Contd.)

i) **Accounting for provisions and contingent liabilities :**

The Company creates a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

j) **Impairment of assets :**

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the management estimates the recoverable amount of the asset. If such recoverable amount of the asset is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and recognised in the profit and loss account. If, at the balance sheet date, there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount, subject to a maximum of depreciated historical cost.

- 2) The Company had revalued certain fixed assets as on 15/10/1989 based on the report of an approved valuer. The plant and machinery had been revalued at replacement value and other assets had been revalued at fair market value. The resultant net increase in the book value of the said assets amounting to Rs. 6,012,488 was credited to 'Revaluation Reserve'.

An amount equivalent to depreciation on the amount of net increase in the value of fixed assets is transferred from revaluation reserve to profit and loss account.

- 3) Contingent liabilities not provided for and commitments as at period/year-end are as follows:

	As at 31/12/2011 Rs.	As at 31/12/2010 Rs.
a) Claims against Company not acknowledged as debts.	8,660,591	Nil
b) Guarantees given by banker to various customers for performance and other contingencies for which the Company has given counter guarantee to the bank	23,720,065	16,960,264

Description of contingent liabilities :

Sr. No.	Contingent liability	Brief description
1.	Claims not acknowledged as debt	Arbitration application filed against the Company by one of its ex. employee for claims which are not accepted by the Company. The management does not expect the outcome of these to have a material adverse effect on the Company's financial condition.
2.	Guarantees given by the bank	As a part of its operation, the Company has given bank guarantee to its customers. Guarantee generally represents irrevocable assurances that the Company will make payment in the event the Company fails to fulfill its performance or financial obligations.

SCHEDULES TO THE ACCOUNTS (Contd.)
4) Quantitative Information (As certified by the management):

- 1) **Licenced capacity** : Not applicable
 2) **Installed capacity** : Not applicable
 3) **Materials and components** : Opening stock, purchases, turnover and closing stock :

Particulars	Unit	Opening Stock		Purchases		Turnover		Closing Stock	
		Qty.	Value	Qty.	Value	Qty.	Value	Qty.	Value
A Combustion equipments	Nos.	-	-	149	9,156,671	149	19,720,080	-	-
		(-)	(-)	(97)	(4,706,301)	(97)	(9,799,925)	(-)	(-)
	MT.	-	-	54	4,560,746	54	8,943,103	-	-
		(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
B Electrical equipments	Nos.	-	-	89	1,845,690	89	2,297,141	-	-
		(-)	(-)	(347)	(1,652,302)	(347)	(2,078,573)	(-)	(-)
	Mtrs.	-	-	3,711	356,546	3,711	572,068	-	-
		(-)	(-)	(97,370)	(7,439,075)	(97,370)	(8,650,229)	(-)	(-)
	MT.	-	-	0.41	30,975	0.41	47,363	-	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	
	Set	-	-	1	50,014	1	65,000	-	-
		(-)	(-)	(5)	(11,566,000)	(5)	(13,949,305)	(-)	(-)
	LOT.	-	-	-	-	-	-	-	-
		(-)	(-)	(2)	(1,300,000)	(2)	(1,375,000)	(-)	(-)
C Instruments	Nos.	-	-	34	345,144	34	700,000	-	-
		(-)	(-)	(124)	(784,500)	(124)	(677,637)	(-)	(-)
D Mechanical equipments	Nos.	-	-	75	4,324,922	75	5,665,493	-	-
		(-)	(-)	(2,139)	(6,783,904)	(2,139)	(6,739,184)	(-)	(-)
	MT.	-	-	115	13,812,706	115	13,389,755	-	-
		(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
	Set	-	-	7	398,165	7	1,487,589	-	-
		(-)	(-)	(11)	(4,623,856)	(11)	(5,762,220)	(-)	(-)
	Lot	-	-	-	-	-	-	-	-
		(-)	(-)	(20)	(3,243,663)	(20)	(4,985,417)	(-)	(-)
E Rollers	Nos.	-	-	-	-	-	(-)	-	-
		(-)	(-)	(157)	(1,540,630)	(157)	(2,281,690)	(-)	(-)
F Mechanical spares	Nos.	-	-	150	1,851,853	150	1,039,061	-	-
		(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
	Mtrs.	-	-	60	52,895	60	77,668	-	-
		(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
	MT.	-	-	38	3,212,840	38	6,299,974	-	-
		(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
	Set	-	-	2	419,692	2	524,928	-	-
		(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
G Fabricated structures and piping	Nos.	-	-	31	740,616	31	2,856,452	-	-
		(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
	MT.	-	-	693	53,428,257	693	79,811,613	-	-
		(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
	Set	-	-	3	437,582	3	840,000	-	-
		(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
	LOT.	-	-	1	245,000	1	264,850	-	-
		(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
H Refractory & Insulation	Nos.	-	-	-	-	-	-	-	-
		(-)	(-)	(967)	(202,083)	(967)	(311,707)	(-)	(-)
	Mtrs.	-	-	-	-	-	-	-	-
	(-)	(-)	(835)	(372,875)	(835)	(831,450)	(-)	(-)	
	MT.	-	-	690	24,534,480	690	26,053,105	-	-
		(-)	(-)	(351)	(12,333,505)	(351)	(12,867,534)	(-)	(-)
I Others	Nos.	-	-	226	585,019	226	514,592	-	-
		(-)	(-)	(2,999)	(10,363,629)	(2,999)	(10,083,846)	(-)	(-)
	Mtrs.	-	-	210	71,400	210	104,834	-	-
		(-)	(-)	(1,610)	(1,797,250)	(1,610)	(3,741,976)	(-)	(-)
	Set	-	-	-	-	-	-	-	-
		(-)	(-)	(2)	(250,000)	(2)	(239,683)	(-)	(-)
	LOT.	-	-	2	600,000	2	645,000	-	-
		(-)	(-)	(5)	(691,750)	(5)	(867,200)	(-)	(-)
TOTAL				121,061,213 (69,651,323)		171,920,209 (85,242,576)			

Note : Figures in brackets are corresponding figures for previous period.

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SCHEDULES TO THE ACCOUNTS (Contd.)

	1-Jan-11 to 31-Dec-11 Rs.	1-Apr-10 to 31-Dec-10 Rs.
5) C.I.F. value of imports :		
Materials and components	24,402,120	12,333,505
6) Expenditure in foreign currency (Remittance basis):		
Foreign travel expenses	46,480	224,357
Web hosting expenses	–	10,278
Bank charges	28,815	9,769
7) Earnings in foreign currency :		
FOB value of goods exported	120,980,605	10,576,636
Engineering charges (service exports)	16,803,680	3,124,480
8) The Company has not received any information from its suppliers regarding their registration under the 'Micro, Small and Medium Enterprises Development Act, 2006'. Hence interest if any, payable as required under the Act has not been provided and the information required to be disclosed is not ascertainable and hence not disclosed.		
9) Defined Benefit Plans - As per Actuarial Valuations as on 31 December 2011 and recognized in the financial statements in respect of Employee Benefit Schemes:		

Particulars		Gratuity (funded)	
		1-Jan-2011 to 31-Dec-2011 Rs.	1-Apr-2010 to 31-Dec-2010 Rs.
I	Components of employer expenses recognized in the statement of profit and loss account:		
	1 Current service costs	439,683	224,070
	2 Interest on defined benefit	228,398	118,539
	3 Expected return on plan assets	(100,711)	(72,159)
	4 Past service costs	–	1,004,602
	5 Actuarial losses / (gains)	(166,745)	456,575
	6 Total expense recognised in the statement of profit and loss account	400,625	1,731,627
II	Actual returns for the year/period end	155,529	73,116

SCHEDULES TO THE ACCOUNTS (Contd.)

		Gratuity (funded)	
		1-Jan-2011 to 31-Dec-2011 Rs.	1-Apr-2010 to 31-Dec-2010 Rs.
III	Net asset / (liability) recognised in Balance Sheet as at year/period end		
	1 Present value of defined benefit obligations	(3,738,379)	(3,704,916)
	2 Fair value of plan assets	2,216,376	1,522,835
	3 Status [surplus/(deficit)]	(1,522,003)	(2,182,081)
	4 Unrecognised past service costs	—	—
	5 Net asset / (liability) recognised in Balance Sheet	(1,522,003)	(2,182,081)
IV	Change in defined benefit obligations (DBO) during the year/period end		
	1 Present value of DBO at the beginning of year/period	3,704,916	1,900,173
	2 Current service costs	439,683	224,070
	3 Interest cost	228,398	118,539
	4 Actuarial (gains) / losses	(111,927)	457,532
	5 Past service costs	—	1,004,602
	6 Benefits paid	(522,691)	—
	7 Present value of DBO at the end of the year/period	3,738,379	3,704,916
V	Change in fair value of assets during the year/period end		
	1 Plan assets at the beginning of the year/period	1,522,835	1,177,520
	2 Expected return on plan assets	100,711	72,159
	3 Actuarial gains / (losses)	54,818	957
	4 Contributions paid	1,060,703	272,199
	5 Benefits paid	(522,691)	—
	6 Plan assets at the year/period end	2,216,376	1,522,835
VI	Actuarial assumptions		
	1 Discount rate (%)	8.50%	8.20%
	2 Expected return on plan assets (%)	7.50%	7.50%
	3 Rate of increase in compensation level (%)	10.00%	10.00%
	4 Retirement Age (Year)	60	60
	5 Mortality table (L.I.C)	1994-1996	1994-1996
VII	Major Category of Plan Assets as a % of the total plan assets as at year/period end		
	1 Government Securities / Special Deposits with RBI	—	—
	2 High Quality Corporate Bonds	—	—
	3 Insurance Companies	100%	100%
	4 Mutual Funds	—	—
	5 Cash and cash equivalents	—	—

10) Segment reporting :

The Company has one business segment viz. engineering goods & services, which is being considered as the primary segment. Disclosures as to the secondary segment, i.e. 'Geographical Segments' are given below:

	Outside India Rs.	Within India Rs.	Total Rs.
1. Segment revenue			
Sales (gross) and income from operations	143,389,133 (13,612,959)	68,529,592 (112,615,217)	211,918,725 (126,228,176)
2. Carrying amount of assets by geographical location of assets			
Segment assets	22,828,907 (4,903,057)	211,505,503 (156,102,562)	234,334,410 (161,005,619)
3. Additions to fixed and intangible assets			
Addition to fixed and intangible assets	— (—)	58,492,892 (2,969,084)	58,482,892 (2,969,084)

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SCHEDULES TO THE ACCOUNTS (Contd.)

Notes:

- 1) Secondary segments are identified as per the requirements of Accounting Standard (AS)-17 'Segment Reporting' taking into account the organisation structure as well as the differing risks and returns.
- 2) The segment revenue and assets include revenue and assets, which are identifiable with each segment and amount allocated to the segments as a reasonable basis.
- 3) Figures in brackets represent previous period amounts.

11) **Related party disclosures:**

I **Related party relationship:**

Holding Company	Terruzzi Fercalx SpA
Enterprise under common control	Terruzzi Fercalx SpA - India Project Office

Notes:

- 1) The related party relationships have been determined by the management on the basis of the requirements of the Accounting Standard (AS) - 18 "Related Party Disclosures" and the same have been relied upon by the Auditors.
- 2) The relationships, as mentioned above, pertain to those parties with whom transactions have taken place during the year, except where control exists.

II **Transactions with related parties:**

Particulars	1-Jan-11- to 31-Dec-11 Rs.	1-Apr-10- to 31-Dec-10 Rs.
Terruzzi Fercalx SpA		
Sale of goods	127,790,408	9,632,206
Engineering and service charges income	16,838,366	3,134,960
Payment made on behalf of the Company	22,144,534	10,872,161
Expenses incurred by the Company and recovered.	57,527	118,234
Terruzzi Fercalx SpA - India Project Office		
Sale of goods	39,179,213	83,602,193
Engineering and service charges income	—	11,030,000
Expenses incurred by the Company and recovered.	2,734,797	2,232,366
	As at 31-Dec-11 Rs.	As at 31-Dec-10 Rs.
Balances as at the year / period end:		
Terruzzi Fercalx SpA		
Payable	54,542,888	26,486,122
Receivable	22,828,907	2,786,842
Terruzzi Fercalx SpA - India Project Office		
Payable	3,500,000	5,178,600
Receivable	89,373,543	98,380,985

SCHEDULES TO THE ACCOUNTS (Contd.)

12) Leases:

The Company has taken office premises and residential flats under operating lease that are renewable on a periodic basis at the option of both the lessor and lessee. The period of lease ranges from 11 months to 36 months and are cancelable in nature, except agreement in respect of office premises which have a lock in period of 12 months to 24 months. The future minimum Lease payments as per the operating lease under non-cancellable lease terms are as follows:

Particulars	As at 31-Dec-11 Rs.	As at 31-Dec-10 Rs.
Not later than one year	Nil	583,450
Later than one year and not later than five years	Nil	Nil
Later than five years	Nil	Nil

The amount of minimum lease payments with respect to the above lease recognized in the profit and loss account for the year is Rs. 583,450 (previous period Rs. 2,010,030/-).

- 13) Deferred tax assets arising on account of timing difference Rs. 15,500,050 (as at 31 December 2010: Rs. 11,737,776) have been determined in accordance with Accounting Standard (AS) - 22 'Accounting for Taxes on Income'. Deferred tax assets (net) as at year/period end has been recognised as the management is of the view that based on the orders on hand, there will be sufficient taxable income in the future for the deferred tax assets to be realised. Major components of deferred tax assets and liabilities, arising on account of timing differences are as under:

Particulars	As at 31-Dec-11 Rs.	As at 31-Dec-10 Rs.
Deferred tax assets on account of:		
Statutory payments under section 43B of the Income-tax Act, 1961	1,314,424	1,586,156
Business loss	9,335,467	5,205,613
Unabsorbed depreciation	5,685,475	4,864,798
Provision for doubtful debts	-	870,942
Disallowances u/s 40(a)(i) and 40(a)(ia) of the Income Tax Act, 1961	7,881	-
Total (A)	16,343,247	12,527,509
Deferred tax liability on account of:		
Depreciation	843,197	789,733
Total (B)	843,197	789,733
Deferred tax asset [Net]	[Total A – B] 15,500,050	11,737,776

14) Earnings / (loss) per share:

		1-Jan-11 to 31-Dec-11	1-Apr-10 to 31-Dec-10
(i)	Net loss after tax attributable to equity share holders (Rs.)	(9,954,917)	(99,891)
(ii)	Weighted average number of equity shares outstanding at the year/period end (Nos.)	8,487,890	8,190,000
(iii)	Basic and diluted loss per share (Rs.)	(1.17)	(0.01)
(iv)	Nominal value of share (Rs.)	10.00	10.00

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SCHEDULES TO THE ACCOUNTS (Contd.)

- 15) There was no impairment loss on fixed assets on the basis of review carried out by the management in accordance with Accounting Standard (AS) - 28 "Impairment of Assets".
- 16) Details of foreign currency exposures which are not hedged by derivative instruments as at year end are as follows:

Particulars	Amount in Foreign Currency			Aggregate amount in Rs.
	In Euros	In DM	In USD	
Sundry Debtors	332,263 (46,556)	- (22,500)	- (41,375)	22,828,907 (5,178,280)
Advance to suppliers	- (-)	- (-)	- (47,321)	- (2,116,215)
Advance received from holding company	227,021 (259,200)	- (-)	- (-)	15,598,077 (15,515,722)
Due to holding company	9,118 (9,118)	- (-)	727,637 (238,472)	39,242,205 (11,210,266)

Figures in bracket are corresponding figures for the previous period.

- 17) The balances in respect of certain debtors, creditors and loans and advances are subject to confirmation, reconciliation and consequent adjustments, if any.
- 18) Previous period's figures have been rearranged or regrouped wherever necessary to confirm with the figures of current year. Previous period's figures are for nine months and as such not comparable with current year's figures.

Signatures to Schedules '1' to '18'

As per our report of even date attached

FOR SURESH SURANA & ASSOCIATES
Chartered Accountants
Firm Reg. No. 121750W

(Vinod Varma)
PARTNER
Membership No. 105545

Pune, Dated : 22nd February, 2012:

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

DANIELE TERRUZZI Director

PAOLA TERRUZZI Director

DAVIDE NASSUATO Managing Director

BELA THAKKAR Company Secretary

Pune, Dated : 22nd February, 2012

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE
(As per GSR No. 388(E) [F No. 3/24/94-CLV] dated 15/05/1995)

I. Registration Details		
Registration No.	:	12801 State Code : 11
Balance Sheet Date	:	31/12/2011
II. Capital raised during the year	:	(Amount in Rs. Thousands)
Public Issue (Net of allotment money in arrears)	:	Nil
Rights Issue	:	Nil
Bonus Issue	:	Nil
Private Placement	:	Nil
Preferential Allotment	:	13,100
III. Position of Mobilisation and Deployment of Funds	:	(Amount in Rs. Thousands)
Total Liabilities	:	275,601
Total Assets	:	275,601
Sources of Funds		
Paid-up Capital	:	95,000
Reserves & Surplus	:	53,332
Secured Loans	:	Nil
Unsecured Loans	:	28,472
Application of Funds		
Net Fixed Assets	:	65,148
Investments	:	Nil
Deferred Tax Assets (net)	:	15,500
Net Current Assets	:	76,192
Miscellaneous Expenditure	:	Nil
Accumulated Losses	:	19,964
IV. Performance of Company	:	(Amount in Rs. Thousands)
Turnover	:	213,836
Total Expenditure	:	227,553
(Net of increase/decrease in stocks)		
Profit / (loss) before tax	:	(13,717)
Profit / (loss) after tax	:	(9,955)
Earning / (loss) per share in Rs. (refer note 14 of Schedule "18")	:	(1.17) (Nominal value Rs.10)
V. Generic Names of Three Principal Products / Services of the Company	:	(As per monetary terms)
Item Code No. (ITC Code)	:	841710.00
Product Description	:	Industrial furnaces components
Item Code No. (ITC Code)	:	Not available as per ITC (HS) coding system. [However, Industry Classification (based on NIC Codes) is 359900003]
Service Description	:	Engineering Services

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VULCAN ENGINEERS LIMITED

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

ATTENDANCE SLIP

Please complete this Attendance Slip and hand over at the entrance of the Meeting Hall

D.P. ID *	
-----------	--

L.F. No.	
----------	--

Client ID*	
------------	--

No. of Shares held	
--------------------	--

NAME OF THE SHAREHOLDER / PROXY _____

ADDRESS _____

I hereby record my presence at the 48th ANNUAL GENERAL MEETING of Vulcan Engineers Limited held on Friday, 29th June, 2012 at 11.30 a.m. at "Sunville", Executive Room, 9, Dr. Annie Besant Road, Worli Mumbai - 400 018.

* Applicable for holding in electronic form.

SIGNATURE OF THE SHAREHOLDER / PROXY

----- CUT HERE ----- ✂

VULCAN ENGINEERS LIMITED

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

PROXY

D.P. ID *	
-----------	--

L.F. No.	
----------	--

Client ID*	
------------	--

No. of Shares held	
--------------------	--

I / We _____ being a member / members of Vulcan Engineers Limited

hereby appoint _____

of _____

or failing him / her _____

of _____

as my / our proxy to vote for me / us and on my / our behalf at the 48th ANNUAL GENERAL MEETING of Vulcan Engineers Limited held on Friday, 29th June, 2012 at 11.30 a.m. and at any adjournment thereof.

Signed this _____ day _____ 2012.

Re.1/- Revenue Stamp to be affixed here
--

* Applicable for holding in electronic form.

Note : The Proxy must be returned so as to reach the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting. The proxy need not be a Member of the Company.



**VULCAN
ENGINEERS
LIMITED**

TERRUZZI FERCALX GROUP

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