

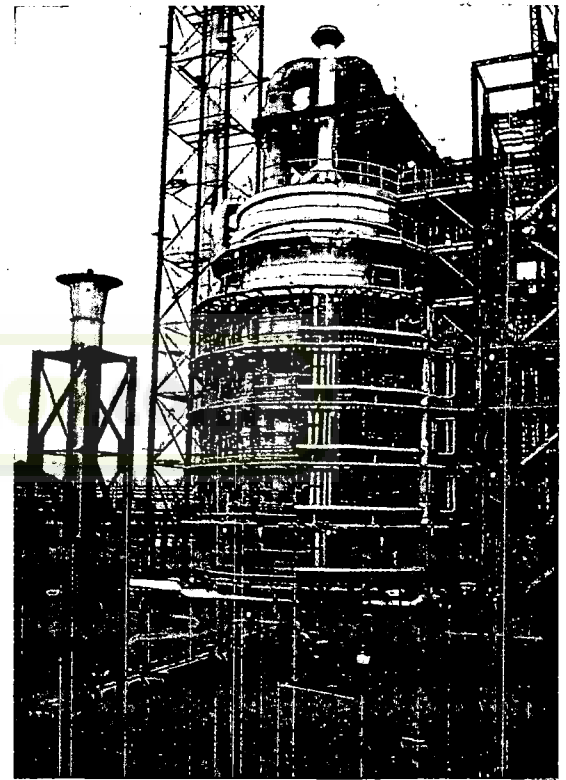
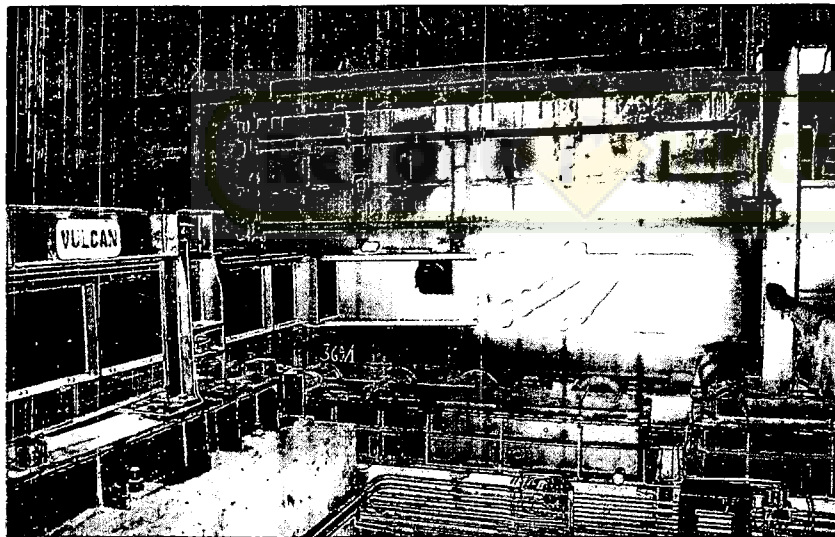
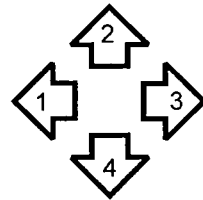
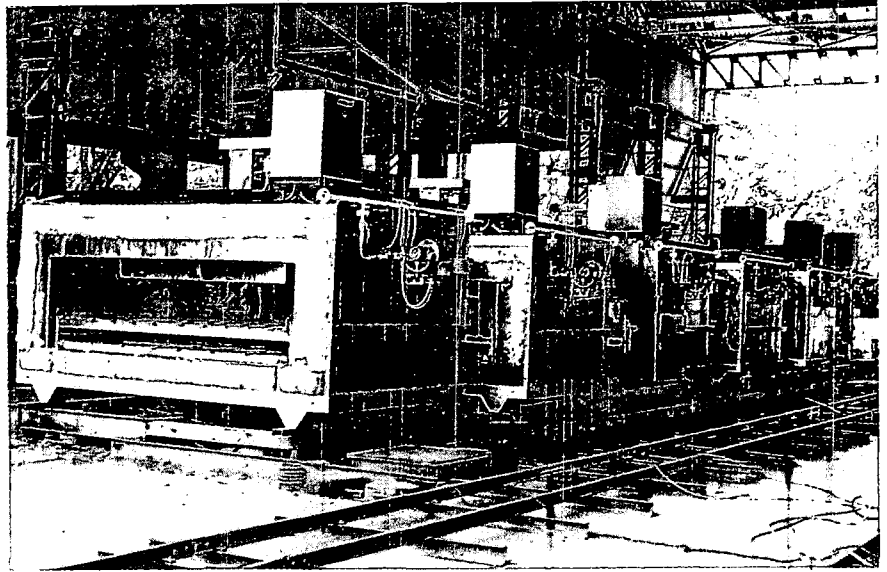
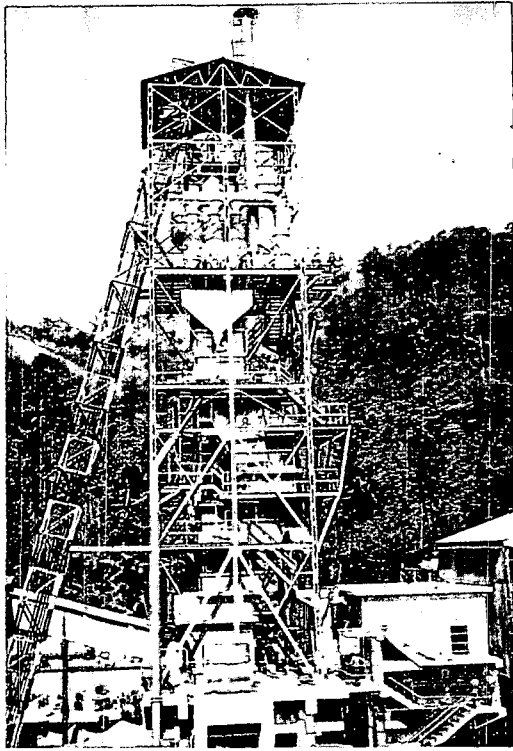


VULCAN

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BACK COVER
PROCESS LINE FOR AUTOMOBILE BODY QUALITY STEEL STRIP



NOTICE

Notice is hereby given that the Thirty Fourth Annual General Meeting of VULCAN ENGINEERS LIMITED will be held at Sunville Deluxe Pavillion, Sunville Building, 9, Dr. Annie Basant Road, Worli, Mumbai 400 018 on Monday 28th September, 1998 at 11. a.m. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Directors' report and the Audited Balance Sheet as at 31st March, 1998 and the Profit and Loss Account for the year ended on that date.
2. To appoint a Director in place of Mr. M.S. Malaney who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Juergen Mendheim who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. Douglas Perks who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint Auditors of the Company and to fix their remuneration.

SPECIAL BUSINESS

6. To consider and if thought fit, to pass with or without modification the following resolution as a SPECIAL RESOLUTION.

"RESOLVED that in accordance with the provisions of Sections 198, 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves of the appointment and terms of remuneration of Mrs. Sheila M. Malaney as Wholtime Director and Vice Chairperson of the Company for a period of 5 years, with effect from 14th August, 1998 on the terms and conditions set out in the explanatory statement attached hereto with liberty to the Directors to alter and vary the terms and conditions of the said appointment in such manner as may be agreed to between the Directors and Mrs. Sheila M. Malaney, however the remuneration paid to Mrs. Sheila M. Malaney will not exceed the limits laid down in Schedule XIII of the Companies Act 1956, or any other rules or regulations or statutes in force at that time."

"FURTHER RESOLVED that if in any financial year the Company has no profits or the profits are inadequate, the Company may pay remuneration for such financial year to the whole time Director, of salary, perquisites and any other allowance not exceeding the ceiling limits based on effective capital of the Company as set out in Section II Part II of Schedule XIII of the Act."

7. To consider and if thought fit, to pass with or without modification the following resolution as a SPECIAL RESOLUTION.

"RESOLVED that in partial modification of the resolution passed at the Annual General Meeting held on 27th August, 1996, Mr. Vikram Malaney be redesignated as Managing Director with effect from 1st April 1998 and in addition to the salary and perquisites payable to Mr. Vikram Malaney, commission be paid to him calculated with reference to the net profit of the Company for each financial year commencing from 1.4.1998 till the remainder of the tenure of his contract, as may be fixed by the Board of Directors or a sub-committee of Directors at the end of each Financial year, which together with the salary and monetary value of perquisites shall not exceed the ceiling laid down in section 198 and 309 of the Companies Act 1956".

8. To consider and if thought fit, to pass with or without modification the following resolution as a SPECIAL RESOLUTION.

"RESOLVED that in partial modification of the resolution passed at the Annual General Meeting held on 19th August, 1997, Mr. Suvir Malaney be redesignated as Joint Managing Director with effect from 1st April 1998 and in addition to the salary and perquisites payable to Mr. Suvir Malaney, commission be paid to him calculated with reference to the net profit of the Company for each financial year commencing from 1.4.1998 till the remainder of the tenure of his contract, as may be fixed by the Board of Directors or a sub-committee of Directors at the end of each Financial year, which together with the salary and monetary value of perquisites shall not exceed the ceiling laid down in section 198 and 309 of the Companies Act 1956".

9. To consider and, if thought fit, to pass with or without modification, the following Resolution as a SPECIAL RESOLUTION :

"RESOLVED that pursuant to Section 31 and all other applicable provision, If any, of the Companies Act, the Articles of Association of the Company be altered in the following manner :

"DEMATERIALIZATION OF SECURITIES

50A (1) For the purpose of this Article :

Beneficial Owner means a person or persons whose name is recorded as such, with a depository.

"SEBI" means the Securities & Exchange Board of India.

Depository means a company formed and registered under the Companies Act, 1956 and which has been granted a certificate of registration to act as a depository under the Securities & Exchange Board of India Act, 1992 and

Security means such security as may be specified by SEBI from time to time

(2) Dematerialisation of Securities

Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its securities and to offer securities in a dematerialised form pursuant to the Depositories Act, 1996.



3) Options for Investors

Every person subscribing to securities offered by the Company shall have the option to receive security certificates or to hold the securities with a depository. Such a person who is beneficial owner of the securities can at any time opt out of a depository, if permitted by law, in respect of any security in the manner provided by the Depositories Act, and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required Certificates of Securities.

If a person opts to hold his security with a depository, the Company shall intimate such depository the details of allotment of the security, and on receipt of the information, the depository shall enter in its record the name of the allottee as the beneficial owner of the security.

4) Securities in Depositories to be in fungible form

All securities held by a depository shall be dematerialised and be in fungible form. Nothing contained in Section 153, 153A, 153B, 187B, 187C and 372 of the Act shall apply to a depository in respect of the securities held by it on behalf of the beneficial owners.

5) Rights of Depositories and Beneficial Owners

a) Notwithstanding anything to the contrary contained in the Act or these Articles, a depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of the beneficial owner.

b) Save as otherwise provided in (a) above, the depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.

c) Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be member of the Company. The beneficial owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities which are held by a depository.

6) Service of Documents

Notwithstanding anything in the Act or these Articles to the contrary, where securities are held in a depository, the records of the beneficial ownership may be served by such depository on the Company by means of electronic mode or by delivery of floppies or discs.

7) Transfer of Securities

Nothing contained in Section 108 of the Act or these Articles shall apply to a transfer of securities effected by a transferor and transferee both of whom are entered as beneficial owners in the records of a depository.

8) Allotment of Securities dealt with in a Depository.

Notwithstanding anything in the Act or these Articles, where securities are dealt with by a depository, the Company shall intimate the details thereof to the depository immediately on allotment of such securities.

9) Distinctive numbers of Securities held in a Depository.

Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to securities held with a depository.

10. To consider and, if thought fit, to pass with or without modification the following Resolution as a SPECIAL RESOLUTION :

"RESOLVED THAT in accordance with the provisions of Section 81 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof) and subject to such other approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be considered necessary by the Board of Directors of the Company (hereinafter referred to as the "Board" which expression shall also include a Committee thereof), or as may be prescribed or imposed while granting such approvals, permissions and sanctions, which may be agreed to or accepted by the Board in its sole discretion, the consent of the Company be and is hereby accorded to the Board to create, offer, issue or allot, in one or more tranches, to such persons as are in the permanent employment of the Company at the time the issue is made and to the Managing/Whole-time Directors of the Company, as may be decided solely by the Board, such number of Ordinary Shares of the Company of the face value of Rs. 10/- each, and shall not exceed such percentage of the Company's subscribed capital as may be permitted by law at that time, as the Board may deem fit, for subscription for cash or allocated as an option to subscribe, on such terms and at such price as may be fixed and determined by the Board prior to the issue and offer thereof in accordance with the applicable guidelines and provisions of law and otherwise ranking pari passu with the Ordinary Shares of the Company as then issued and in existence and on such other terms and conditions and at such time or times as the Board may, in its absolute discretion and in the best interest of the Company deem fit, provided that the aforesaid issue of Ordinary Shares may instead be in the form of fully or partly Convertible Debentures, Bonds, Warrants or other securities as may be permitted by law, from time to time.

"RESOLVED FURTHER that the Board be and is hereby authorised to issue and allot such number of Ordinary Shares as may be required in pursuance of the above issue, and that the Ordinary Shares so allotted shall rank in all respects pari passu with the existing Ordinary Shares of the Company save and except that such Ordinary Shares which may be with or without voting rights, if permitted by the law, shall carry the right to receive either the full dividend or a pro-rata dividend from the date of allotment, as may be decided by the Board, declared for the financial year in which the allotment of the Shares shall become effective".



"RESOLVED FURTHER that the consent of the Company be and is hereby granted in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 and subject to all necessary approvals to the Board to secure, if necessary, all or any of the above mentioned securities to be issued, by the creation of mortgages and/or charges on all or any of the Company's immovable and/or movable assets, both present and future in such form and manner and on such terms as may be deemed fit and appropriate by the Board".

"RESOLVED FURTHER that for the purpose of giving effect to the above, the Board be and is hereby authorised to determine the form and terms of the issue, the issue price and all other terms and matters connected therewith including the creation of mortgages and/or charges and to make and accept any modifications in the proposal as may be required by the authorities involved in such issues and to settle any questions or difficulties that may arise in regard to the issue."

BY ORDER OF THE BOARD

(VIKRAM MALANEY)
MANAGING DIRECTOR

Mumbai, Dated : 14th August, 1998.

REGISTERED OFFICE:

427, Unique Industrial Estate,
Off. Veer Savarkar Marg,
Prabhadevi Mumbai 400 025.

Notes:

1. The Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956, in respect of item Nos. 6 to 10 of the notice is annexed hereto.
2. Every member entitled to attend and vote at the meeting is entitled to appoint one or more proxy or proxies to attend and vote instead of himself/herself. The proxy need not be a member. The proxy form(s) duly completed and signed, should reach the company's Registered Office at least 48 hours before the time fixed for the meeting.
3. The register of member and share transfer books of the Company will remain closed from 18th September, 1998 to 28th September, 1998.
4. Members are requested to notify the change in address, if any, immediately.
5. Pursuant to Section 205A of the Companies Act, 1956 all unclaimed dividend upto dividend for the year ended 31st March, 1994 has been transferred to General Reserve Account of the Central Government. The Shareholders who have not encashed dividend warrants for the said period are required to claim the amount(s) from the Registrar of Companies, Maharashtra, Mumbai.

**ANNEXURE TO THE NOTICE DATED 14TH AUGUST, 1998
(EXPLANATORY STATEMENT AS REQUIRED BY SECTION 173 (2)
OF THE COMPANIES ACT, 1956)**

The following explanatory Statement, as required under Section 173 (2) of the Companies Act, notice 1956 sets out the material facts relating to the business mentioned in the accompanying notice dated 14th August, 1998.

Item No. 6.

Mrs. Sheila M. Malaney was appointed as a Director of the Company with effect from 1.3.1993, and was appointed by the Board as Vice Chairperson and wholtime Director w.e.f. 14.08.1998. Mrs. Sheila M. Malaney is a graduate in Economics (Hons.) from Delhi University and has over 30 years experience in management. She has been very closely associated with the Company from its inception. Mrs. Sheila M. Malaney was Director of the Company from 1.2.1966 to 16.3.1981. In view of Mrs. Sheila M. Malaney's qualifications and experience in the Company, it is considered in the interest of the Company to appoint her as a whole time Director.

Mrs. Sheila M. Malaney was appointed Vice Chairperson and wholtime Director of the Company for a period of five years with effect from 14th August, 1998 on the terms and conditions set below :

Main terms and conditions :

1. Period of Appointment
For 5 years from 14th August, 1998 to 13th August, 2003.
2. Salary
Rs. 30,000/- per month.
3. Perquisites and Allowances
 - i) In addition to the salary payable, Mrs. Sheila M. Malaney shall be entitled to perquisites and allowances like accommodation (furnished or otherwise) or house rent allowance in lieu thereof, house maintenance allowances together with reimbursement of expenses or allowances for utilities, such as gas, electricity, water, furnishing and repairs, medical reimbursement for self and family. Leave travel concession for herself and family, club fees, medical insurance and other perquisites and allowances in accordance with the rules of the Company or as may be agreed to by the Board of Directors and Mrs. Sheila M. Malaney. Such perquisites and allowances would be subject to a maximum of Rs. 42,000/- per month.



- ii) For the purpose of calculation the above ceiling, perquisites and allowances shall be evaluated as per Income Tax Rules, wherever applicable. In the absence of such Rules, perquisites and allowances shall be evaluated at actual cost.
- iii) Benefits under the Provident Fund Scheme, the Company's Pension/Superannuation Fund Scheme in accordance with the Company's rules and regulations in force from time to time shall not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable, under the Income-tax, 1962. Gratuity payable as per the rules of the Company and encashment of leave at the end of the tenure shall not be included in the computation of limits for the remuneration or perquisites/allowances aforesaid.
- iv) Provision for use of the Company's Car for official duties and telephone at residence shall not be included in the computation of perquisites for the purpose of calculation of the said ceiling.

Minimum Remuneration : Notwithstanding anything contained herein, where in any financial year during the currency of the tenure of Mrs. Sheila M. Malaney, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary and perquisites and allowances as specified above.

The terms and conditions of the aforesaid appointment may be altered and varied from time to time by the Board as it may, in its discretion, deem fit, within the maximum amount payable to managing and wholtime directors in accordance with the limits specified in Schedule XIII of the Companies Act, 1956, or any amendments made hereafter in that regard.

Mrs. Sheila M. Malaney is deemed to be interested in the resolution as it pertains to her appointment. Mr. M.S. Malaney, Mr. Vikram Malaney, Mr. Suvir Malaney and Mr. Sanjeev Malaney are deemed to be interested in the resolution as they are related.

None of the other Directors are concerned or interested in this resolution.

This together with the resolution contained in the accompanying notice may be treated as an abstract under section 302 of the companies Act, 1956, of the terms and conditions of the appointment of Mrs. Sheila M. Malaney. The relevant documents regarding Mrs. Sheila M. Malaney's appointment are available for inspection upto the date of Annual General Meeting at the Registered Office of the Company on any working day between 11.00 a.m. to 1.00 p.m.

Item No. 7 & 8

Mr. Vikram Malaney and Mr. Suvir Malaney were appointed as Wholtime Directors of the Company for a period of 5 years from 1st July, 1996 and 4th July, 1997 respectively. Considering the present difficult times faced by the Company the remuneration payable to Mr. Vikram Malaney and Mr. Suvir Malaney has not been increased but having regard to the future business plans of the Company, it is proposed that commission be paid to Mr. Vikram Malaney and Mr. Suvir Malaney as and when the Company makes adequate profits and within the overall limits laid down in schedule XIII of the companies Act, 1956.

All other terms and conditions of the appointment of Mr. Vikram Malaney and Mr. Suvir Malaney remains unchanged.

Mr. M. S. Malaney, Mrs. Sheila Malaney, Mr. Sanjeev Malaney, Mr. Vikram Malaney and Mr. Suvir Malaney are deemed to be interested in the resolution as they are related. None of the other Directors are concerned or interested in this resolution.

This together with the resolution, contained in the accompanying notice may be treated as an abstract under section 302 of the companies Act, 1956, of the variation of the terms and conditions of the appointment of Mr. Vikram Malaney and Mr. Suvir Malaney.

Item No. 9.

With the introduction of the Depositories Act, 1996 and the Depository System, some of the provisions of the Act relating to the issue, holding, transfer, transmission of shares and other securities have been amended to facilitate the implementation of the new system. The Depository System of holding Securities in an electronic form is a far safer and more convenient method for holding and trading in the Securities of a company. It is, proposed that the Company's Articles of Association be suitably altered, as set out in the resolution at item no. 9 to reflect the provisions introduced by the Depositories Act, 1996 and to spell out the rights of the beneficial owners of the Securities in such a system.

The Board commends the Resolution for acceptance by the Members.

A copy of the Memorandum and Articles of Association of the Company together with the proposed alterations is available for inspection by the Members of the Company at its Registered Office between 11 a.m. and 1 p.m. on any working day of the Company.

Item No. 10

In the present competitive environment in the country and in the long term interest of the Company and its Shareholders, it is necessary that the Company adopts measures for attracting and retaining qualified, talented and competent personnel. Stock Option Schemes, designed to foster a sense of ownership and belonging amongst personnel, are a well - accepted approach to this end. It is therefore, appropriate to consider introducing a Stock Option Scheme for persons who are at the sole discretion of the Board, the permanent employees of the Company and its Managing and Whole-time Directors. The shares may be allotted directly to employees or allocated in accordance with a Stock Option Scheme framed in that behalf, in accordance with the provisions of the prevailing law and shall not exceed such percentage of the company's subscribed capital as may be permitted by law. The proposed Resolution is designed to enable achievement of these objectives.

Section 81 of the Act, provides, inter alia, that whenever it is proposed to increase the Subscribed Capital of a Company by the allotment of further shares, such further shares shall be offered to the existing Shareholders of the Company in the manner laid down in the said Section unless the Shareholders in General Meeting decide otherwise. The consent of the Shareholders is therefore, sought to authorise the Board of Directors to issue the Shares in the manner set out in the Resolution at item no. 10.

The Board commends the Resolution for acceptance.

Mr. Vikram Malaney - Managing Director, Mr. Suvir Malaney - Jt. Managing Director and Mrs. Sheila M. Malaney - Vice Chairperson and Wholtime Director may be deemed to be concerned or interested in the Resolution to the extent of the Securities which may be offered to them.

BY ORDER OF THE BOARD
(VIKRAM MALANEY)

MANAGING DIRECTOR

Mumbai, Dated : 14th August, 1998

REGISTERED OFFICE:

427, Unique Industrial Estate,
Off. Veer Savarkar Marg,
Prabhadevi Mumbai 400 025.



BOARD OF DIRECTORS

Mr. Mithu S. Malaney	-	Chairman
Mrs. Sheila M. Malaney	-	Vice Chairperson & Whole Time Director
Mr. Vikram M. Malaney	-	Managing Director
Mr. Suvir M. Malaney	-	Joint Managing Director
Admiral L. Ramdas (Retd.)	-	Director
Mr. Douglas Perks	-	Director
Mr. Juergen Mendheim	-	Director
Mr. Sanjeev M. Malaney	-	Director

REGISTERED OFFICE

427, Unique Industrial Estate,
Off Veer Savarkar Marg,
Prabhadevi,
Mumbai 400 025.

WORKS

Plot No. B-21,
MIDC Industrial Area,
Ahmednagar - 414 001.
Maharashtra.

STATUTORY AUDITORS & TAX CONSULTANTS

M/S. SURESH SURANA & ASSOCIATES
Chartered Accounts
410, Dalamal Chambers,
29, New Marine Lines.
Mumbai 400 020.

REGISTRARS & TRANSFER AGENTS

M/s. K. R. FINANCIAL
& MANAGEMENT SERVICES PVT. LTD.
103, Omex Apartment,
1st Floor, 64, Sahar Road,
Koldongri, Andheri (East),
Mumbai 400 069.

BANKERS : Canara Bank
ICICI Banking Corporation Ltd.



DIRECTORS REPORT FOR THE YEAR ENDED 31ST MARCH, 1998

Your Directors are pleased to present the Thirtyfourth Annual Report of your Company together with the audited statement of accounts for the year ended 31st March, 1998.

(Rs. in lacs)

1. FINANCIAL HIGHLIGHTS	Current Year	Previous Year
Sales and income from operations	903.04	2082.75
Profit / (loss) before tax and depreciation	(30.37)	240.31
Net profit / (loss) for the year	(63.40)	123.61

2. DIVIDEND

As the Company incurred a loss, no dividend is recommended for this year.

3. REVIEW OF OPERATIONS

Thermal Division:

Domestic Market: The general slow down in industrial activity and the uncertain political climate has adversely affected several sectors of the economy. Amongst the worst hit were capital intensive process manufacturers (e.g Steel industry) who are our main customers. The above problems coupled with sharp reduction in customs duties, increase in input costs, dumping and difficulty in raising finance has forced many of our customers to delay execution of the orders placed on us. In addition many customers delayed finalisation and/or shelved their plans for expansion or new projects. The company also faced increased competition due to the entry of foreign companies supported by liberalised access and reduced duties. These combined factors have severely impacted the domestic business of the division.

Export Market: In anticipation of slowdown in domestic business the company had begun to pursue export opportunities mainly in S.E Asia where Indian technology is more easily accepted. This effort resulted in multiple orders from Indonesia which unfortunately were put on hold due to the economic and political crisis in S.E. Asia. The company was able to secure and execute a few small orders for export of engineering/commissioning services and sub-contract manufacture to U.S and European engineering companies.

Information Technology Division:

This was the first full year of operations for the IT division. The primary focus was on building the infrastructure and Human resource base and creating a reference base with a few pilot projects. The company has signed up partnerships with leading international vendors including Baan, Microsoft, Digital-Compaq, SCH and Quorum to sell and implement their products. Export projects executed included converting software from Windows 3.11 platform to Windows 95/NT, ERP sale and implementation and offshore data entry services. Marketing to domestic customers was initiated in February 98 with a well attended CEO summit held jointly with our partners Baan, Microsoft and Digital - Compaq which resulted in an order for a turnkey ERP solution for one of India's leading Shaving blade manufacturers.

4. PROSPECTS FOR 1998-1999

Though the industrial slowdown and political uncertainty continues there are a few clear signs of revival. The order book position started improving towards the end of March 1998 and the Company has been able to build up a reasonable order backlog in the past six months. The company is also currently pursuing several serious inquiries and if the same trend continues the order position should be comfortable by the end of the year.

To better address the current situation of demand slump and increased competition the Thermal division has been restructured into product groups headed by General Managers responsible for the entire project from order to commissioning. These groups are supported by a common sales and R&D group.

To expand its product line your Company has entered into an exclusive collaboration agreement with M/s. Selsa S.A. (France), who are leading international suppliers of strip line process equipment. With this partnership the company can supply equipment for large capacity galvanising/annealing lines and ovens for continuous colour coating lines to SAARC countries for which it has already received a number of promising inquiries. The company continues to identify other global engineering market leaders in thermal and allied fields for further product expansion..

As part of the above restructuring the manufacturing department has been structured into a separate division to provide sub-contract manufacturing services to international and domestic engineering companies by leveraging the companies 35 years of experience. Based on the positive feedback from orders executed for few foreign companies the company believes there is a good longterm potential for this new revenue stream.

Having established the basic infrastructure and a few references the Company is planning to increase investment in the marketing activities of the Infotech division.



Accordingly, the company is evaluating various options for a marketing presence outside India to facilitate export revenue. The domestic market has also started growing rapidly providing increased opportunities.

In addition to restructuring, the company continues to focus on controlling costs and improving efficiency and quality. For example the company is implementing the Baan ERP system which is expected to provide accurate, timely information to help improve planning, quality and costing.

In general, the prospects for the current year are looking up, but the company's current year performance will continue to depend on our customers ability to finance the current projects under execution.

5. SUBSIDIARY COMPANY

The company's subsidiary Vulcan Exports Ltd. was able to achieve sales of Rs. 63.35 lacs and Net profit of Rs. 22.88 lacs. Please refer to the attached directors report of Vulcan Exports Ltd. for further details.

6. ENERGY CONSERVATION

Since the company's engineering and manufacturing activities are not energy intensive the consumption of energy by the company is quite low. The measures already undertaken for energy conservation are still in place. The focus is on improved manufacturing schedules may further improve energy conservation. Details of energy consumption are as follows :

a)	Electricity (purchased)	-	Units	: -	137656,	Rs. 3,61,372/-
b)	LDO	-	Litres	: -	8310,	Rs. 87,410/-

7. FOREIGN EXCHANGE INFLOW AND OUTFLOW

During the year the foreign exchange inflow amounted to Rs. 1,00,59,681/- . The outflow was Rs. 48,77,681/-.

8. ABSORPTION OF FOREIGN TECHNOLOGY

Your Company has always emphasized on absorption and further enhancement of Foreign Technology from our various collaborators and continues to do so. Based on this it has completely absorbed technology for process equipment for mini-galvanising lines and has been successfully supplying such equipment independently.

9. DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. M.S. Malaney, Mr. Juergen Mehdheim and Mr. Douglas Perks retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

Your Directors have decided to appoint Mrs. Sheila M. Malaney as Vice Chairperson and wholtime Director of your Company for a period of 5 years with effect from 14th August, 1998.

The term of office of Mr. M.S. Malaney - Chairman & Managing Director and of Mr. G.H. Sajjani - Joint Managing Director expired on 31st March, 1998. Mr. M.S. Malaney did not offer himself for re-appointment as Managing Director of the Company but continues to be Chairman of the Company. Mr. G.H. Sajjani also did not offer himself for re-appointment as Joint Managing Director and also resigned as a Director of the Company. The Board wishes to place on record their appreciation for the services rendered by Mr. M.S. Malaney and Mr. G.H. Sajjani. Mr. Vikram Malaney and Mr. Suvir Malaney, wholtime Directors of the Company were redesignated as Managing Director and Joint Managing Director respectively with effect from 1st April 1998.

10. PARTICULARS OF EMPLOYEES

In the compliance with the provisions of Section 217 (2A) of the Companies Act, 1956 the particulars of the employees have been furnished in the Annexure to this Report.

11. AUDITORS

The Company's Auditors M/s. Suresh Surana & Associates, Chartered Accountants will retire at the ensuing General Meeting but are eligible for re-appointment. A letter has been received from them stating that if appointed, the appointment will be in accordance with the provision of Section 224 (1B) of the Companies Act, 1956.

12. ACKNOWLEDGEMENTS

Your Directors wish to place on record their appreciation of the whole-hearted support your Company has received from their American, German, French, Italian and Austrian Collaborators and would also like to pay a special tribute to all the employees of the Company who have worked hard to address the challenges being faced by our company and with their continued support your Directors hope to overcome the difficult situation facing our company.

BY ORDER OF THE BOARD

(VIKRAM MALANEY)
MANAGING DIRECTOR

(SUVIR MALANEY)
JOINT MANAGING DIRECTOR

Mumbai :Dated 14th August, 1998.



AUDITORS' REPORT

To,

The Members of
VULCAN ENGINEERS LIMITED

We have audited the attached balance sheet of **Vulcan Engineers Limited**, as at 31st March, 1998 and the profit and loss account of the Company for the year ended on that date annexed thereto.

We report as follows :

1. As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988 issued by the Company Law Board in terms of section 227 (4A) of the Companies Act, 1956 and on the basis of such checks as we considered appropriate, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said order.
2. Further to our comments in the annexure referred to in paragraph 1 above :
 - 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 the books;
 - c) The balance sheet and profit and loss account dealt with by this report are in agreement with the books of account;
 - d) In our opinion and to the best of our information and according to the explanations given to us, subject to following notes in Schedule '19':
 - i. note 1 (a) (ii) regarding accounting for certain items on cash basis,
 - ii. note 1 (d) (ii) regarding valuation of work-in-progress on turnkey contracts at progress invoices net of retentions and the consequent non-provision for contingencies and expenses of maintenance period,
 - iii. note 3 regarding non-provision towards liability for gratuity amounting to Rs. 23,95,760/- based on actuarial valuation and
 - iv. note 9 (a) regarding non-feasibility of furnishing the quantitative details regarding finished goods of Engineering Division

the said accounts read together with other notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view :

- a) in the case of the balance sheet, of the state of affairs of the Company as at 31st March, 1998 and
- b) in the case of the profit and loss account, of the loss for the year ended on that date.

FOR SURESH SURANA & ASSOCIATES
Chartered Accountants

(Suresh Surana)
PROPRIETOR

Mumbai, Dated : 14th August, 1998