



BOARD OF DIRECTORS

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

REGISTERED OFFICE

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

HEADQUARTERS

Trade Centre, Office No. 104, 105 & 106,
Wing C, First Floor,
North Main Road, Koregaon Park,
Pune - 411 001, Maharashtra - India.

STATUTORY AUDITORS & TAX CONSULTANTS

Suresh Surana & Associates

Chartered Accountants
13th Floor, Bakhtawar,
229, Nariman Point,
Mumbai - 400 021, India.

REGISTRAR & SHARE TRANSFER AGENTS

Link Intime India Pvt. Ltd.

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

C O N T E N T S

1.	NOTICE -----	1
2.	DIRECTORS' REPORT -----	8
3.	MANAGEMENT DISCUSSION & ANALYSIS -----	11
4.	REPORT ON CORPORATE GOVERNANCE -----	14
5.	AUDITORS' REPORT -----	23
6.	BALANCE SHEET -----	26
7.	PROFIT AND LOSS ACCOUNT -----	27
8.	CASH FLOW STATEMENT -----	28
9.	NOTES TO THE FINANCIAL STATEMENT -----	29

NOTICE

Notice is hereby given that the Forty Ninth Annual General Meeting of Vulcan Engineers Limited will be held on Friday, 28th June, 2013 at 11.30 a.m. at Kilachand Conference Room, Indian Merchants' Chamber, 2nd Floor, IMC Building, IMC Marg, Churchgate, Mumbai - 400 020, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31st December, 2012, the Profit & Loss Account for the year ended on that date together with the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Astorre Terruzzi, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Dr. Daniele Terruzzi, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Nicola Obert, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint M/s. Suresh Surana & Associates, Chartered Accountants as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

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

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

"**RESOLVED THAT** pursuant to the provisions of sections 198, 269, 309, 310, Schedule XIII and other applicable provisions, if any of the Companies Act, 1956, approval of the Company be and is hereby accorded for the reappointment of Mr. Ranganath Desai as whole time director to be designated as Executive Director - Finance, for a period of 1 year commencing from 21st February, 2013 to 20th February, 2014 on the terms and conditions and remuneration as contained in the agreement to be entered into between the Company and Mr. Ranganath Desai, a draft of which is placed before the meeting and for the purpose of identification, initialed by the Chairman with liberty to the Directors/Remuneration Committee to alter and vary the terms and conditions of the said appointment in such manner as may be agreed to by the Company and Mr. Ranganath Desai.

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

By Order of the Board

Place : Mumbai
Dated : 10th May, 2013

Bela Thakkar
Company Secretary

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

NOTES

1. The relative Explanatory Statement in respect of business under Item No. 6 as set out in the Notice is annexed hereto.
2. Every member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and a proxy need not be a member. The instrument of proxy, in order to be effective, must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
3. The details of the Directors seeking re-appointment at the forthcoming Annual General Meeting as stipulated under Clause 49 of the Listing Agreement with the Bombay Stock Exchange are also annexed.
4. The Register of Members and Share Transfer Books of the Company will remain closed from 17th June, 2013 to 28th June, 2013 (both days inclusive).
5. Link Intime India Pvt. Ltd., C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai - 400 078 are the Registrars and Share Transfer Agents of the Company to handle share transfers, both in physical and electronic segments and other share related matters. Shareholders are requested to correspond with the Registrars at the above address.
6. Shareholders are requested to promptly notify any change in their addresses or bank account particulars.
 - a. To the Registrar and Share Transfer Agents of the Company for the shares held in physical form; and
 - b. Directly to the respective Depository Participants with whom they are maintaining their demat accounts and not to the Company/Registrar and Share Transfer Agents, for the shares held in electronic form.
7. Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956, all unclaimed dividends up to the financial year ended 31st March, 1994 have been transferred to the General Revenue Account of the Central Government. Shareholders who have not encashed their dividend warrants up to the said period are requested to claim the amount from the Registrar of Companies, Maharashtra. Pursuant to introduction of Section 205C by the Companies (Amendment) Act, 2000, the amount of dividend unpaid or unclaimed for a period of seven years from the date of payment is required to be transferred to the Investor Education and Protection Fund (IEPF) constituted by the Central Government. Accordingly, dividends for the financial years ended 31st March, 1995, 31st March, 1996 and 31st March, 1997 which remained unclaimed for 7 years from the date of declaration have been transferred to IEPF. Therefore, no claim shall lie against the Company or the Investor Education and Protection Fund after transfer of the dividends to IEPF.
8. Corporate members intending to send their authorised representatives to attend the meeting are requested to send to the Company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the meeting.
9. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company/Registrar & Share Transfer Agent i.e. Link Intime India Pvt. Ltd.
10. Members holding shares in single name and physical form are advised to make nomination in respect of their shareholding in the Company.
11. Members who hold shares in physical form in multiple folios in identical names are requested to send the share certificates to Link Intime India Pvt. Ltd. immediately to enable consolidation of their holdings into one folio.
12. Members desirous of obtaining any information concerning the accounts for the year ended 31st December, 2012 are requested to write to the Company Secretary at the Registered office of the Company atleast 10 days before the date of the meeting, to facilitate clarifications to the shareholders at the meeting.

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

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

ITEM NO. 6

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

Mr. Ranganath Desai is 57 years old and has graduated in Commerce with Advanced Accountancy and Auditing as his major subjects. He has 35 years of work experience. He joined Vulcan Engineers Limited in 1982 and has been working with the Company for 31 years in various capacities. He has immense knowledge and experience in the field of Finance, Accounts, Taxation, Administration, Human Resources and Indian Laws.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

I. General Information

Sr. No.	Particulars	General Information
1.	Nature of Industry	The Company is mainly engaged in the business of reheat and heat treatment furnaces and lime plants for the steel industry. The Company is also authorised by its memorandum to have the business of manufacturers and dealers in all kinds of electrical, mechanical, metallurgical, chemical, electronic, construction and all other types of machinery particularly to engage in and carry out the business of planning, design, manufacturing, constructing and erecting all types of equipments, material handling plants for all types of industry and to act as Consultants and Advisors in the matter aforesaid.

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

Sr. No.	Particulars	General Information
		The Company had its manufacturing facility at Plot No. B-21, MIDC Industrial Area, Ahmednagar 414 111, Maharashtra. However, since 1996 due to industrial recession the Company did not have sufficient orders to run and maintain the factory. Consequently, in 1998, the manufacturing activities were suspended. The Company, however, continues to be in the business of design, engineering, supply, construction and erection of industrial plants (mainly reheat and heat treatment furnaces and lime calcinations plants). Components and fabricated items of supply are being outsourced.
2.	Date or expected date of Commencement of commercial production	Not applicable
3.	In the case of new Companies, expected date of commencement of activities as per project approved by Financial Institutions appearing in the prospectus.	Not applicable
4.	Financial Performance	Loss for the year 2012 : Rs. 4,36,34,296/-
5.	Export Sales & net foreign exchange earnings	Rs. 3,60,41,048/-
6.	Foreign Investments or Collaborations, if any	The Company has no foreign investments. However, Terruzzi Fercalx SpA, a Company incorporated in Italy holds 57.69% of the total issued and paid-up share capital of the Company and Societa Italiana Per Le Imprese All Estero - SIMEST SpA, a government financial institution based in Italy holds 13.79% of the total issued and paid-up share capital of the Company.

II. Information about the appointee, Mr. Ranganath Desai

Sr. No.	Details of Mr. Ranganath Desai	
1.	Qualification	Graduated in Commerce with Advanced Accountancy and Auditing as his major subjects
2.	Age	57 years
3.	Experience	He has 35 years of work experience. He joined Vulcan Engineers Limited in 1982 and has been working with the Company for 31 years in various capacities. He has immense knowledge and experience in the field of Finance, Accounts, Taxation, Administration, Human Resources and Indian Laws.
4.	Past Remuneration	Rs. 20,75,113/- p.a. for the financial year ended 31 st December, 2012.
5.	Recognition or Rewards	No external recognition or rewards.
6.	Job Profile & Suitability	It is proposed to re-appoint Mr. Ranganath Desai as whole time director on the same remuneration to be incharge of finance and accounts of the Company, under the supervision and control of the Board. Mr. Ranganath Desai has the financial and managerial skills and experience required for this job. Moreover, Mr. Ranganath Desai has been closely associated with the Company in various capacities for the last 31 years.
7.	Remuneration Proposed	Rs. 22,20,000/- p.a.
8.	Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be w.e.f. the country of his origin)	From Rs. 50,00,000/- p.a. to Rs. 70,00,000/- p.a.
9.	Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any.	Except his remuneration as whole time director, Mr. Desai has no other pecuniary relationship with the Company or any other managerial personnel.

III. Other Information

Sr. No.	Particulars	
1.	Reasons for loss or inadequate profits	Due to the reasons beyond its control the completion of the two public sector orders being executed by the Company has been delayed which has impacted the financial results of the Company. Moreover, there has been slowdown in the economic growth of the country particularly in the last year which has adversely affected the steel industry which forms the major customer base of the Company. This together with the increased competition from both domestic and foreign players has resulted in the paucity of fresh orders and lower margins.
2.	Steps taken or proposed to be taken	The Management of the Company was taken over by Terruzzi Fercalx SpA, Italy in the year 2010. M/s. Terruzzi Fercalx SpA, who are the global leaders in lime plants have also invested in the equity capital of the Company. The Company now has access to greater financial resources and markets, both of which are required for the future growth of the Company. Efforts are also being made to improve the order load, both in the domestic and export markets and to diversify the products and services offered by the Company. In this connection, the Company has recently appointed an experienced and technically qualified Chief Executive Officer. Your Company is also targeting to complete the existing two public sector projects by setting up realistic deadlines. In order to increase the sales and revenue of the Company, the Management has re-structured the Sales Department for more effective results. During the last year, the sales team has been doing aggressive scouting in the markets, to re-enter and re-establish the presence of Vulcan Engineers Limited among the customers.
3.	Expected increase in productivity and profits in measurable terms	As the Company's business is project based, it is not possible to predict increase in productivity and profits for the future years in measurable terms.

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

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

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

General Terms :

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

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

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

By Order of the Board

Place : Mumbai
Dated : 10th May, 2013

Bela Thakkar
Company Secretary

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

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

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

Name of Director	Mr. Astorre Terruzzi	Dr. Daniele Terruzzi	Mr. Nicola Obert	Mr. Ranganath Desai
Directorship held in other Indian companies	President of Terruzzi Fercalx SpA President of Terruzzi Fercalx Energy S.R.L.	Managing Director of : Terruzzi Fercalx SpA & Terruzzi Fercalx Energy S.R.L. Director of : Terruzzi Fercalx Engineering Pvt. Ltd.	Casa Décor Pvt. Ltd.	Nil
Chairmanships/ Membership of Committees in other Indian Companies	Nil	Nil	Nil	Nil
Inter-se Relationship with other Directors	Father of Dr. Daniele Terruzzi and Ms. Paola Terruzzi	Son of Mr. Astorre Terruzzi and Brother of Ms. Paola Terruzzi	None	None

By Order of the Board

Place : Mumbai
Dated : 10th May, 2013

Bela Thakkar
Company Secretary

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

DIRECTORS' REPORT

Dear Shareholders,

Your Directors are pleased to present the Forty Ninth Annual Report of your Company together with the Audited Statements of Accounts for the financial year ended 31st December, 2012.

FINANCIAL HIGHLIGHTS

	Rs. in Lacs	
	Current Year ended on 31/12/2012	Previous Year ended on 31/12/2011
Sales and Income from other sources	1,113.30	2,138.36
Profit/(Loss) before taxation	(436.34)	(137.17)
Provision for taxation:		
– Current tax	–	–
– Deferred tax (expenses) / benefits	127.88	37.62
	127.88	37.62
Net Profit/(Loss) after taxation	(308.46)	(99.55)

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

FINANCIAL RESULTS

Sales and Income for the current year ended 31st December, 2012 is Rs. 1,113.30 lacs. However, for the previous financial year ended 31st December, 2011, Sales and Income was Rs. 2,138.36 lacs. The loss after tax for the current year amounted to Rs. 308.46 lacs as against the loss after tax of Rs. 99.55 lakhs in the previous year.

OPERATIONS AND FUTURE PROSPECTS

The Company is making all efforts to improve the efficiency of its operations and reduce costs as also increase the sales in order to improve the financial position of the Company. To assist in achieving this, the Company has appointed a technically qualified and experienced Chief Executive Officer with effect from 14th January, 2013. The Company is making all efforts to complete its existing projects at the earliest.

DIRECTORS

As per provisions of section 256 of the Companies Act, 1956, Mr. Astorre Terruzzi, Dr. Daniele Terruzzi and Mr. Nicola Obert, 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.

At the Board Meeting held on 21st February, 2013, Mr. Ranganath Desai was re-appointed as Director designated as Executive Director - Finance for a period of one year starting from 21st February, 2013 to 20th February, 2014, subject to approval of the shareholders at the ensuing Annual General Meeting.

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 2013-2014.

DEPOSITORY SYSTEM

Your Company's equity shares are available for dematerialization through National Securities Depository Limited (NSDL) and Central Securities Depository Limited (CDSL). As of 31st December, 2012, 94.85% of the equity shares of your Company were held in dematerialized form.

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 deposits from the public during the year ended 31st December, 2012. There were no unclaimed or unpaid deposits as on 31st December, 2012.

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed with proper explanations relating to material departures, if any.
- (ii) appropriate accounting policies have been selected and applied consistently and the Directors have made 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, 2012 and of the loss for the year ended 31st December, 2012.
- (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 10 forming part of the notes to the financial statements for the year ended 31st December, 2012.

AUDITORS

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

SHIFTING THE BOOKS OF ACCOUNTS OF THE COMPANY

The Books of accounts of the Company are 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 of the management team and all employees as also its bankers for their support.

Your Directors also wish to record their appreciation for the invaluable support both managerial and technical extended by the Company's holding Company, M/s. Terruzzi Fercalx SpA, Italy.

By Order of the Board

Place : Mumbai
Dated : 10th May, 2013

Ms. Paola Terruzzi
Director

Mr. Massimo Ferracci
Director

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

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. 375.68 Lacs

Outgo in foreign currency : Rs. 62.89 Lacs

By Order of the Board

Place : Mumbai
Dated : 10th May, 2013

Ms. Paola Terruzzi
Director

Mr. Massimo Ferracci
Director

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

MANAGEMENT DISCUSSION & ANALYSIS

Industry

During the year, the rate of growth in the Indian economy slowed down across the board and no sector of the economy was unaffected. Several measures have been announced by the Government of India in the recent months for improving the growth rate which along with the expected improvement of the global economy should help in improving the Indian economy's outlook for 2013. However, the political uncertainties will have an impact on the climate of investment and growth in the country. According to the Economic Survey for 2012-2013, the capital goods sector sustained negative growth in the year 2012 which has been largely attributed to sluggish growth in investment, squeezed margins, deceleration in the rate of growth of credit flows and the fragile global economic recovery. The rate of growth of the capital goods sector was 14.8% in 2010-2011, thereafter this sector has continued to experience recession. However, increased private sector participation in the development of infrastructure as envisaged in the 12th Five Year Plan should introduce the required boost in the infrastructure and capital goods sector.

Financial and Operational Performance

During the year ended 31st December, 2012, Sales and other income was Rs. 1,113.30 lacs as against Rs. 2,138.35 lacs for the year ended 31st December, 2011. There was a loss before taxation of Rs. 436.34 lacs for the current year ended 31st December, 2012, as compared to loss before taxation of Rs. 137.17 lacs for the year ended 31st December, 2011.

SEGMENTAL INFORMATION

Your Company has only one reportable business segment viz. engineering goods & services, which is being 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	37,568,420 (143,389,133)	72,011,229 (68,529,592)	109,579,649 (211,918,725)
2. Carrying amount of assets by geographical location of assets Segment assets	837,864 (22,828,907)	235,268,664 (211,802,897)	236,106,528 (234,631,804)
3. Additions to fixed assets Addition to fixed assets	– (–)	558,958 (58,492,892)	558,958 (58,492,892)

Notes:

- 1) Secondary segments are identified by the management 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 on a reasonable basis.
- 3) Figures in brackets are corresponding figures for the previous year.

OPPORTUNITIES & THREATS

The Company has 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 problem, especially while bidding for large public sector projects which has significantly reduced the order load. The Company has been exploring all avenues to reduce overheads, develop new markets and introduce new products and services. Concerted marketing efforts are also being made to improve the order position.

Due to various reasons, in spite of all efforts made by the Company, the erection and commissioning of two large public sector projects under execution have still not been completed which has affected the Company's cash flow and profitability. The paucity of new orders is also a matter of grave concern.

Internal Controls

The Audit Committee of the Board of Directors meets on a regular basis to review the internal 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.

As a subsidiary of an Italian Company, the Company has established rules with respect to internal controls and reporting in close consultation with the Holding Company and the auditors.

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 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 and the penalty clauses in large public sector orders.

Risk Mitigation

With the support of the holding Company, M/s. Terruzzi Fercalx SpA, the Company is in a stronger negotiating position with bankers and financial institutions. The working capital of Company is being financed out of advance payments received from customers and cash credit facilities from banks.

Interest Rate Risks

The Company has borrowings at fixed rate of interest, as such no impact on account of interest rate fluctuations. However, the Company will have to resort to further borrowings in the near future and any 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.

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 other 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, delays 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.

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 qualified, experienced and skilled personnel, since the engineering industry is knowledge based. 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 Companies of our size and turnover.

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 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. The knowledge and skills available with the Holding Company are accessible to the Company.

Contingent Liabilities

Details of contingent liabilities are given in Note - 23 forming part of the notes to the financial statements for the year ended 31st December, 2012.

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, 2012, the Board of Directors comprised of eight (8) members of which only one is an executive director who is the Executive Director - Finance & Corporate Services. 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 had resigned as Managing Director of the Company and Mr. Ranganath Desai was appointed as Executive Director - Finance & Corporate Services for a period of one year starting from 22nd February, 2012 to 21st February, 2013. Mr. Ranganath Desai was re-appointed as Executive Director- Finance for a further period of one year starting from 21st February, 2013 to 20th February, 2014.

b) Board Meetings held and Directors' attendance

Six Board Meetings were held during the year ended 31st December, 2012, 22nd February, 2012, 14th May, 2012, 29th June, 2012, 3rd August, 2012, 6th November, 2012 and 9th November, 2012. 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, 2012 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 (2012)	Last AGM (29-6-2012)	Directorships ¹	Committees ²	
					Member	Chairman
Dr. Daniele Terruzzi	Chairman / Promoter- Non Executive	5	Attended	Nil	Nil	Nil
Ms. Paola Terruzzi	Vice Chairperson / Promoter - Non Executive	5	Attended	Nil	Nil	Nil
Mr. Davide Nassuato (He was the Managing Director of the Company upto 22 nd February, 2012)	Executive - Managing Director	1	Did not attend	Nil	Nil	Nil
Mr. Ranganath Desai (He was appointed a Executive Director - Finance & Corporate Services w.e.f. 22 nd February, 2012)	Executive Director - Finance & Corporate Services	4	Attended	Nil	Nil	Nil
Mr. Astorre Terruzzi	Chairman Emeritus / Promoter- Non Executive	2	Did not attend	Nil	Nil	Nil
Mr. Claudio Del Bianco	Independent	–	Did not attend	Nil	Nil	Nil
Mr. Massimo Ferracci	Independent	5	Attended	Nil	Nil	Nil
Mr. Nicola Obert	Independent	3	Did not attend	Nil	Nil	Nil
Mr. Massimiliano Altabella	Independent	6	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. Executive Director - Finance & Corporate Services, Statutory Auditors and 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 22nd February, 2012, 14th May, 2012, 3rd August, 2012, 6th November, 2012 and 9th November, 2012. The meeting held on 22nd February, 2012 reviewed the Annual Accounts of the Company for the financial year ended 31st December, 2011 and approved the same. The meetings held on 14th May, 2012, 3rd August, 2012 and 9th November, 2012 reviewed and approved the results for the 1st, 2nd and 3rd quarter respectively.

Attendance at Audit Committee meetings for the year ending on 31st December, 2012 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	3
Mr. Massimiliano Altabella	5	5

Note : Mr. Massimo Ferracci who is Chairman of the Audit Committee, was present at the previous Annual General Meeting of the Company held on 29th June, 2012.

(d) Functions of the Audit Committee:

The Audit Committee of the Company is constituted in line with the provisions of Clause 49 of the Listing Agreement with the Stock exchanges and read with Section 292A of the Companies Act, 1956.

The Audit Committee of the Company performs the following functions:

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956
 - b. Changes, if any, in accounting policies and practices and reasons for the same
 - c. Major accounting entries involving estimates based on the exercise of judgment by management
 - d. Significant adjustments made in the financial statements arising out of audit findings
 - e. Compliance with listing and other legal requirements relating to financial statements
 - f. Disclosure of any related party transactions
 - g. Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
- 5A. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
6. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
7. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
8. Discussion with internal auditors any significant findings and follow up there on.
9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
10. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
11. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
12. To review the functioning of the Whistle Blower mechanism, in case the same is existing.
- 12A. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
13. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

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

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), Mr. Nicola Obert (Independent) and Mr. Massimiliano Altabella (Independent). Ms. Paola Terruzzi is the Chairperson of the Remuneration Committee. There was one meeting of Remuneration Committee held during the year ended 31st December, 2012, on 22nd February, 2012 to appoint Mr. Ranganath Desai, as Executive Director - Finance & Corporate Services, for a period of one year starting from 22nd February, 2012 to 21st February, 2013.

b) Remuneration of Directors

(a) Remuneration paid to Executive Directors:

Name	Salary	Bonus	Other perks	Commission	TOTAL
Mr. Ranganath Desai	Rs. 18,93,847	NA	NA	NA	Rs. 18,93,847

Note : Mr. Ranganath Desai was appointed Executive Director - Finance & Corporate Services w.e.f. 22nd February, 2012.

(b) Remuneration paid to Non-Executive Directors:

Name of the Directors	Sitting Fees paid
Mr. Nicola Obert	Rs. 76,500
Mr. Massimiliano Altabella	Rs. 1,50,000
TOTAL	Rs. 2,26,500

Note : Mr. Astorre Terruzzi, Dr. Daniele Terruzzi, Ms. Paola Terruzzi, Mr. Massimo Ferracci, Mr. Ranganath Desai 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. Ranganath Desai. Dr. Daniele Terruzzi is the Chairman of the Committee.

The Investor's 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.

The Investor's Grievance and Share Transfer Committee was constituted to look after the redressal of shareholders complaints and facilitate speedy disposal of requests pertaining to transfer, transmission of shares in physical form, issue of duplicate share certificates etc., non-receipt of Balance sheet and non-receipt of declared dividends, as required in Clause 49 of the Listing Agreement.

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

(b) Meetings held and attendance

During the year, five meetings of the Investors' Grievance and Share Transfer Committee were held on 22nd February, 2012, 14th May, 2012, 29th June, 2012, 3rd August, 2012 and 6th November, 2012. Attendance at the Investors' Grievance and Share Transfer Committee meetings during the year ended 31st December, 2012 was as follows :

Name of the Directors	No. of Meetings held	No. of Meetings attended
Dr. Daniele Terruzzi	5	5
Ms. Paola Terruzzi	5	5
Mr. Davide Nassuato	5	1
Mr. Ranganath Desai	5	2

(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 Pvt. Ltd., the Company's Registrars and Share Transfer Agents. All share transfers are ratified by the Board. The Sub Committee met 9 times during the last financial year.

There were no application for share transfer pending as at 31st December, 2012.

(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 10-15 days.

Nature of Complaint	Complaints received	Complaints redressed	Complaints pending
Non-receipt of Share Certificates	7	7	-
Non-receipt of Dividend/Interest/Redemption Warrant	1	1	-
Non-receipt of Rejected DRF	1	1	-
Non-receipt of Exchange Certificate	1	1	-
Total	10	10	-

6. Code of Conduct

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

<p>To the Shareholders of Vulcan Engineers Limited Sub : Compliance with Code of Conduct</p> <p>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.</p> <p style="text-align: right;">Sd/- Anand Gadkari Chief Executive Officer</p> <p>Dated : 10th May, 2013 Place : Mumbai</p>

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
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.
2011	29/6/2012	4.30 p.m.	'Sunville' 9, Dr. Annie Besant Road, Worli, Mumbai - 400 018.	Appointment of Mr. Ranganath Desai as Whole-time Director designated as Executive Director - Finance and Corporate Services for a period of one year from 22 nd February, 2012 to 21 st February, 2013.

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
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 33,50,000 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 13,10,000 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 13,10,000 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.
2012	NA	NA	NA	NA

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.

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

c) Special Resolution passed through Postal Ballot:

No Postal Ballot was conducted during the year ended 31st December, 2012. No special resolution is proposed to be conducted through postal ballot in the ensuing Annual General Meeting of the Company.

9. Disclosures

• Related party disclosures

i) Related party relationship:

Ultimate Holding Company	Terruzzi Fercalx Finanziaria S.R.L. (upto 19 th December, 2012)
Holding Company	Terruzzi Fercalx SpA
Enterprise under common control	Terruzzi Fercalx SpA - India Project Office
Key management personnel	Mr. Ranganath Desai (Executive Director with effect from 22 nd February, 2012)

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 period, except where control exists.

ii) Transactions with related parties:

Particulars	Current Year 2012 Rs.
Terruzzi Fercalx SpA	
Sale of goods	36,053,563
Engineering and service charges income	27,172
Purchase of goods	1,059,500
Payment made on behalf of the Company	5,508,450
Terruzzi Fercalx SpA - India Project Office	
Sale of goods	23,265,411
Expenses incurred by the Company and recovered	370,093
Mr. Ranganath Desai	
Salary, bonus and allowances	1,893,847
	As at 31/12/2012 Rs.
Balances as at the year end:	
Terruzzi Fercalx SpA	
Payable	70,961,657
Receivable	297,394
Terruzzi Fercalx SpA - India Project Office	
Advances received	3,500,000
Receivable	85,993,346

• 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.12,788,466; deferred tax assets (net) is higher and profit and loss (debit balance) is lower by Rs.28,288,516 as at 31st December, 2012.

• 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

The 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 and 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 : 28th June, 2013

Time : 11.30 a.m.

Venue : Kilachand Conference Room, Indian Merchants' Chamber, 2nd Floor, IMC Building, IMC Marg, Churchgate, Mumbai - 400 020.

(b) Financial Year: 1st January, 2013 to 31st December, 2013

Particulars	Tentative dates
Unaudited results for the quarter ending:	
31 st March, 2013	By 15 th May, 2013.
30 th June, 2013	By 15 th August, 2013.
30 th September, 2013	By 15 th November, 2013.
Audited annual results for the year ending 31 st December, 2013	By 28 th February, 2014

(c) Date of book closure

17th June, 2013 to 28th June, 2013 (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 the year 2013-2014.

(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 year 2012 were:

Month	Share Price on BSE		BSE Sensex	
	High Rs.	Low Rs.	High	Low
January, 2012	27.40	19.60	17,258.97	15,358.02
February, 2012	37.50	23.10	18,523.78	17,061.55
March, 2012	39.60	31.10	18,040.69	16,920.61
April, 2012	51.10	33.25	17,664.10	17,010.16
May, 2012	49.80	33.50	17,432.33	15,809.71
June, 2012	39.00	32.00	17,448.48	15,748.98
July, 2012	33.75	24.50	17,631.19	16,598.48
August, 2012	26.80	23.00	17,972.54	17,026.97
September, 2012	31.70	23.40	18,869.94	17,250.80
October, 2012	28.95	24.75	19,137.29	18,393.42
November, 2012	28.00	22.20	19,372.70	18,255.69
December, 2012	25.80	22.50	19,612.18	19,149.03

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

(h) Registrar and Share Transfer Agents

Link Intime India Pvt. Ltd. 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,
Bhandup (West), Mumbai - 400 078.

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 till 30th September, 2012 and within 15 days from 1st October, 2012 till 31st December, 2012. Requests for issue of duplicate share certificates are normally cleared within 42 days provided the documents are clear in all respects.

(j) Distribution of Shareholding as on 31st December, 2012

No. of Equity Shares held	Folios		Shares	
	Nos.	Percentage	Nos.	Percentage
Upto 500	4176	82.8407	8,99,551	9.4690
501 to 1000	487	9.6608	3,84,166	4.0439
1001 to 2000	194	3.8484	2,85,300	3.0032
2001 to 3000	67	1.3291	1,73,300	1.8242
3001 to 4000	35	0.6943	1,30,195	1.3705
4001 to 5000	20	0.3967	93,159	0.9806
5001 to 10000	37	0.7340	2,72,562	2.8691
10001 and above	25	0.4959	72,61,767	76.4397
Total	5,041	100.0000	95,00,000	100.0000

(k) Shareholding Pattern as on 31st December, 2012

Category	No. of Shares held	Percentage of Shareholding
Promoters	54,80,145	57.69
Mutual Funds and UTI	200	0.00
Banks, Financial Institutions.	900	0.01
Bodies Corporate	2,26,445	2.38
Indian Public	23,95,821	25.22
NRI/OBC/Foreign Companies	13,58,347	14.30
Other (Clearing)	38,142	0.40
Total	95,00,000	100.00

(l) Dematerialization of shares

As on 31st December, 2012, 94.85% of the Company's paid up share capital was held in dematerialized form.

(m) Convertible Instruments

As on 31st December, 2012, 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, 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 2012, 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 2012.

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

(Nirmal Jain)

PARTNER
Membership No. 34709

Place : Mumbai
Dated: 10th May, 2013

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, 2012, 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 our 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

Place : Mumbai
Dated : 10th May, 2013

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 2012 and also the statement of profit and loss 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 these 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, evidence 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 Companies (Auditor's Report) 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 said 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, the statement of profit and loss 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 statement of profit and loss 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. 12,788,466; deferred tax assets (net) is higher and profit and loss (debit balance) is lower by Rs. 28,288,516 as at 31 December 2012;*
 - e) On the basis of written representations received from the directors as on 31 December 2012, and taken on record by the Board of directors, we report that none of the directors is disqualified as on 31 December 2012 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, *subject to our comments in paragraph 4(d) above*, the said financial statements together with the notes thereon 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:
 - i) in the case of the balance sheet, of the state of affairs of the Company as at 31 December 2012;
 - ii) in the case of the statement of profit and loss, of the loss of the Company for the year ended on that date; and
 - iii) in the case of the 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

(Nirmal Jain)
PARTNER
Membership No. 34709

Mumbai, Dated : 21 February 2013

ANNEXURE TO THE AUDITORS' REPORT

REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
(b) All 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 have been noticed by the management on such verification.
(c) During the year, the Company has not disposed off substantial part of its fixed assets.
2. (a) According to the information and explanation given to us, inventories purchased by the Company from its suppliers are directly dispatched to customers. In the absence of any inventory being stocked by the Company, clause 4(ii)(a) and 4(ii)(b) of the Order are not applicable to the Company.
(b) On the basis of our examination of the inventory records, in our opinion, the Company has maintained proper records of inventory.
3. According to information and explanations given to us, the Company has not granted/taken any loan, secured or unsecured, to/from Companies, firms and other parties covered 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, with regard to purchase of inventory and 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 internal control system.
5. (a) 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. According to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed thereunder during the year.
7. In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.
8. According to the information and explanations given to us, the Central Government has not prescribed maintenance of cost records under Section 209(1)(d) of the Act in the case of the Company.
9. (a) According to the information and explanation given to us, the Company has been generally regular in depositing the 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 as applicable with the appropriate authorities. No undisputed amounts payable in respect of aforesaid statutory dues were outstanding as on the last day of the financial year for a period of more than six months from the date they became payable.
(b) According to the information and explanations given to us, there are no dues on account of income tax, sales tax, service tax, customs duty, wealth tax, excise duty and cess, which have 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 and in the immediately preceding financial year.
11. According to the information and explanations given to us, the Company has not defaulted in repayment of dues to the banks. The Company does not have any borrowings 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 and 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, the provisions of clause 4(xiii) of the Order are not applicable to the Company.
14. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable to the Company.
15. According to the information and explanations given to us, the Company has not given any guarantee for loan taken by others from banks or financial institutions during the year.
16. According to the information and explanations given to us, the Company has not taken any term loan during the year.
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, in our opinion, as at 31 December 2012, funds raised on short term basis have not been used for long term investments.
18. The Company has not made preferential allotment of shares to the parties or companies covered in the register maintained under Section 301 of the Act during the year.
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 explanation 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 any such cases by the management.

FOR SURESH SURANA & ASSOCIATES

Chartered Accountants
Firm Reg. No.: 121750W

(Nirmal Jain)
PARTNER
Membership No. 34709

Mumbai, Dated : 21 February 2013

BALANCE SHEET AS AT 31 DECEMBER 2012

	Particulars	Note No.	As at 31/12/2012 (Rs.)	As at 31/12/2011 (Rs.)
I	EQUITY AND LIABILITIES			
1	Shareholders' funds			
	Share capital	2	95,000,000	95,000,000
	Reserves and surplus	3	2,504,307	33,368,377
			97,504,307	128,368,377
2	Non-current liabilities			
	Long-term provisions	4	3,245,685	2,705,451
			3,245,685	2,705,451
3	Current liabilities			
	Short-term borrowings	5	47,388,410	28,471,720
	Trade payables	6	44,151,801	29,791,525
	Other current liabilities	7	75,894,585	65,862,461
	Short-term provisions	8	413,730	734,912
			167,848,526	124,860,618
	TOTAL		268,598,518	255,934,446
II	ASSETS			
1	Non-current assets			
	Fixed assets	9		
	(i) Tangible assets		62,475,543	63,369,209
	(ii) Intangible assets		1,369,217	1,778,631
	Deferred tax assets (net)	10	28,288,516	15,500,050
	Long-term loans and advances	11	5,255,635	6,802,261
	Other non-current assets	12	5,590,973	7,169,477
			102,979,884	94,619,628
2	Current assets			
	Inventories	13	702,813	–
	Trade receivables	14	101,379,055	124,058,429
	Cash and bank balances	15	11,168,101	12,424,660
	Short-term loans and advances	16	24,429,719	21,581,879
	Other current assets	17	27,938,946	3,249,850
			165,618,634	161,314,818
	TOTAL		268,598,518	255,934,446
	Significant accounting policies	1		

The accompanying notes are an integral part of the financial statements

As per our report of even date attached

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

(Nirmal Jain)
PARTNER
Membership No. 34709

Mumbai, Dated : 21 February 2013

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

DANIELE TERRUZZI

Chairman

PAOLA TERRUZZI

Vice Chairperson

RANGANATH DESAI

Executive Director

BELA THAKKAR

Company Secretary

Mumbai, Dated : 21 February 2013

STATEMENT OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2012

	Particulars	Note No.	Current Year 2012 (Rs.)	Previous Year 2011 (Rs.)
I	Revenue from operations			
	Gross sales		64,347,432	171,920,209
	Less: Excise duty		-	-
	Net sales		64,347,432	171,920,209
	Engineering and service charges		45,232,217	39,998,516
			109,579,649	211,918,725
II	Other income	18	1,750,155	1,916,786
III	Total revenue (I + II)		111,329,804	213,835,511
IV	Expenses :			
	Purchases of materials and components		44,974,283	121,061,213
	Changes in inventories of traded goods and work in progress	19	(702,813)	2,882,400
	Employees' benefit expenses	20	31,671,587	32,105,643
	Finance costs	21	4,156,807	412,775
	Depreciation and amortisation expenses [Net of transfer from revaluation reserve Rs. 18,240 (previous year Rs. 18,240)]		987,779	1,164,035
	Other expenses	22	73,876,457	69,926,636
	Total expenses		154,964,100	227,552,702
V	Profit / (Loss) before tax (III - IV)		(43,634,296)	(13,717,191)
VI	Tax expenses:			
	Current tax		-	-
	Deferred tax (expenses) / benefits		12,788,466	3,762,274
VII	Profit / (Loss) for the year (V -VI)		(30,845,830)	(9,954,917)
VIII	Earnings / (Loss) per equity share:			
	(1) Basic		(3.25)	(1.17)
	(2) Diluted		(3.25)	(1.17)
	Nominal value of equity shares		10.00	10.00
	Significant accounting policies	1		

The accompanying notes are an integral part of the financial statements

As per our report of even date attached

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

(Nirmal Jain)
PARTNER
Membership No. 34709

Mumbai, Dated : 21 February 2013

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

DANIELE TERRUZZI

Chairman

PAOLA TERRUZZI

Vice Chairperson

RANGANATH DESAI

Executive Director

BELA THAKKAR

Company Secretary

Mumbai, Dated : 21 February 2013

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2012

	Particulars	Note No.	Current Year 2012		Previous Year 2011	
			(Rs.)	(Rs.)	(Rs.)	(Rs.)
A.	CASH FLOW FROM OPERATING ACTIVITIES :					
	Net profit/(loss) before tax			(43,634,296)		(13,717,191)
	ADJUSTMENTS FOR :					
	Depreciation and amortisation expenses		987,779		1,164,035	
	Finance costs		4,156,807		412,775	
	Loss on sale of fixed assets (net)		576,019		-	
	Sundry balances written off/ (written back) (net)		(93,615)		-	
	Exchange rate difference (net)		3,123,490		9,743,810	
	Interest income		(1,332,265)		(1,410,089)	
				7,418,215		9,910,531
	Operating profit/(loss) before working capital changes			(36,216,081)		(3,806,660)
	ADJUSTMENTS FOR WORKING CAPITAL CHANGES:					
	Trade and other receivables		(4,890,446)		(29,682,526)	
	Inventories		(702,813)		2,882,400	
	Trade payables and other liabilities		21,642,114		(10,813,185)	
				16,048,855		(37,613,311)
	Cash flow generated from/(used in) operations			(20,167,226)		(41,419,971)
	Taxes paid			1,599,119		(137,140)
	Net cash generated from/(used in) operating activities			(18,568,107)		(41,557,111)
B.	CASH FLOW FROM INVESTING ACTIVITIES :					
	Purchase of fixed assets (including capital advances)			(913,751)		(58,492,892)
	Proceeds from sale of fixed assets			280,000		-
	Interest received			1,546,629		1,192,986
	Fixed deposits with banks			2,235,067		(1,230,704)
	Net cash generated from/(used in) from investing activities			3,147,945		(58,530,610)
C.	CASH FLOW FROM FINANCING ACTIVITIES :					
	Proceeds from issue of equity shares (including share premium)			-		60,915,000
	Borrowings / Repayments (net)			18,916,690		28,471,720
	Interest paid			(4,156,807)		(412,775)
	Net cash generated from financing activities			14,759,883		88,973,945
	Net increase/(decrease) in cash and cash equivalents (A+B+C)			(660,279)		(11,113,776)
	Cash and cash equivalents - opening balance			2,052,967		13,166,743
	Cash and cash equivalents - closing balance	15		1,392,688		2,052,967
	Net increase / (decrease) in cash and cash equivalents			(660,279)		(11,113,776)
	Significant accounting policies	1				

The accompanying notes are an integral part of the financial statements

As per our report of even date attached

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

(Nirmal Jain)
PARTNER
Membership No. 34709

Mumbai, Dated : 21 February 2013

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

DANIELE TERRUZZI

Chairman

PAOLA TERRUZZI

Vice Chairperson

RANGANATH DESAI

Executive Director

BELA THAKKAR

Company Secretary

Mumbai, Dated : 21 February 2013

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

1. SIGNIFICANT ACCOUNTING POLICIES

a) **Basis of accounting:**

The financial statements have been prepared in compliance with all material aspects of the Accounting Standards prescribed in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government, to the extent applicable except as disclosed in notes and in accordance with the relevant provisions of the Companies Act, 1956.

These accounts are prepared on historical cost convention (except certain fixed assets which are at revalued amounts) and on the accounting principle of going concern basis.

The Company follows mercantile system of accounting and recognizes income and expenditure on accrual basis except those with significant uncertainties.

b) **Use of estimates:**

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affects the reported amounts of assets and liabilities and the disclosures of contingent liabilities on the date of financial statements and reported amounts of revenue and expenses for that year. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

c) **Fixed assets:**

Fixed assets are stated at cost of acquisition (which includes freight, duties, taxes and incidental expenses) or at revalued amount (wherever the assets are revalued) less accumulated depreciation.

Computer software, where it is expected to provide future enduring economic benefits is capitalised. The capitalised cost includes license fees and cost of implementation / system integration services.

d) **Depreciation and amortization:**

Depreciation on assets is provided on straight-line method on pro-rata basis at the rates and in the manner 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.

Capitalised software costs are amortised on straight line method over their useful lives as estimated by management.

e) **Revenue recognition:**

Revenue in respect of sale of goods is recognised when significant risk and rewards of ownership are transferred to the customers.

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.

Revenue from services is recognised on accrual basis as per terms of the contractual agreement.

f) **Inventories:**

Material and components are valued at lower of cost or net realisable value. Cost is ascertained on first-in first-out (FIFO) basis.

g) **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 statement of profit and loss. Non-monetary foreign currency items are carried at cost.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

h) **Retirement benefits:**

Provident fund contributions payable are charged to statement of profit and loss.

Liability for accumulated leave is provided on the basis of actuarial valuation as at the year-end.

Liability for gratuity is provided on the basis of actuarial valuation as at the year end and funded with Life Insurance Corporation of India.

i) **Lease:**

Leases where the lessor effectively retains substantially all the risks and benefits of the lease term are classified as operating leases. Lease rentals in respect of properties acquired under operating leases are charged off to the statement of profit and loss as incurred.

j) **Accounting for taxes on income:**

Tax expenses 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.

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

A provision is made 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. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. 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.

l) **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 statement of profit and loss. 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.

m) **Earnings per share:**

The basic earnings per share (EPS) is computed by dividing the net profit or loss after tax for the year available for the equity shareholders by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, net profit or loss after tax for the year available for equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012
2 SHARE CAPITAL

Particulars	As at 31/12/2012 (Rs.)	As at 31/12/2011 (Rs.)
Authorised		
11,000,000 equity shares of Rs. 10/- each	110,000,000	110,000,000
Issued, subscribed and paid up		
9,500,000 (as at 31 December 2011: 9,500,000) equity shares of Rs.10 each, fully paid up (Of the above 5,480,145 equity shares are held by Terruzzi Fercalx SpA, the holding company.)	95,000,000	95,000,000
Total	95,000,000	95,000,000

Notes:

 a) **Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting year:**

Particulars	As at 31/12/2012		As at 31/12/2011	
	No. of shares	Rs.	No. of shares	Rs.
Shares outstanding at the beginning of the year	9,500,000	95,000,000	8,190,000	81,900,000
Shares issued during the year	-	-	1,310,000	13,100,000
Shares outstanding at the end of the year	9,500,000	95,000,000	9,500,000	95,000,000

 b) **Terms/ rights attached to equity shares**

The Company has only one class of equity shares having a par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. The dividend, if any, proposed by the Board of Directors is subject to approval of the shareholders in ensuing Annual General Meeting. During the year ended 31 December 2012, the Company has not declared any dividend (year ended 31 December 2011 : Nil)

In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts, if any. The distribution will be in proportion to the number of equity shares held by the shareholders.

 c) **Details of shareholders holding more than 5 percent equity shares in the Company:**

Name of shareholder	As at 31/12/2012		As at 31/12/2011	
	No. of shares held	% of holding	No. of shares held	% of holding
Terruzzi Fercalx SpA	5,480,145	57.69%	5,480,145	57.69%
Societa Italiana Per Le Imprese All'Estero - SIMEST SpA (SIMEST)	1,310,000	13.79%	1,310,000	13.79%

 d) **The Company has not issued any bonus shares during the five years preceding the balance sheet date.**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

3 RESERVES AND SURPLUS

Particulars	As at 31/12/2012 (Rs.)	As at 31/12/2011 (Rs.)
Securities premium account		
Opening balance	52,840,000	5,025,000
Add : Premium on shares issued during the year	–	47,815,000
Closing balance	52,840,000	52,840,000
Revaluation reserve		
Opening balance	492,821	511,061
Less: Transfer to statement of profit and loss for depreciation on account of increase in value of fixed assets due to revaluation	18,240	18,240
Closing balance	474,581	492,821
Surplus / (Deficit)		
Opening balance	(19,964,444)	(10,009,527)
Add: Profit / (Loss) for the year	(30,845,830)	(9,954,917)
Closing balance	(50,810,274)	(19,964,444)
Total	2,504,307	33,368,377

4 LONG TERM PROVISIONS

Particulars	As at 31/12/2012 (Rs.)	As at 31/12/2011 (Rs.)
Provision for employee benefits		
Gratuity	2,281,738	1,522,003
Compensated absences	963,947	1,183,448
Total	3,245,685	2,705,451

5 SHORT TERM BORROWINGS

Particulars	As at 31/12/2012 (Rs.)	As at 31/12/2011 (Rs.)
Unsecured		
Bank overdraft (repayable on demand)	47,388,410	28,471,720
[Bank overdraft against standby letter of credit issued by bankers of the holding company and carries interest @ 11.25% - 11.50% p.a. (previous year @ 14.75% p. a.)]		
Total	47,388,410	28,471,720

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

6 TRADE PAYABLES

Particulars	As at 31/12/2012 (Rs.)	As at 31/12/2011 (Rs.)
Due to holding company	7,436,197	626,488
Other trade payables	36,715,604	29,165,037
Total	44,151,801	29,791,525

Note: 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 given in accordance with Section 22 of the said Act, is not ascertainable and hence, not disclosed.

7 OTHER CURRENT LIABILITIES

Particulars	As at 31/12/2012 (Rs.)	As at 31/12/2011 (Rs.)
Due to holding company*	39,990,952	38,615,717
Creditors for fixed assets	44,940	46,375
Advances received from customers [Includes advances received from Terruzzi Fercalx SpA: Rs. 23,534,508 (as at 31 December 2011: Rs 15,598,077) and advances received from Terruzzi Fercalx SpA - India Project Office Rs 3,500,000 (as at 31 December 2011: Rs. 3,500,000)]	30,678,708	21,982,748
Employees' dues	4,094,675	3,559,747
Statutory dues	865,203	1,574,295
Other current liabilities	220,107	83,579
Total	75,894,585	65,862,461

* The Company has received RBI approval for payment of the amount within two months of their letter dated 22 November 2012. The Company is in the process of taking necessary action for settlement of the transaction.

8 SHORT TERM PROVISIONS

Particulars	As at 31/12/2012 (Rs.)	As at 31/12/2011 (Rs.)
Provision for employee benefits		
Compensated absences	413,730	734,912
Total	413,730	734,912

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

9 FIXED ASSETS

A) TANGIBLE ASSETS

Particulars	Leasehold land (Rs.)	Factory building (Rs.)	Office premises (Rs.)	Sheds / portable units (Rs.)	Plant and machinery (Rs.)	Furniture and fixtures (Rs.)	Office equipments (Rs.)	Vehicles (Rs.)	Computers (Rs.)	Tools and patterns (Rs.)	Total (Rs.)
Gross block (as revalued or at cost)											
As at 1 January 2011	630,000	1,657,381	-	418,794	1,283,885	1,769,833	2,027,201	1,361,085	2,236,581	925,667	12,310,427
Additions	-	-	58,344,124	-	-	-	84,918	-	63,850	-	58,492,892
Disposals	-	-	-	-	-	-	-	-	-	-	-
As at 31 December 2011	630,000	1,657,381	58,344,124	418,794	1,283,885	1,769,833	2,112,119	1,361,085	2,300,431	925,667	70,803,319
Additions	-	-	-	-	-	-	8,240	-	232,973	317,745	558,958
Disposals	-	-	-	-	337,191	1,138,789	1,544,174	-	330,439	-	3,350,593
As at 31 December 2012	630,000	1,657,381	58,344,124	418,794	946,694	631,044	576,185	1,361,085	2,202,965	1,243,412	68,011,684
Depreciation											
As at 1 January 2011	169,475	1,155,029	-	32,397	123,036	1,146,897	1,145,265	589,287	1,438,655	861,208	6,661,249
For the year	7,519	55,357	-	33,504	58,407	99,079	96,448	124,627	233,461	64,459	772,861
On disposals	-	-	-	-	-	-	-	-	-	-	-
As at 31 December 2011	176,994	1,210,386	-	65,901	181,443	1,245,976	1,241,713	713,914	1,672,116	925,667	7,434,110
For the year	7,519	55,357	-	33,504	43,153	39,274	30,082	124,627	190,627	72,462	596,605
On disposals	-	-	-	-	82,189	1,060,676	1,111,094	-	240,615	-	2,494,574
As at 31 December 2012	184,513	1,265,743	-	99,405	142,407	224,574	160,701	838,541	1,622,128	998,129	5,536,141
Net Block											
As at 31 December 2011	453,006	446,995	58,344,124	352,893	1,102,442	523,857	870,406	647,171	628,315	-	63,369,209
As at 31 December 2012	445,487	391,638	58,344,124	319,389	804,287	406,470	415,484	522,544	580,837	245,283	62,475,543

Notes:

- Leasehold land and Factory building has been provided as collateral security against the bank guarantees taken by the Company.
- Office premises not ready for use as at 31 December 2012, hence no depreciation charged.
- 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 the statement of profit and loss.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012
9 FIXED ASSETS
B) INTANGIBLE ASSETS

Particulars	Computer software (Rs.)	Total (Rs.)
Gross block (at cost)		
As at 1 January 2011	2,525,685	2,525,685
Additions	—	—
Disposals	—	—
As at 31 December 2011	2,525,685	2,525,685
Additions	—	—
Disposals	—	—
As at 31 December 2012	2,525,685	2,525,685
Amortisation		
As at 1 January 2011	337,640	337,640
For the year	409,414	409,414
On disposals	—	—
As at 31 December 2011	747,054	747,054
For the year	409,414	409,414
On disposals	—	—
As at 31 December 2012	1,156,468	1,156,468
Net Block		
As at 31 December 2011	1,778,631	1,778,631
As at 31 December 2012	1,369,217	1,369,217

10 DEFERRED TAX ASSETS (NET)

Major components of deferred tax assets and liabilities, arising on account of timing differences are as under:

Particulars	As at 31/12/2012 (Rs.)	As at 31/12/2011 (Rs.)
Deferred tax assets on account of:		
Expenses allowable on payment basis	1,378,171	1,314,424
Carried forward business loss	21,414,176	9,335,467
Unabsorbed depreciation	5,909,232	5,685,475
Provision for expected loss on projects	214,081	—
Disallowances under section 40(a)(ia) of the Income Tax Act, 1961	7,881	7,881
Total (A)	28,923,541	16,343,247
Less: Deferred tax liability on account of:		
Depreciation	635,025	843,197
Total (B)	635,025	843,197
Deferred tax assets (net)	(A-B)	15,500,050

Deferred tax assets (net) as at year end have been recognised as the management is of the view that based on the orders on hand and in the final stages of negotiation; there will be sufficient taxable income in future for the deferred tax assets to be realised.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

11 LONG TERM LOANS AND ADVANCES

(Unsecured, considered good)

Particulars	As at 31/12/2012 (Rs.)	As at 31/12/2011 (Rs.)
Advance tax (net of provision)	4,203,473	5,802,592
Capital advances	354,793	–
Security deposits	697,369	999,669
Total	5,255,635	6,802,261

12 OTHER NON CURRENT ASSETS

(Unsecured, considered good)

Particulars	As at 31/12/2012 (Rs.)	As at 31/12/2011 (Rs.)
Fixed deposits (Refer note 15)	5,072,168	6,710,955
Interest accrued on above fixed deposits	518,805	458,522
Total	5,590,973	7,169,477

13 INVENTORIES

(As taken, valued and certified by the management)

Particulars	As at 31/12/2012 (Rs.)	As at 31/12/2011 (Rs.)
Traded goods	702,813	–
Total	702,813	–

14 TRADE RECEIVABLES

(Unsecured, considered good)

Particulars	As at 31/12/2012 (Rs.)	As at 31/12/2011 (Rs.)
Outstanding for a period exceeding six months from the date they are due for payment	63,900,239	62,807,939
Other receivables	37,478,816	61,250,490
Total	101,379,055	124,058,429
Note: Trade receivables includes amounts due from related parties as under:		
Terruzzi Fercalx SpA - India Project Office	85,993,346	89,373,543
Terruzzi Fercalx SpA	297,394	23,126,301
	86,290,740	112,499,844

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

15 CASH AND BANK BALANCES

Particulars	As at 31/12/2012 (Rs.)	As at 31/12/2011 (Rs.)
Cash and cash equivalents:		
Balances with banks	1,269,843	1,632,370
Cash on hand	122,845	420,597
(a)	1,392,688	2,052,967
Other bank balances:		
Fixed deposits (pledged with banks)	14,847,581	17,082,648
(b)	16,240,269	19,135,615
Less: Fixed deposits non-current (Refer note 12)	5,072,168	6,710,955
Total	11,168,101	12,424,660

Notes:

Fixed deposits, include deposits aggregating to Rs.4,125,884 (As at 31 December 2011: Rs. 4,809,587) which have an original maturity of more than 12 months.

16 SHORT-TERM LOANS AND ADVANCES

(Unsecured, considered good)

Particulars	As at 31/12/2012 (Rs.)	As at 31/12/2011 (Rs.)
Security deposits	1,528,660	1,304,110
Loans and advances to employees	558,939	219,995
Advances to suppliers	16,951,516	15,996,849
Prepaid expenses	666,103	1,043,364
Balances with government authorities:		
VAT credit / receivable	3,574,232	2,988,322
Service tax credit receivable	1,121,030	-
Balance with central excise and customs	29,239	29,239
Total	24,429,719	21,581,879

17 OTHER CURRENT ASSETS

(Unsecured, considered good)

Particulars	As at 31/12/2012 (Rs.)	As at 31/12/2011 (Rs.)
Unbilled revenue	27,661,969	2,698,226
Interest accrued on fixed deposits	276,977	551,624
Total	27,938,946	3,249,850

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

18 OTHER INCOME

Particulars	Current year 2012 (Rs.)	Previous year 2011 (Rs.)
Interest income		
- on fixed deposits	1,332,265	1,410,089
- on income tax refund	178,088	188,783
- on sales tax refund	-	25,210
- on others	7,653	2,590
Sundry balances written back (net)	93,615	-
Sales tax refund	-	280,640
Miscellaneous income	138,534	9,474
Total	1,750,155	1,916,786

19 CHANGES IN INVENTORIES OF TRADED GOODS AND WORK IN PROGRESS

Particulars	Current year 2012 (Rs.)	Previous year 2011 (Rs.)
Opening inventories		
Work-in-progress	-	2,882,400
Traded goods	-	-
	-	2,882,400
Less: Closing inventories		
Work-in-progress	-	-
Traded goods	702,813	-
	702,813	-
Net	(702,813)	2,882,400

20 EMPLOYEES' BENEFIT EXPENSES

Particulars	Current year 2012 (Rs.)	Previous year 2011 (Rs.)
Salaries, bonus and allowances	29,136,165	29,933,408
Contributions to provident and other funds	1,158,278	1,058,498
Gratuity expenses	759,735	400,625
Staff welfare expenses	617,409	713,112
Total	31,671,587	32,105,643

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

21 FINANCE COSTS

Particulars	Current year 2012 (Rs.)	Previous year 2011 (Rs.)
Interest expense		
– on bank overdraft	4,044,038	272,013
– others	112,769	140,762
Total	4,156,807	412,775

22 OTHER EXPENSES

Particulars	Current year 2012 (Rs.)	Previous year 2011 (Rs.)
Rent	5,126,116	4,841,569
Rates and taxes	665,992	185,368
Electricity and water charges	1,031,815	613,831
Engineering and labour charges	35,852,832	22,933,977
Insurance charges	1,331,414	1,621,619
Repairs and maintenance - Others	761,784	808,798
Security charges	451,206	413,463
Legal and professional charges	7,124,915	4,588,435
Directors sitting fees	226,500	245,000
Payments to auditors		
– audit fees	351,973	341,565
– for taxation matters	190,034	50,000
– for other services	28,912	29,230
Printing and stationery	938,458	826,233
Bank charges and commission	1,112,862	1,110,796
Postage and telephone charges	1,832,842	1,526,625
Travelling and conveyance	8,213,477	3,949,185
Exchange rate difference (net)	4,017,927	13,230,467
Freight and forwarding expenses	2,949,724	11,284,212
Share issue expenses	–	538,164
Loss on sale of fixed assets (net)	576,019	–
Miscellaneous expenses	1,091,655	788,099
Total	73,876,457	69,926,636

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

23 CONTINGENT LIABILITIES (TO THE EXTENT NOT PROVIDED FOR)

	As at 31/12/2012 (Rs.)	As at 31/12/2011 (Rs.)
a) Claims against Company not acknowledged as debts.	8,660,591	8,660,591
b) Guarantees given by banker to various customers for performance and other contingencies for which the Company has given counter guarantee to the bank	11,672,642	23,720,065

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.

24 DETAILS OF INVENTORY OF MATERIALS AND COMPONENTS

Sr. No.	Particulars	Opening Inventory	Purchases	Sales	Closing Inventory
		(Rs.)	(Rs.)	(Rs.)	(Rs.)
1	Combustion equipments	-- (--)	9,543,600 (13,717,417)	19,171,583 (28,663,183)	70,286 (--)
2	Electrical equipments	-- (--)	9,858,741 (2,283,225)	1,1159,308 (2,981,572)	-- (--)
3	Electrical Spares	-- (--)	285,200 (--)	407,766 (--)	-- (--)
4	Instruments	-- (--)	1,455,450 (345,144)	1,901,534 (700,000)	-- (--)
5	Mechanical equipments	-- (--)	13,681,922 (18,535,793)	17,972,490 (20,542,837)	632,527 (--)
6	Mechanical spares	-- (--)	2,878,591 (5,537,280)	3,963,466 (7,942,171)	-- (--)
7	Fabricated structures & piping	-- (--)	6,318,465 (54,851,455)	9,076,490 (83,772,915)	-- (--)
8	Refractory and insulation	-- (--)	660,611 (24,534,480)	673,015 (26,053,105)	-- (--)
9	Others	-- (--)	291,703 (1,256,419)	21,780 (1,264,426)	-- (--)
	Total	-- (--)	44,974,283 (121,061,213)	64,347,432 (171,920,209)	702,813 (--)

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

	Current year 2012 (Rs.)	Previous year 2011 Rs.
25 C.I.F. VALUE OF IMPORTS:		
Materials and components	1,699,711	24,402,120
26 EXPENDITURE IN FOREIGN CURRENCY:		
Foreign travel expenses	3,436,128	46,480
Engineering and labour charges	2,819,095	-
Bank charges	33,661	28,815
27 EARNINGS IN FOREIGN CURRENCY:		
FOB value of goods exported	36,703,384	127,882,379
Engineering and service charges	865,036	15,506,754

28 DISCLOSURES IN ACCORDANCE WITH AS-15 (REVISED) PERTAINING TO DEFINED BENEFIT PLANS:

Particulars		Gratuity (funded)	
		Current year 2012 (Rs.)	Previous year 2011 (Rs.)
I	Components of employer expenses recognized in the statement of profit and loss:		
	1 Current service costs	459,115	439,683
	2 Interest on defined benefit	276,586	228,398
	3 Expected return on plan assets	(130,264)	(100,711)
	4 Past service costs	-	-
	5 Actuarial losses / (gains)	154,298	(166,745)
	6 Total expense recognised in the statement of profit and loss	759,735	400,625
II	Actual returns for the year end	182,548	155,529
III	Net asset / (liability) recognised in Balance Sheet as at year end		
	1 Present value of defined benefit obligations	(3,965,855)	(3,738,379)
	2 Fair value of plan assets	1,684,117	2,216,376
	3 Status [surplus/(deficit)]	(2,281,738)	(1,522,003)
	4 Unrecognised past service costs	-	-
	5 Net asset / (liability) recognised in Balance Sheet	(2,281,738)	(1,522,003)
IV	Change in defined benefit obligations (DBO) during the year end		
	1 Present value of DBO at the beginning of year	3,738,379	3,704,916
	2 Current service costs	459,115	439,683
	3 Interest cost	276,586	228,398
	4 Actuarial (gains) / losses	206,582	(111,927)
	5 Past service costs	-	-
	6 Benefits paid	(714,807)	(522,691)
	7 Present value of DBO at the end of the year	3,965,855	3,738,379
V	Change in fair value of assets during the year		
	1 Plan assets at the beginning of the year	2,216,376	1,522,835
	2 Expected return on plan assets	130,264	100,711
	3 Actuarial gains / (losses)	52,284	54,818
	4 Contributions by employers	-	1,060,703
	5 Benefits paid	(714,807)	(522,691)
	6 Plan assets at the year end	1,684,117	2,216,376

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

Particulars		Gratuity (funded)	
		Current year 2012 (Rs.)	Previous year 2011 (Rs.)
VI	Actuarial assumptions		
	1 Discount rate (%)	8.20%	8.50%
	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 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	–	–

29 SEGMENT REPORTING

The Company has only one reportable 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 and income from operations	37,568,420 (143,389,133)	72,011,229 (68,529,592)	109,579,649 (211,918,725)
2. Carrying amount of assets by geographical location of assets			
Segment assets	837,864 (22,828,907)	235,268,664 (211,802,897)	236,106,528 (234,631,804)
3. Additions to fixed assets			
Addition to fixed assets	– (–)	558,958 (58,492,892)	558,958 (58,492,892)

Notes:

- Secondary segments are identified by the management 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.
- The segment revenue and assets include revenue and assets, which are identifiable with each segment and amount allocated to the segments on a reasonable basis.
- Figures in brackets are corresponding figures for the previous year.

30 RELATED PARTY DISCLOSURES**I Related party relationship:**

Ultimate Holding Company	Terruzzi Fercalx Finanziaria S.R.L. (upto 19 th December, 2012)
Holding Company	Terruzzi Fercalx SpA
Enterprise under common control	Terruzzi Fercalx SpA - India Project Office
Key management personnel	Mr. Ranganath Desai (Executive Director with effect from 22 February 2012)

Notes:

- 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.
- The relationships, as mentioned above, pertain to those parties with whom transactions have taken place during the year, except where control exists.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

II Transactions with related parties:

Particulars	Current year 2012 (Rs.)	Previous year 2011 (Rs.)
Terruzzi Fercalx SpA		
Sale of goods	36,053,563	127,790,408
Engineering and service charges income	27,172	16,838,366
Purchase of goods	1,059,500	-
Payment made on behalf of the Company	5,508,450	22,144,534
Expenses incurred by the Company and recovered	-	57,527
Terruzzi Fercalx SpA - India Project Office		
Sale of goods	23,265,411	39,179,213
Expenses incurred by the Company and recovered	370,093	2,734,797
Mr. Ranganath Desai		
Salary, bonus and allowances	1,893,847	--
Particulars	As at 31/12/2012 Rs.	As at 31/12/2011 Rs.
Balances as at the year end:		
Terruzzi Fercalx SpA		
Payable	70,961,657	54,840,282
Receivable	297,394	23,126,301
Terruzzi Fercalx SpA - India Project Office		
Advances received	3,500,000	3,500,000
Receivable	85,993,346	89,373,543

31 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. The amount of minimum lease payments with respect to the above lease recognized in the statement of profit and loss for the year is Rs. Nil (previous year: Rs. 583,450).

32 The Company is required to comply with the transfer pricing regulations under Section 92-92F of The Income Tax-Act, 1961. The management is of the opinion that its international transactions are at arms length and that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation.

33 EARNINGS / (LOSS) PER SHARE

	Particulars	Current Year 2012	Previous Year 2011
(i)	Net loss after tax attributable to equity shareholders (Rs.)	(30,845,831)	(9,954,917)
(ii)	Weighted average number of equity shares outstanding at the year end (Nos.)	9,500,000	8,487,890
(iii)	Basic and diluted loss per share (Rs.)	(3.25)	(1.17)
(iv)	Nominal value of share (Rs.)	10.00	10.00

SCHEDULES TO THE ACCOUNTS (Contd.)

34 Details of foreign currency exposures which are not hedged as at year end are as follows:

Particulars	Amount in Foreign Currency		Equivalent amount in Rs.*
	In Euros	In USD	
Trade receivables	– (332,263)	– (–)	– (22,828,907)
Trade payables	102,625 (9,118)	– (–)	7,436,197 (626,488)
Other current liabilities - Due to holding company	– (–)	727,637 (727,637)	39,990,952 (38,615,717)
Other current liabilities - Advances received from customers	324,793 (227,021)	20,925 (–)	24,684,546 (15,598,077)

Figures in bracket are corresponding figures for the previous year.

* As at year end exchange rates.

- 35 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'.
- 36 The balances in respect of certain receivables, payables and loans and advances are subject to confirmation, reconciliation and consequent adjustments, if any. The management does not expect any material difference affecting the financial statements on such reconciliation / adjustments.
- 37 Previous year's figures have been regrouped / reclassified wherever necessary to confirm to the current year's classification which is as per revised Schedule VI to the Companies Act, 1956.

Signatures to note '1' to '37'

As per our report of even date attached

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

(Nirmal Jain)
PARTNER
Membership No. 34709

Mumbai, Dated : 21 February 2013

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

DANIELE TERRUZZI

Chairman

PAOLA TERRUZZI

Vice Chairperson

RANGANATH DESAI

Executive Director

BELA THAKKAR

Company Secretary

Mumbai, Dated : 21 February 2013

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

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

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

NAME OF THE SHAREHOLDER / PROXY _____

ADDRESS _____

I hereby record my presence at the 49th ANNUAL GENERAL MEETING of Vulcan Engineers Limited held on Friday, 28th June, 2013 at 11.30 a.m. at Kilachand Conference Room, Indian Merchants' Chamber, 2nd Floor, IMC Building, IMC Marg, Churchgate, Mumbai - 400 020.

* 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 *	
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L.F. No.	
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Client ID*	
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No. of Shares held	
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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 49th ANNUAL GENERAL MEETING of Vulcan Engineers Limited held on Friday, 28th June, 2013 at 11.30 a.m. and at any adjournment thereof.

Signed this _____ day _____ 2013.

* Applicable for holding in electronic form.

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

BOARD OF DIRECTORS

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

REGISTERED OFFICE

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

HEADQUARTERS

Trade Centre, Office No. 104, 105 & 106,
Wing C, First Floor,
North Main Road, Koregaon Park,
Pune - 411 001, Maharashtra - India.

STATUTORY AUDITORS & TAX CONSULTANTS

Suresh Surana & Associates

Chartered Accountants
13th Floor, Bakhtawar,
229, Nariman Point,
Mumbai - 400 021, India.

REGISTRAR & SHARE TRANSFER AGENTS

Link Intime India Pvt. Ltd.

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

C O N T E N T S

1.	NOTICE -----	1
2.	DIRECTORS' REPORT -----	8
3.	MANAGEMENT DISCUSSION & ANALYSIS -----	11
4.	REPORT ON CORPORATE GOVERNANCE -----	14
5.	AUDITORS' REPORT -----	23
6.	BALANCE SHEET -----	26
7.	PROFIT AND LOSS ACCOUNT -----	27
8.	CASH FLOW STATEMENT -----	28
9.	NOTES TO THE FINANCIAL STATEMENT -----	29
