LETTER OF OFFER

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

This Letter of Offer is being sent to you as an Equity Shareholder(s) of Vulcan Engineers Limited ("Vulcan" or the "Target" or the "Target Company"). If you require any clarifications about the action to be taken, you may consult your stock broker or an investment consultant or Manager to the Offer or Registrar to the Offer. In case you have recently sold your Equity Shares in Vulcan Engineers Limited, please handover this Letter of Offer, the accompanying Form of Acceptance-cum-Acknowledgement, Form of Withdrawal and Share Transfer Form to the purchaser of the Equity Shares or the member of stock exchange through whom the said sale was effected.

Pursuant to Regulation 10 and 12 and applicable provisions of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and amendments thereto ("SEBI (SAST) Regulations")

Terruzzi Fercalx SPA ("Acquirer" or "TF")

Registered Office: Piazzale Principessa Clotilde, 8, Milano, zip code 20121, Italy

Head Quarter: Viale Lombardia,7, Zona Industriale 2, Spirano, zip code 24050, Italy, Tel. No. +39 03 54 87 98 11; Fax No. +39 03 54 87 98 00

Makes a Cash Offer at Rs. 15.00 (Rupees Fifteen only) per fully paid up Equity Share

To acquire 16,38,000 Equity Shares of Rs. 10.00 (Rupees Ten only) each fully paid up representing 20% of the post-preferential equity capital* of

Vulcan Engineers Limited ("Vulcan" or "Target Company")

Registered & Corporate Office: 415, Unique Industrial Estate, Off Veer Savarkar Marg, Prabhadevi, Mumbai 400 025, Tel.: 022-24381678, 24311679 Fax: 022- 24225814

ATTENTION:

1. For the purpose of computing the voting percentage, the voting rights as at the expiration of 15 days after the closure of the Offer has been reckoned.
2. The Offer is being made by Terruzzi Fercalx SPA pursuant to Regulation 10 and 12 of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 ("SEBI (SAST) Regulations" or "Regulations") and subsequent amendments thereto.
3. The Open Offer is subject to the approval of the Reserve Bank of India ("RBI") for acquisition of Equity Shares by the Acquirer as per the provisions of the Foreign Exchange Management Act, 1999 ("FEMA") and RBI Master Circular dated July 01, 2009 on Foreign Investments into India. The Acquirer has filed an application with the RBI on October 28, 2009 for approval to acquire Equity Shares from residents/ non-residents persons pursuant to the Offer. RBI vide their letter no. FE.CO.FID/13025/10.21.171/2009-10 dated November 17, 2009 requested for additional information relating to the transferors, Target Company and copy of valuation certificate from Chaturvedi Manohar & Associates, Chartered Accountants. The Acquirer had submitted their reply to RBI on November 23, 2009. The approval from RBI is pending as on the date of this Letter of Offer. There are no other statutory approvals required for the purpose of this Offer. However, the Offer would be subject to all statutory approvals as may become applicable even at a later date.
4. The Acquirer shall make payment to resident shareholders and non-resident shareholders in respect of whom RBI approval, if any required, has been obtained and not accept Equity Shares from Non-Resident Shareholders in respect of whom prior RBI approval has not been obtained.
5. In case of delay in receipt of other requisite approvals, SEBI has the power to grant an extension of time to the Acquirer for payment of consideration to the shareholders, subject to the Acquirer agreeing to pay interest for the delayed period if directed by SEBI in terms of Regulation 22(12) of the SEBI (SAST) Regulations, provided further that if the Acquirer is diligent in pursuing the approvals to the satisfaction of SEBI, the Acquirer will have an option not to pay such interest, subject to the concurrence of SEBI.
6. Shareholders who have accepted the Offer by tendering the requisite documents, in terms of the Public Announcement/ Letter of Offer, can withdraw the same up to 3 working days (i.e. December 22, 2009) prior to the date of the closure of the Offer (i.e. December 29, 2009).
7. The Acquirer is permitted to revise the Offer Price of Equity Shares/No. of Equity Shares upward any time up to 7 working days prior to the date of the closing of the Offer. If there is any upward revision in the Offer Price of Equity Shares/ No. of Equity Shares by the Acquirer till the last date of revision viz. December 16, 2009 or in case of withdrawal of the Offer, the same would be informed by way of a Public Announcement in the newspapers mentioned in paragraph 3.2.1 of this Letter of Offer and the same revised price would be payable by the Acquirer to all shareholders who tendered their Equity Shares at any time during the Offer and which are accepted by the Acquirer under the Offer.
8. The Offer is not subject to any minimum level of acceptance by the Public Shareholders.
9. **There has been no competitive bid to the Offer.**
10. The Public Announcement and this Letter of Offer (including Form of Acceptance-cum- Acknowledgement and Form of Withdrawal) are available on SEBI's web-site : www.sebi.gov.in.

** includes Preferential Issue of 33,50,000 Equity Shares (For details, please refer to Para 3.1.4 of this Letter of Offer)*

MANAGER TO THE OFFER	REGISTRAR TO THE OFFER
almondz *the financial powerhouse* **Almondz Global Securities Limited** 33, Vaswani Mansion, 6th Floor Dinshaw Vachha Road, Churchgate, Mumbai–400020 **Phone**: +91-22-2287 0580; **Fax**: +91-22 2287 0581 **Email**: vulcanopenoffer@almondz.com **Website**: www.almondzglobal.com **Contact Person**: Mr. Kaushal Patwa	KARVY Karvy Computershare Private Limited **Karvy Computershare Private Limited** Plot no.17-24 Vittal Rao Nagar,Madhapur, Hyderabad-500081 **Tel**: (91 40) 2343 1553; **Fax**: (91 40) 2343 1551 **E-mail**: murali@karvy.com **Website**: www.karvy.com **Contact Person:** Mr.Murali Krishna
OFFER OPENS ON: December 10, 2009 (Thursday)	**OFFER CLOSES ON: December 29, 2009 (Tuesday)**

SCHEDULE OF MAJOR ACTIVITIES OF THE OPEN OFFER

Activity	Original Schedule	Revised Schedule
Public Announcement Date	October 15, 2009 (Thursday)	October 15, 2009 (Thursday)
Specified Date (for the purpose of determining the names of the shareholders to whom the Letter of Offer would be sent)*	October 23, 2009 (Friday)	October 23, 2009 (Friday)
Last Date for a competitive bid	November 5, 2009 (Thursday)	November 5, 2009 (Thursday)
Date by which Letter of Offer to be dispatched to shareholders	November 24, 2009 (Tuesday)	December 4, 2009 (Friday)
Date of opening of Offer	December 8, 2009 (Tuesday)	December 10, 2009 (Thursday)
Last date for revising the Open Offer price/number of shares	December 17, 2009 (Thursday)	December 16, 2009 (Wednesday)
Last date for withdrawal of acceptance by shareholders who have accepted the Offer	December 22, 2009(Tuesday)	December 22, 2009 (Tuesday)
Date of closing of Open Offer	December 26, 2009 (Saturday)	December 29, 2009 (Tuesday)
Last date of communicating rejection/acceptance and payment of consideration for application accepted.	January 8, 2010 (Friday)	January 13, 2010 (Wednesday)

** Specified date is only for the purpose of determining the names of the Public Shareholders as on such date to whom the Letter of Offer would be sent. All owners (registered or unregistered) of the Equity Shares of the Target, except the parties to the SPA are eligible to participate in the Offer anytime before the closure of the Offer.*

RISK FACTORS

Given below are the risks related to the proposed Open Offer and association with the Acquirer:

Risk Factors associated with the Acquirer

1. The Acquirer makes no assurance with respect to the market price of the shares of the Target Company during/after the Open Offer and disclaims any responsibility with respect to any decision by any shareholder on whether to participate or not to participate in the Open Offer.

2. There is no assurance with respect to the continuation of the past trend in the financial performance of the Target Company.

Risk Factors associated with the Open Offer

1. Where the number of shares offered for sale by the shareholders are more than the shares agreed to be acquired by the Acquirer, the Acquirer shall accept the offers received from the shareholders on a proportional basis in consultation with the Manager to the Offer. Hence, there is no certainty that all shares tendered by the shareholders in the Offer will be accepted, in case there is oversubscription of the Offer.

2. The Open Offer is subject to the approval of the Reserve Bank of India ("RBI") for acquisition of Equity Shares by the Acquirer as per the provisions of the Foreign Exchange Management Act, 1999 ("FEMA") and RBI Master Circular dated July 01, 2009 on Foreign Investments into India. The Acquirer has filed an application with the RBI on October 28, 2009 for approval to acquire Equity Shares from residents/non-residents persons pursuant to the Offer. RBI vide their letter no. FE.CO.FID/13025/10.21.171/2009-10 dated November 17, 2009 requested for additional information relating to the transferors, Target Company and copy of valuation certificate from Chaturvedi Manohar & Associates, Chartered Accountants. The Acquirer had submitted their reply to RBI on November 23, 2009. The approval from RBI is pending as on the date of this Letter of Offer.There are no other statutory approvals required for the purpose of this Offer. However, the Offer would be subject to all statutory approvals that may become applicable at a later date.

3. In the event of regulatory approvals (if any) not being received in a timely manner or litigation leading to a stay on the Offer, or SEBI instructing that the Offer should not proceed, the Offer process may be delayed beyond the schedule indicated in this Letter of Offer. Consequently, the payment of consideration to the shareholders whose Equity Shares have been accepted in the Offer as well as the return of the Equity Shares not accepted by the Acquirer, may be delayed. Shareholders should note that after the last date for withdrawal of acceptances under the Open Offer i.e. December 22, 2009, shareholders who have lodged the Equity Shares will not be able to withdraw them even if the acceptance of Equity Shares under the Open Offer and dispatch of consideration gets delayed. The tendered Equity Shares and documents will be held by the Registrar to the Offer, until such time as the process of acceptance of tenders and the payment of consideration is completed.

4. The Equity Shares tendered in the Open Offer will be held in trust by the Registrar to the Offer till the completion of the Offer formalities, and the shareholders will not be able to trade such Equity Shares. During such period there may be fluctuations in the market price of the Equity Shares. Accordingly, the Acquirer makes no assurance with respect to the market price of the Equity Shares both during the Offer period and upon the completion of the Offer, and disclaims any responsibility with respect to any decision by any shareholder on whether to participate or not to participate in the Offer.

5. In the event of oversubscription in the Open Offer, the acceptance of the Equity Shares tendered will be on a proportionate basis and will be contingent on the level of subscription. However, in the event that the RBI approval is refused for one or more shareholders in respect of whom prior RBI approval is required, the basis of acceptance will be revised and additional Equity Shares will be accepted by the Acquirer from resident shareholders and such non-resident shareholders in respect of whom no prior RBI approval is required or non-resident shareholders in respect of whom RBI approval is received and consideration shall be paid for such accepted shares as per the provisions under Regulation 22(12) of the SEBI (SAST) Regulations.

   The risk factors set forth above do not relate to the present or future business or operations of Target Company or any other matters and are neither exhaustive nor intended to constitute a complete analysis of the risks involved in the participation by a shareholder in the Offer. The shareholders of Target Company are advised to consult their stockbrokers or investment consultant, if any, for further risks with respect to their participation in the Offer.

CONTENTS

1. **DEFINITIONS**

Acquirer / TF	Terruzzi Fercalx SPA
Board / Board of Directors	Board of Directors of the Target Company
BSE	Bombay Stock Exchange Limited
CDSL	Central Depository Services (India) Limited
CSE	The Calcutta Stock Exchange Association Limited
DP or Depository Participant	Karvy Stock Broking Limited
ECS	Electronic Clearing System
Equity Share(s) / Share(s)	Fully paid-up Equity Share(s) of face value of Rs. 10/- each of the Target Company i.e. Vulcan Engineers Limited
Escrow Agreement	Escrow Agreement dated October 12, 2009 between Acquirer, Escrow Agent and Manager to the Offer
Escrow Bank / Escrow Agent	The Hongkong and Shanghai Banking Corporation Limited, Shiv Building, Plot No. 139-140, B, Western Express Highway, Sahar Road Junction. Vile Parle (East), Mumbai -400057
EUR / Euro	The official currency of 16 member states of the European Union (EU)
FEMA	The Foreign Exchange Management Act, 1999, as amended
FII(s)	Foreign Institutional Investors registered with SEBI
Form of Acceptance	Form of Acceptance-cum-Acknowledgement accompanying this Letter of Offer
Form of Withdrawal	Form of Withdrawal accompanying this Letter of Offer
FY	Financial year
IFSC	Indian Financial System Code
LOF or Letter of Offer	This Letter of Offer dated December 1, 2009
Manager to the Offer or AGSL	Almondz Global Securities Limited
MICR	Magnetic Ink Character Recognition
NECS	National Electronic Clearing System
NEFT	National Electronic Fund Transfer
Non-Resident Shareholder(s)	Persons resident outside India as defined under FEMA, holding shares of the Target Company
NRI(s)	Non Resident Indians
NSDL	National Securities Depository Limited
OCB(s)	Overseas Corporate Bodies
Offer or Open Offer	Open Offer to acquire 16,38,000 Equity Shares of the Target Company of face value of Rs. 10/- each at an Offer Price of Rs. 15/- per equity share representing in aggregate 20% of the fully paid-up Equity Share Capital as set out in this Letter of Offer
Offer Period	From December 10, 2009 to December 29, 2009
Offer Price	Rs. 15/- per fully paid-up Equity Share of Target Company
Offer Size	16,38,000 Equity Shares of the Target Company of face value of Rs. 10/-each representing in aggregate 20% of the fully paid-up Equity Share Capital of the Target Company as set out in this Letter of Offer
Person eligible to participate in the Offer	All owners (registered or unregistered) of the Equity Shares of the Target Company, except the parties to the SPA and the Promoter and Promoter Group of Target Company, are eligible to participate in the Offer anytime before the closure of the Offer

Preferential Issue	Issue and allotment of 33,50,000 fully paid up equity shares of face value of Rs. 10/- (Rupees Ten only) each of the Target Company for cash, at a price of Rs. 11.50 (Rupees Eleven and fifty paise only) per equity share to the Acquirer in terms of Section 81(1A) of the Companies Act, 1956 and Chapter VII of SEBI (ICDR) Regulations
Promoter and Promoter Group	(a) Suvir Malaney, Trustee – Suvir Malaney Trust; (b) Sheila Malaney, Trustee - Malaney Family Trust; (c) Sheila Malaney, Trustee - Sanjeev Malaney Trust; (d) Sheila Malaney, Trustee - Vikram Malaney Trust; (e) Sheila Malaney, Trustee - Sheila Malaney Trust; (f) Vikram Malaney, Karta of Mithu Shamdas Malaney HUF; (g) Sanjeev Mithu Malaney; and (h) Malaney Consultants Private Limited
Public Announcement or PA	Public Announcement for the Open Offer issued on behalf of the Acquirer on October 15, 2009
RBI	Reserve Bank of India
Registrar or Registrar to the Offer or Karvy	Karvy Computershare Private Limited an entity registered with SEBI under SEBI (Registrar to Issue and Share Transfer Agents) Regulations, 1993, as amended
RTGS	Real Time Gross Settlement
Rupee(s) / Rs.	Indian Rupee(s), the legal currency of Republic of India
SEBI SEBI Act	Securities and Exchange Board of India Securities and Exchange Board of India Act, 1992, as amended
Sellers	Sheila Malaney, Trustee - Malaney Family Trust; Sheila Malaney, Trustee - Sanjeev Malaney Trust; Sheila Malaney, Trustee - Vikram Malaney Trust; Sheila Malaney, Trustee - Sheila Malaney Trust; Vikram Malaney, Karta - Mithu Shamdas Malaney HUF; Sanjeev Mithu Malaney and Malaney Consultants Private Limited
Shareholder(s)	Equity Shareholder(s) of Vulcan Engineers Limited
SPA	Share Purchase cum Share Subscription cum Shareholders Agreement dated October 12, 2009 entered into between Sellers, Target Company and the Acquirer
Special Depository Account	The Special Depository Account opened by the Registrar to the Offer with NSDL to hold the demat Shares tendered by the Shareholders in the Offer
Specified Date	Friday, October 23, 2009
SEBI (SAST) Regulations or Regulations	SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as amended
SEBI (ICDR) Regulations	SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009
Target or Target Company or Vulcan	Vulcan Engineers Limited

2. DISCLAIMER CLAUSE

IT IS TO BE DISTINCTLY UNDERSTOOD THAT FILING OF DRAFT LETTER OF OFFER WITH THE SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED, VETTED OR APPROVED BY SEBI. THE DRAFT LETTER OF OFFER HAS BEEN SUBMITTED TO SEBI FOR A LIMITED PURPOSE OF OVERSEEING WHETHER THE DISCLOSURES CONTAINED THEREIN ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE REGULATIONS. THIS REQUIREMENT IS TO FACILITATE THE SHAREHOLDERS OF VULCAN ENGINEERS LIMITED TO TAKE AN INFORMED DECISION WITH REGARD TO THE OFFER. THE SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR FINANCIAL SOUNDNESS OF THE ACQUIRER OR THE COMPANY WHOSE EQUITY SHARES / CONTROL IS PROPOSED TO BE ACQUIRED OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE LETTER OF OFFER. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ACQUIRER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS LETTER OF OFFER, THE MANAGER TO THE OFFER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ACQUIRER DULY DISCHARGE IT'S RESPONSIBILITIES ADEQUATELY. IN THIS BEHALF AND TOWARDS THIS PURPOSE, ALMONDZ GLOBAL SECURITIES LIMITED HAS SUBMITTED A DUE DILIGENCE CERTIFICATE DATED OCTOBER 28, 2009 TO SEBI IN ACCORDANCE WITH THE SEBI (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVERS) REGULATIONS 1997 AND SUBSEQUENT AMENDMENTS THEREOF. THE FILING OF THE LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ACQUIRER FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE OFFER.

3. **DETAILS OF THE OFFER**

3.1 Background of the Offer

3.1.1 This Open Offer is being made in compliance with, among others, Regulations 10 and 12 of SEBI (SAST) Regulations for substantial acquisition and control over the Target Company.

3.1.2 This Offer is being made by the **Terruzzi Fercalx SPA**, a company incorporated under the laws of Italy with its registered office at Piazzale Principessa Clotilde, 8, Milano, zip code 20121, Italy (hereinafter referred to as the **"Acquirer"** or **"TF")** to the equity shareholders of **Vulcan Engineers Limited**, a public company incorporated under the Companies Act, 1956 and having its registered office at 415, Unique Industrial Estate, Off Veer Savarkar Marg, Prabhadevi, Mumbai 400025 (hereinafter referred to as the **"Target Company"** or the **"Vulcan"**). No person / individual / entity are acting in concert with the Acquirer for the purposes of this Offer.

3.1.3 The Acquirer has entered into a Share Purchase cum Share Subscription cum Shareholders Agreement dated October 12, 2009 ("SPA" or "Agreement") with the existing Promoters and Promoter Group of the Target Company to acquire 21,18,160 fully paid-up equity shares of face value of Rs. 10/- each at a price of Rs. 15/- (Rupees Fifteen only) per equity share from the Sellers, payable in cash ("Negotiated Price") representing 25.86% of the post-preferential paid-up equity share capital of the Target Company. The details of preferential issue of fully paid equity shares of 33,50,000 equity shares of Target Company are mentioned in Clause 3.1.4 below. The details of acquisition from promoters under the Agreement are as under:

S. No.	Name of the Promoter/ Promoter Group	Address, Tel no., Fax No.	Number of Shares	Percentage of total Paid-up Share capital (post-preferential)
1.	Sheila Malaney, Trustee - Malaney Family Trust	A1, Ananta Dr Rajabali Patel Road, Mumbai 400 026, Tel: +9821213156	6,40,280	7.82
2.	Sheila Malaney, Trustee - Sanjeev Malaney Trust	901, Mahalaxmi Chambers, Bhulabhai Desai Road, Mahalaxmi, Mumbai 400026 Tel:+9821213156	2,13,200	2.60
3.	Sheila Malaney, Trustee - Vikram Malaney Trust	901, Mahalaxmi Chambers, Bhulabhai Desai Road, Mahalaxmi, Mumbai 400026 Tel:+9821213156	2,13,600	2.61
4.	Sheila Malaney, Trustee - Sheila Malaney Trust	901, Mahalaxmi Chambers, Bhulabhai Desai Road, Mahalaxmi, Mumbai 400026 Tel:+9821213156	2,58,960	3.16
5.	Vikram Malaney, Karta of Mithu Shamdas Malaney HUF	A1, Ananta Dr Rajabali Patel Road, Mumbai 400 026, Tel:+9922215791	1,48,000	1.81
6.	Sanjeev Mithu Malaney	A1, Ananta Dr Rajabali Patel Road, Mumbai 400 026, Tel:+9821213156	11,000	0.13
7.	Malaney Consultants Private Limited	901, Mahalaxmi Chambers, Bhulabhai Desai Road, Mahalaxmi, Mumbai 400026 Tel:022-23523236	6,33,120	7.73
	Grand Total		**21,18,160**	**25.86**

The salient features of the SPA are as under:

- The Acquirer will be termed as "Promoter" after successful completion of the Open Offer and the existing promoters shall cease to be the promoter of the Target Company;
- The total consideration for the purchase of shares from promoters mentioned hereinabove shall be deposited by the Acquirer into an escrow account and be released to them simultaneously with the credit of purchased shares to the demat account of Acquirer on successful completion of Open Offer;
- Upon successful closure of Open Offer, the Board of Directors will be reconstituted and therein nominees of the Acquirer shall be appointed on the Board of Directors of the Target Company;
- In case of non-compliance of any provisions of the SEBI (SAST) Regulations, the SPA shall not be acted upon.
- There is no non-compete agreement between the Acquirer and Sellers.

3.1.4 Simultaneously, on October 12, 2009 Board of Directors of the Target Company have subject to the approval of the shareholders of the Target Company and other regulatory approvals, as applicable, agreed to issue and allot, on preferential basis, 33,50,000 fully paid up equity shares of face value of Rs. 10/- (Rupees Ten only) each of the Target Company for cash, at a price of Rs. 11.50 (Rupees Eleven and fifty paise only) per equity share aggregating to Rs. 3,85,25,000 (Rupees Three Crores eighty five lakhs twenty five thousand only) (hereinafter referred to as the "Preferential Issue") to the Acquirer. This Preferential Issue constitutes 40.90% of the fully paid-up post preferential equity share capital of the Target Company. For this purpose Board of Directors of the Target Company called for an Extraordinary General Meeting on November 11, 2009 to obtain approval of shareholders in terms of Section 81(1A) of the Companies Act, 1956, to authorize the Board to allot the equity shares as required under Regulations 23(1)(b) of SEBI (SAST) Regulations. The said Preferential Issue has been approved by the shareholders of the Target Company in its Extra Ordinary General Meeting held on November 11, 2009. Bombay Stock Exchange Limited had also vide their letter no. DCS/PREF/SR/PRE/1302 / 09-10 dated November 19, 2009 granted an 'in-principle' approval for issue and allotment of these securities. Further, the Target Company in its Board Meeting held on November 25, 2009 allotted 33,50,000 equity shares to the Acquirer.

3.1.5 The Preferential Issue was made in accordance with Section 81(1A) of the Companies Act, 1956 and the Regulations for Preferential Issue contained in Chapter VII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and the subsequent amendments thereto (the "SEBI (ICDR) Regulations").

3.1.6 The above SPA and Preferential Issue has necessitated the Open Offer in terms of Regulation 10 and 12 of SEBI (SAST) Regulations.

3.1.7 The paid up equity share capital of the Target Company prior to the Preferential Issue was Rs. 4,84,00,000/- (Rupees Four Crores Eighty Four Lakhs only)consisting of 48,40,000 fully paid-up equity shares of face value of Rs. 10/- (Rupees Ten Only) each. Post Preferential Issue, the paid up equity share capital is Rs. 8,19,00,000/- (Rupees Eight Crores Nineteen Lakhs Only) consisting of 81,90,000 fully paid-up equity shares of face value of Rs. 10/- each.

3.1.8 As on the date of PA, the Acquirer does not hold any equity shares in the Target Company. However, pursuant to SPA and the Preferential Issue, the Acquirer shall be holding 54,68,160 Equity Shares constituting 66.77% of the expanded equity share capital of the Target Company. Other than the above, the Acquirers have not acquired any equity shares of Vulcan during the preceding twelve months from the date of the Public Announcement.

3.1.9 Prior to the SPA and Preferential Issue, the Acquirer did not hold any equity shares in the Target Company.

3.1.10 Neither the Acquirer nor the Sellers nor the Target Company has been prohibited by SEBI from dealing in securities, in terms of direction issued under Section 11B or under any other regulations made under the SEBI Act, 1992.

3.1.11 As on the date of PA and this Letter of Offer, there are no representatives of the Acquirer on the Board of the Target Company. Upon successful closure of Open Offer, the Board of Directors will be reconstituted and therein nominees of the Acquirer shall be appointed on the Board of Directors of the Target Company.

3.1.12 The Manager to the Offer does not hold any shares in the Target Company, as on the date of the Public Announcement. In terms of Regulation 24(5A) of the SEBI (SAST) Regulations, the Manager to the Offer shall not deal in the equity shares of the Target Company during the period commencing from the date of its appointment in terms of Regulation 13 of the SEBI (SAST) Regulation till the expiry of fifteen days from the date of closure of the Offer.

3.2 Details of the proposed Offer

3.2.1 The Public Announcement announcing the Offer appeared on October 15, 2009 in the following newspapers, in accordance with Regulation 15(1) of the SEBI (SAST) Regulations:

Newspaper	**Language**	**Edition**
The Financial Express	English	All edition
Jansatta	Hindi	All edition
Navshakti	Marathi	Mumbai

The Public Announcement is also available on the SEBI website at http://www.sebi.gov.in

3.2.2 Pursuant to the signing of SPA, the Acquirer is making this Offer under Regulation 10 and 12 of SEBI (SAST) Regulations, to the public shareholders of the Target Company to acquire 16,38,000 equity shares of the fully paid up equity shares representing 20.00% of the post-preferential paid-up equity share capital of Target Company ("Offer Size") at a price of Rs. 15.00 (Rupees Fifteen only) per equity share ("Offer Price") payable in cash subject to the terms and conditions mentioned in the PA and the Letter of Offer to be sent to all shareholders of the Target Company as on the Specified Date. Equity Shares that would be tendered in the valid form in terms of this Offer will be transferred in favour of the Acquirer upon completion of the Open Offer formalities.

3.2.3 There are no partly paid-up shares in the Target Company.

3.2.4 For the purpose of this Offer, there is no Person Acting in Concert ("PAC") with the Acquirer within the meaning of Regulation 2(1)(e) of the SEBI (SAST) Regulations.

3.2.5 This is not a competitive bid.

3.2.6 The Offer is not conditional on any minimum level of acceptance and there is no differential pricing.

3.2.7 Neither the Acquirer nor its directors (as on the date of the Public Announcement), have acquired any shares of Target Company during the 12 months period prior to the date of the Public Announcement. Acquirer have not acquired further equity shares of Target Company, except under the abovementioned SPA and Preferential Issue, after the date of Public Announcement and upto the date of this Letter of Offer.

3.2.8 Any decision for an upward revision in the Offer Price by the Acquirer till the last date of revision i.e. December 16, 2009 or withdrawal of the Offer would be communicated by way of a public announcement in the same newspapers in which the Public Announcement had appeared. In case of an upward revision in the Offer Price, the Acquirer would pay such revised price for all the Equity Shares validly tendered any time during the Offer and accepted under the Offer. The acquisition of shares, which are validly tendered by the Acquirer under this Offer will take place on or before December 29, 2009, in accordance with the events set out in this Letter of Offer and not at any point earlier in time.

3.2.9 The Equity Shares will be acquired by the Acquirer free from all liens, charges and encumbrances and together with all rights attached thereto, including the right to all dividends, bonus and rights offer declared hereafter.

3.3 Object of the Offer and Future Plans

3.3.1 After completion of the proposed Offer, the Acquirer will achieve substantial acquisition of shares and voting rights, accompanied with effective management control over the Target Company

3.3.2 This Offer is made in compliance of and in accordance with Regulations 10 and 12 of the Takeover Regulations for the purpose of substantial acquisition of Shares and voting rights in the Target Company and change in control / management in the Target Company.

3.3.3 The reason for the acquisition by Acquirer is to apply their strategy to expand into emerging markets, representing a growth potential as well as possibility to strengthen their manufacturing business; to provide extended and consistent range of products, technologies and services to the customer; and to empower and develop the specific knowledge of Vulcan.

3.3.4 The Acquirer has not finalized any specific future plan for the Target Company. The Acquirer would like to grow the business of the Target Company but details of the path to such expansion will be chalked out over time.

4. BACKGROUND OF THE ACQUIRER

4.1. Terruzzi Fercalx SPA ("ACQUIRER")

4.1.1. Terruzzi Fercalx SPA was originally incorporated as "TF SRL" on January 16, 2007 and registered on January 22, 2007 under the laws of Italy. TF SRL changed its name to "Terruzzi Fercalx SRL" on March 27, 2007 and was transformed into a public limited company on April 17, 2007 as "Terruzzi Fercalx SPA". Simultaneously, the operations of Fercalx SPA (which was formed in 1977) was acquired by Terruzzi Fercalx SPA. Terruzzi Fercalx SPA has its Head Office at Viale Lombardia, 7 Zona Industriale 2-1-24050 Spirano, Italy, Tel: +390354 879811; Fax No.: +390354 879800 and Registered office at Piazzale Principessa Clotilde, 8, Milano, zip code 20121, Italy.

4.1.2. The shares of the Acquirer Company are not listed on any Stock Exchange.

4.1.3. There is no relationship between the Acquirer and the Target Company except business relationship.

4.1.4. Eng. Astorre Terruzzi, Ms. Silvana Brunelli, Dr. Daniele Maria Terruzzi and Ms. Paola Terruzzi are the main individuals who control Terruzzi Group. The details of these individuals are as under:

Name	**Address, Telephone No. & Fax No.**	**Passport No.**
Mr. Astorre Terruzzi	**Address:** Via delle Sorgenti, 8, 23889 Santa Maria Hoè (LC) – Italy. **Tel.:** (+39) 0354879811; **Fax:** (+39) 0354879898	E154195
Dr. Daniele Maria Terruzzi	**Address:** Via Buonarroti, 25/C, 23807 Merate (LC) – Italy. **Tel.:** (+39) 0354879811; **Fax:** (+39) 0354879898	YA0114328
Ms. Paola Terruzzi	**Address:** Via Roma 18, 23807 Merate (LC) – Italy **Tel.:** (+39) 0354879811; **Fax:** (+39) 0354879898	Y496672
Ms. Silvana Brunelli	**Address:** Via delle Sorgenti, 8, 23889 Santa Maria Hoè (LC) – Italy. **Tel.:** (+39) 0354879811; **Fax:** (+39) 0354879898	E154252

For details, please refer to para 4.1.7. There are no company(ies) promoted by the Acquirer i.e. by Terruzzi Fercalx SPA.

4.1.5. The Acquirer is in the business of production, including planning, manufacture, assembly, supply, construction and the rendering of technical assistance, of industrial plants and particularly of vertical and rotating ovens for the production of quicklime, of plants for the production and classification of hydrated lime, for the sack filling and transport of lime, for the production of grassello of lime, of milk of lime and lime derivatives, etc. It has commenced operations in the year 2007.

4.1.6. The provisions of Chapter II of SEBI (SAST) Regulations have been complied with by the Acquirer, by filing disclosure reports of acquisition, with the Target Company and the Stock Exchange, where the equity shares of the Target Company are listed, in terms of Regulation 7(1) of the SEBI (SAST) Regulations.

4.1.7. The equity share capital of the Acquirer is Euros 12,00,000 (Euro Twelve Lakhs) consisting of 12,00,000 equity shares of Euro 1/- (Euro One only) each (equivalent to Rs. 8,37,60,000 (Rupees Eight Crores Thirty Seven Thousand six hundred only) based on the exchange rate as defined in notes to paragraph 4.1.9 below). The shareholding pattern of the Acquirer is given below:

S.No.	Shareholder's Category	No. of Shares	% of Shares
1	**Promoters**		
	TF Costruzioni Meccaniche S. R. L.*	11,76,000	98
	Ms. Silvana Brunelli	24,000	2
2	**FII/Mutual Funds/FIs/Banks**	Nil	Nil
3	**Public**	Nil	Nil
	Total Paid-up Capital	12,00,000	100

* a limited liability company incorporated under the laws of Italy. Cofimo Fiduciaria SPA, a trust under the laws of Italy and Ms. Silvana Brunelli holds 98% and 2% respectively of TF Costruzioni Meccaniche S.R.L. The 100% beneficiary of trust is Immobiliare Giacobina Srl, a private company, which is owned by Dr. Daniele Maria Terruzzi, Ms. Paola Terruzzi and Ms. Silvana Brunelli.

4.1.8. The details of the Board of Directors of the Acquirer are given below:

Name	Residential address	Qualification	Nature of experience	Date of appointment
Mr. Astorre Terruzzi, aged 77 years	Via delle Sorgenti, 8, 23889 Santa Maria Hoè (LC) – Italy. Tel.: (+39) 0354879811; Fax: (+39) 0354879898	Graduation in Electrical Engineering	He has experience of managing and running the lime plants	04.06.2007
Dr. Daniele Maria Terruzzi, aged 48 years	Via Buonarroti, 25/C, 23807 Merate (LC) – Italy. Tel.: (+39) 035 4879811 Fax: (+39) 0354879898	Graduation in Law	Experience of running the Lime Plants and Autoclaves	04.06.2007
Ms. Paola Terruzzi, aged 38 years	Via Roma 18, 23807 Merate (LC) – Italy Tel.: (+39) 0354879811 Fax: (+39) 0354879898	Master in Corporate Finance	Experience in accounting, finance and taxation	04.06.2007
Ms. Maria Ardenghi, aged 65 years	Treviglio (BG) - ItalyTel.:(+39) 0354879811 Fax: (+39) 0354879898	Secretarial Diploma	Experience of handling purchase department, logistics, transportation and customer care	17.04.2007
Mr. Spridione Ragno, aged 63 years	Ranica (BG) – Italy. Tel.: (+39)0354879811 Fax: (+39)0354879898	Surveying Diploma	Experience in designing work and supervising the engineers works of the Company.	17.04.2007

None of the above directors is on the Board of the Target Company.

4.1.9. The brief audited financial details of the Acquirer, are as under:

Profit & Loss Statement	Period January 1, 2009 to June 30, 2009#		January 1, 2008 to December 31, 2008		April 01, 2007* to December 31, 2007	
	In Euro	(Rs. in lakhs)	In Euro	(Rs. in lakhs)	In Euro	(Rs. in lakhs)
Income from Operations	11427573	7976.45	14976414	10453.54	11713228	8175.83
Other Income	53125	37.08	67571	47.16	45534	31.78
Total Income	11480698	8013.53	15043985	10500.70	11758762	8207.62
Total Expenditure	10942366	7637.77	13834925	9656.78	11111512	7755.84
Profit before Depreciation, Interest & Tax	538332	375.76	1209060	843.92	647249	451.78
Depreciation	59232	41.34	403653	281.75	121114	84.54
Interest	139701	97.51	420557	293.55	229658	160.30
Profit before tax	339399	236.90	384850	268.63	296477	206.94
Provision for Tax	193120	134.80	332416	232.03	199397	139.18
Profit after tax	146278	102.10	52434	36.60	97098	67.77

Balance Sheet Statement	Period January 1, 2009 to June 30, 2009#		January 1, 2008 to December 31, 2008		April 01, 2007* to December 31, 2007	
	In Euro	(Rs. in lakhs)	In Euro	(Rs. in lakhs)	In Euro	(Rs. in lakhs)
Sources of Funds						
Equity share capital	1200000	837.60	1200000	837.60	1200000	837.60
Reserves	1291662	901.58	1145383	799.48	127098	88.71
Net worth	2491662	1739.18	2345383	1637.08	1327098	926.31
Secured Loans	1269778	886.31	1300000	907.40	-	-
Unsecured Loans	5994101	4183.88	4393020	3066.33	5530570	3860.34
Total	24904793	17383.55	18956048	13231.32	15961777	11141.32
Use of Funds						
Net Fixed Assets	4042935	2821.97	4065235	2837.53	3050884	2129.52
Investments	-	-	-	-	-	-
Net Current Assets	21393222	14932.47	15688982	10950.91	12674050	8846.49
Total Misc. Expenditure not written off	434488	303.27	167683	117.04	236943	165.39
Total	24904793	17383.55	18956048	13231.32	15961777	11141.32

Other Financial Data	In Euro	(Rs.)	In Euro	(Rs.)	In Euro	(Rs.)
Earning Per Share	0.12	8.38	0.04	2.79	0.08	5.58
Book Value per share	2.08	145.18	1.95	136.11	1.10	76.78
Return on net worth (%)	5.87%	5.87%	2.24%	2.24%	7.32%	7.32%

(#Source: Annual Report and half-yearly results as certified by the Statutory Auditor viz. Dr. Debora Rattazzo, Chartered Accountants, Address: Corso di Porta Tiocinese n. zip code 20123, Milano-Italy, Tel.: +390236569600, Fax: +39026599574. Email: d.rattazzo@terruzzi-partners.com. Membership No.: 135775).

* The date of commencement of commercial operation

- The figures in the Annual Report are indicated in Euro.
- The financial period of Acquirer is from January to December.
- Exchange rate used is the reference rate as on October 27, 2009 i.e. Rs. 69.80 for each EURO (source: www.rbi.org.in).

- Financial ratios have been derived from the audited accounts and computed as follows:

  Earning per share computed as PAT/number of shares; Book value per share computed as the Networth / number of shares; Return on networth computed as PAT/Networth.

4.1.10. There has been no change in accounting policies of the Acquirer during the last three years.

4.1.11. There are no contingent liability of the Acquirer.

4.1.12. **Reasons for rise in total income and profit after tax during last 3 years:**

The main reason for increase in Total Income and Profit After Taxation were (a) Consolidation of presence in China, through the strengthening of the commercial network; (b) Expansion of existing Asian network; and (c) Consolidation of presence in the existing markets that are currently served through a greater and more meaningful stable presence.

There was an increase in prices in foreign markets due to the transport costs, dumping tariffs and parallel markets. Such increase in prices varies from country to country. The Acquirer adopted two strategies for controlling prices viz. (i) controlling the representative channels and to be integral part of them; and (ii) to prearrange an international channel to make the products available.

4.1.13. **Details of all the companies promoted by the Acquirer in the last 3 years based on audited statements.**

There are no companies promoted by the Acquirer i.e. by Terruzzi Fercalx SPA.

4.2. Disclosures in terms of Regulation 16 (ix) of the SEBI (SAST) regulations and Acquirer's Future Plans for the Target Company

4.2.1. After completion of the proposed Offer, the Acquirer will achieve substantial acquisition of shares and voting rights, accompanied with effective management control over the Target Company

4.2.2. This Offer is made in compliance of and in accordance with Regulations 10 and 12 of the Takeover Regulations for the purpose of substantial acquisition of Shares and voting rights in the Target Company and change in control / management in the Target Company.

4.2.3. The reason for the acquisition is to apply their strategy to expand into emerging markets, representing a growth potential as well as possibility to strengthen their manufacturing business; to provide extended and consistent range of products, technologies and services to the customer; and to empower and develop the specific knowledge of Vulcan.

4.2.4. Subject to the satisfaction of the provisions of the Companies Act, 1956 and other Regulation(s), the Acquirer intends to seek a reconstitution of the Board of Directors of the Target Company in accordance with the provisions of the SEBI (SAST) Regulations. The Acquirer is yet to decide on the names of the persons to be inducted into the Board.

4.2.5. As of the date of this PA, the Acquirer has not finalized any specific future plan for the Target Company. The Acquirer would like to grow the business of the Target Company but details of the path to such expansion will be chalked out over time.

4.2.6. The Acquirer undertakes not to dispose of or otherwise encumber of any assets of Target Company in two years from the date of closure of Offer except in ordinary course of business of the Target Company. Further the Acquirer undertakes that they shall not dispose of or otherwise encumber any substantial asset of the target company except with the prior approval of the shareholders.

5. OPTIONS IN TERMS OF REGULATION 21 (2)

5.1. As per Clause 40A of the Listing Agreement with the Stock Exchanges, the Target Company is required to maintain atleast 25% public shareholding on a continuous basis. In the event that acquisition made in pursuance to the Offer results in the public shareholding of the Target Company falling below such minimum level, the Acquirer undertakes to take necessary steps to facilitate compliance of the Target Company with the relevant provisions of the Listing Agreements, within the time period mentioned therein or in accordance with such other directions as may be provided by the Stock Exchange. As on the date of Public Announcement, the Acquirer had no intention to delist the Target Company for the next three years.

5.2. Pursuant to the acquisition of shares by the Acquirer and Preferential Issue to the Acquirer, the shareholding of existing promoters of the Target Company, if any, will be classified under the public category.

6. BACKGROUND OF THE TARGET COMPANY

6.1. The Registered & Corporate Office of the Target Company is located at 415, Unique Industrial Estate, Off Veer Savarkar Marg, Prabhadevi, Mumbai 400025, Tel No.: 022-24381678, 24311679, Fax No.: 022-24225814.

6.2. The Target Company, Vulcan Engineers Limited was incorporated as a Private Limited Company on December 20, 1963 under the Companies Act, 1956. The Company became a deemed Public Limited Company in the year 1988 pursuant to the provisions of section 43A (1A) of the Companies Act, 1956. Accordingly the word private was deleted from the name of the Target Company and the certificate of incorporation was amended by the Registrar of Companies on October 4, 1988.

6.3. The Target Company is mainly engaged in the business of reheat and heat treatment furnaces and lime plants for the steel industry. The Target Company is also authorized by its memorandum to have the business of manufacturers and dealers in all kinds of electrical, mechanical, metallurgical, chemical, electronic and construction and all other types of machinery particularly to engage in and carry out the business of planning, design, manufacturing constructing and erecting all types of equipments, material handling plants for all types of industry and to act as Consultants and Advisors in the matter aforesaid.

6.4. The Target Company had its manufacturing facility at Plot No. B-21, MIDC Industrial Area, Ahmednagar-414111, Maharashtra comprising of a mild steel and stainless steel fabrication shop, machine building assembly shop and an alloy cast iron foundry. However, since 1996 due to industrial recession the Company did not have sufficient orders to run the factory. In 1998, the manufacturing activities were suspended. The Company continues to be in the business of design, engineering, supply, construction and erection of industrial plants (mainly reheat and heat treatment furnaces and lime calcination plants). The manufacturing facility was for part of its captive requirements which is now being subcontracted.

6.5. As on the date of Public Announcement, the authorized equity share capital of the Target Company is Rs. 11,00,00,000 comprising of 110,00,000 equity shares of Rs. 10 each and subscribed and paid up capital of Rs. 4,84,00,000 divided into 48,40,000 equity shares of Rs. 10 each fully paid up. The Share Capital Structure of the Target Company as on date of Public Announcement is as under:

Paid-up equity shares of the Target Company	No. of shares/voting rights	% of shares/voting rights
Fully Paid-up Equity Shares	48,40,000	100.00
Partly Paid-up Equity Shares	NIL	NIL
Total Paid-up Equity Shares	48,40,000	100.00
Total Voting Rights in Target Company	48,40,000	100.00

6.6. Build up of the current capital structure (as on the date of Public Announcement) since inception of the Target Company:

Date of allotment	No. and % of shares issued	Cumulative paid-up capital	Mode of allotment	Identity of allottees (promoters/ ex-promoters/ others)	Status of compliance
December 21, 1963	16 (0.03%)	16,000	Subscribers to Memorandum & Further allotment	Promoters & Others	Complied
February 18, 1964	6 (0.01%)	22,000	Further allotment	Others	Complied
July 28, 1964	8 (0.02%)	30,000	Further allotment	Promoters & Others	Complied
April 1, 1967	20 (0.04%)	50,000	Further allotment	Promoters & Others	Complied
July 8, 1970	50 (0.10%)	1,00,000	Further allotment	Promoters	Complied
March 8, 1976	100 (0.21%)	2,00,000	Further allotment	Promoter Group	Complied
March 14, 1978	2000 (0.41%)	4,00,000*	Bonus Issue	Existing Shareholders	Complied
February 8, 1980	1000 (0.21%)	5,00,000	Further allotment	Promoters	Complied
June 30, 1983	4000 (0.83%)	9,00,000	Further allotment	Promoter & Promoter Group	Complied
July 16, 1983	1000 (0.21%)	10,00,000	Further allotment	Promoter Group	Complied
August 12, 1987	10,000 (0.21%)	20,00,000	Bonus Issue	Existing Shareholders	Complied
September 9, 1987	1,00,000 (2.07%)	30,00,000*	Further allotment	Promoter Group	Complied
December 13, 1988	1,00,000 (2.07%)	40,00,000	Further allotment	Promoter Group	Complied
March 16, 1989	1,20,000 (2.48%)	52,00,000	Bonus Issue	Existing Shareholders	Complied
April 29, 1989	4,90,000 (10.12%)	1,01,00,000	Public Issue	Others	Complied

October 29, 1989	80,000 (1.65%)	1,09,00,000	Conversion of Part 'A' of Partly Convertible Debentures	Debenture holders	Complied
October 29, 1991	1,20,000 (2.48%)	1,21,00,000	Conversion of Part 'B' of Partly Convertible Debentures	Debenture holders	Complied
October 29, 1994	12,10,000 (25.00%)	2,42,00,000	Bonus Issue	Existing Shareholders	Complied
November 20, 1995	24,20,000 (50.00%)	4,84,00,000	Bonus Issue	Existing Shareholders	Complied

* Face value of equity share which was earlier Rs. 1000 was reduced to Rs. 100 on March 14, 1978 and to Rs. 10 on September 9, 1987.

6.7. The shares of the Target Company have never been suspended from trading since the date of its listing at any of the Stock Exchanges.

6.8. There is no non-listing of some and/ or any shares of the Target Company at any Stock Exchange(s).

6.9. There are no partly paid-up equity shares of the target Company. There are no outstanding warrants or options or similar instruments convertible into equity shares at a later stage.

6.10. The Target Company does not have any subsidiary as on the date of this Letter of Offer.

6.11. The equity shares of the Target Company were earlier listed with The Calcutta Stock Exchange Association Limited ("CSE") and the Ahmedabad Stock Exchange Limited ("ASE") in addition to Bombay Stock Exchange Limited. The Target Company complied with provisions of SEBI (Delisting of Securities) Guidelines, 2003, and equity shares of the Company were delisted from the ASE vide their letter bearing reference no. ASE/2005/83 dated April 6, 2005. The said delisting was effective from March 31, 2005. As regards, the delisting application of CSE on February 28, 2005, the delisting approval from CSE is still pending. The Target Company has in the meantime, stopped complying provisions of relevant clauses of the listing agreement in regard to CSE at their end.

6.12. As on the date of Public Announcement, the Target Company is complying with the listing requirements of the Bombay Stock Exchange Limited. No punitive actions have been taken against the Target Company by the Stock Exchanges till date.

6.13. The Target Company and its existing Promoters/Promoter Group have complied with all the applicable provisions of Chapter II of the SEBI (SAST) Regulations, except for the period upto April 1, 1997 to March 31, 2002, which was regularized through the SEBI Regularization Scheme, 2002. Further, there was delay in compliance of Regulation 3(3), 3(4) and 3(5) of SEBI (SAST) Regulations, for which one of the Promoters had requested for condonation of this delay to SEBI vide their letter dated August 7, 2009.

6.14. The details of compliance with the applicable provisions of Chapter II of SEBI (SAST) Regulations by the Target Company and Promoters as on the date of the Public Announcement is given below:

(a) By the Target Company :

S. No	**Regulation / Sub Regulation**	**Due date for Compliance as mentioned in the Regulations**	**Actual Date of Compliance**	**Delay, if any (no. of days)**	**Remarks**
1	6(2)	20-05-1997	-		The disclosures were made in terms of SEBI Regularisation Scheme, 2002 vide letter dated March 25, 2003
2	6(4)	20-05-1997	-		
3	8(3)	30-04-1998	-		
4	8(3)	30-04-1999	-		
5	8(3)	30-04-2000	-		
6	8(3)	30-04-2001	-		
7	8(3)	30-04-2002	-		
8	8(3)	30-04-2003	19-04-2003	-	-
9	8(3)	30-04-2004	13-04-2004	-	-
10	8(3)	30-04-2005	19-04-2005	-	-
11	8(3)	30-04-2006	20-04-2006	-	-
12	8(3)	30-04-2007	05-04-2007	-	-

13	8(3)	30-04-2008	30-04-2008	-	-
14	8(3)	30-04-2009	24-04-2009	-	-
15	7(3)	27-11-2008	21-11-2008		

(b) By the Promoter / Promoter Group / Sellers /major shareholders

S.No	Regulation / Sub Regulation	Due date for Compliance as mentioned in the Regulations	Actual Date of Compliance	Delay, if any (no. of days)	Remarks
1	6(1)	20-04-1997	15-04-1997	-	-
2	6(3)	20-04-1997	15-04-1997	-	-
3	8(1)	21-04-1998	15-04-1998	-	-
4	8(2)	21-04-1998	15-04-1998	-	-
5	8(1)	21-04-1999	15-04-1999	-	-
6	8(2)	21-04-1999	15-04-2000	-	-
7	8(1)	21-04-2000	13-04-2000	-	-
8	8(2)	21-04-2000	13-04-2000	-	-
9	8(1)	21-04-2001	16-04-2001	-	-
10	8(2)	21-04-2001	16-04-2001	-	-
11	8(1)	21-04-2002	14-04-2002	-	-
12	8(2)	21-04-2002	14-04-2002	-	-
13	8(1)	21-04-2003	14-04-2003	-	-
14	8(2)	21-04-2003	14-04-2003	-	-
15	8(1)	21-04-2004	08-04-2004	-	-
16	8(2)	21-04-2004	08-04-2004	-	-
17	8(1)	21-04-2005	08-04-2005	-	-
18	8(2)	21-04-2005	08-04-2005	-	-
19	8(1)	21-04-2006	07-04-2006	-	-
20	8(2)	21-04-2006	07-04-2006	-	-
21	8(1)	21-04-2007	07-04-2007	-	-
22	8(2)	21-04-2007	07-04-2007	-	-
23	8(1)	21-04-2008	12-04-2008	-	-
24	8(2)	21-04-2008	12-04-2008	-	-
25	8(1)	21-04-2009	13-04-2009	-	-
26	8(2)	21-04-2009	13-04-2009	-	-
27	7(1) & (2)	22-11-2008	20-11-2008	-	-

6.15. The details of Board of Directors as on the date of PA are as under:

Name & Address	DIN	Designation	Experience & Qualification	Date of Appointment
Ms. Shiela M. Malaney A-1, Ananta, Dr. Rajabally Patel Road, Mumbai - 400026	00927609	Chairperson	A graduate in Economics (Hons.) with over 40 years of experience in the field of project management, accounts, finance, administration and personnel management.	March 1, 1993

Mr. A T. Vaswani 502, Solitaire, Hiranandani Gardens, Powai, Mumbai – 400 076	00057953	Vice Chairman	A Chartered Accountant and Company Secretary with over 45 years of experience in business and industry. Mr. A.T. Vaswani has served on the Board as an executive and non executive capacity including as Director and Senior Vice President of Glaxo India Ltd and more recently was Executive Vice Chairman of Fujitsu ICIM Ltd	October 3, 2000
Admiral L. Ramdas (Retd.) Lara Ramu Farm Village, Bhaimala, PO Kamarle, Alibagh, M. S.- 402201	02450456	Director	Adml. L.Ramdas, PVSM, AVSH, PrC,VSM ,ADC was appointed Chief of Naval Staff in 1990 and retired in 1993. He was appointed Director of Vulcan in 1994. He is a specialist in Communications Electronics and Telecommunications Engineering with Masters degree in defense studies. He was awarded the prestigious 2004 Ramon Magsaysay Award.	October 29, 1994
Mr. Vikram M. Malaney A-1 Ananta, Dr. Rajabally Patil Road, Mumbai 400026	00927682	Director	A Computer Engineer with 6 years of experience in Computer Technology for industrial/ commercial applications in California, U.S.A. before joining Vulcan as a whole time Director in 1996. He retired as Managing Director of Vulcan from 1st April 1998 and relinquished this post in 2000. He is now a Director on the Board.	July 1, 1996
Mr. Prasad Mahadev Kumar G-002, HM Winsford, 3rd floor, 7 C, Main 3rd block, Koramangala, Bangalore, Karnataka -560034	01069880	Director	A post-graduate in Personnel Management with about 36 years of experience in management consultation, specializing in strategic organization development, CEO coaching, group facilitation, process consultation and family business advice.	August 19, 1999
Mr. Juergen Walter Mendheim Dorfstrasse 15, Kirchheim i.Schw. OT Derndorf, Germany, Pin 87757	02696095	Director	A Diploma Engineer in Ceramics with vast experience in development, design, operation, improvement and modernization of continuous and periodic kilns for firing refractory products, training and teaching	January 20, 1989

As on the date of Public Announcement, none of the Directors of the Acquirer is on the Board of Directors of the Target Company.

6.16. There has been no merger/ de-merger/ spin off during the last three years.

6.17. The brief audited financials of Vulcan for the FY 2006-07, 2007-08, 2008-09 and Limited Review Accounts for the period April 1, 2009 to June 30, 2009 as certified by the Statutory Auditors of the Target Company viz. Suresh Surana & Associates, Chartered Accountants are as under:

Profit & Loss Statement	**Period April 1, 2009 to June 30, 2009**	**2008-09**	**2007-08**	**2006-07**
				(Rs. in lakhs)
Income from operations	317.57	913.90	707.14	1217.32
Other Income	0.03	11.19	4.12	6.32
Increase / (Decrease) in Stocks	(5.01)	(18.63)	90.86	(22.00)

Total Income	312.60	906.46	802.13	1201.64
Total Expenditure	239.83	908.13	830.83	993.94
Profit Before Depreciation, Interest and Tax	72.77	(1.67)	(28.70)	207.70
Depreciation	1.45	5.91	5.51	4.39
Interest	2.53	8.28	5.80	4.19
Profit Before Tax	68.79	(15.87)	(40.02)	199.13
Provision for Tax	(30.05)	(33.76)	(13.38)	(91.72)
Profit After Tax	38.73	(49.63)	(53.40)	107.41

Balance Sheet Statement	**Period April 1, 2009 to June 30, 2009**	**2008-09**	**2007-08**	**2006-07**
				(Rs. in lakhs)
Sources of Funds				
Paid up Share Capital	484.00	484.00	484.00	484.00
Reserves & Surplus (excluding revaluation reserves)	(220.80)	(259.53)	(208.81)	(148.87)
Net worth	268.58	229.90	280.80	340.93
Secured Loans	61.58	62.50	66.49	7.38
Unsecured Loans	22.79	22.49	21.79	21.43,
Total	**352.95**	**314.89**	**369.08**	**369.74**
Uses of Funds				
Net Fixed Assets	43.37	43.13	46.86	50.44
Investments	-	-	-	-
Net Current Assets	113.52	54.50	74.05	63.15
Total miscellaneous expenditure not written off				
Deferred tax assets (Net)	196.06	217.26	248.17	256.15
Total	**352.95**	**314.89**	**369.08**	**369.74**

Other Financial data	**Period April 1, 2009 to June 30, 2009**	**2008-09**	**2007-08**	**2006-07**
Dividend (%)	-	-	-	-
Earnings Per Share (Rs.)	0.80	(1.03)	(1.10)	2.22
Return on Net worth (%)	0.14	(0.22)	(0.19)	0.32
Book Value Per Share (Rs.)	5.55	4.75	5.80	7.04

The unaudited financial results (as per Limited Review Accounts) for the period April 1, 2009 to June 30, 2009 disclosed above, are as certified vide letter dated August 22, 2009 by the Statutory Auditors viz. Suresh Surana & Associates, Chartered Accountants,602, 6th Floor, Regent Chambers, 208, Nariman Point, Mumbai – 400 021. Tel: (022) 22875770, 66515570 Fax: (022) 22875771. Email: emails@ss-associates.com. Membership No.: 34709 & Firm Registration No: 121750W.

6.18. Reasons for fall in total income and PAT during above period:

FY 2008-09 vis-à-vis 2007-08

During the year the world experienced a severe economic melt down which had its impact on the steel industry in India and the Company. Though the Company had several un-executed orders in hand, these could not be completed on time due to lack of working capital facilities and a sluggish economy. The Company posted a loss after tax of Rs. 49.63 lacs which was a marginal improvement over the loss after tax of Rs. 53.40 lacs in the previous year since the sales turnover was higher at Rs. 913.90 lacs as compared to Rs. 707.14 lacs for the previous year.

FY 2007-08 vis-à-vis 2006-07

The sales turnover dropped from Rs. 1217.32 lacs Rs. 707.14 lacs as unfortunately due to circumstance beyond the control of the Company, certain export order could not be shipped on time resulting in sales and profits being carried over to the next year. However, during the period the Company had secured a prestigious order for kilns from a public sector steel plant which is being executed.

FY 2006-07 vis-à-vis 2005-06

During the year the Company made a break through by increasing its turnover from Rs. 639.80 lacs to Rs. 1217.32 lacs. This enabled the Company to post profit after tax of Rs. 107.41 lacs as compared to a loss after tax of Rs. 3.89 lacs during the previous year. These results reflect the efforts made by the Company during the past five years when the Company carried out a consolidation and re-structuring exercise and positioned itself once again as a contender for the opportunities provided by the growth in the furnace and kiln industry.

6.19. Pre and Post-Offer shareholding pattern of the Target Company, as on the date of this Letter of Offer, is as follows:

Shareholders' category	**Shareholding & voting rights prior to the agreement/ preferential and Open Offer**		**Shareholding & voting rights agreed to be acquired under SPA & preferential which triggered the Regulations**		**Shareholding & voting rights to be acquired in Open Offer (Assuming full acceptances)**		**Shareholding & voting rights after the acquisition of shares under SPA, Preferential and Open Offer**	
	(A)		**(B)**		**(C)**		**(A)+(B)+(C)=(D)**	
	No.	**%**	**No.**	**%**	**No.**	**%**	**No.**	**%**
(1) Promoter/ Promoter Group (Sellers)								
Sheila Malaney, Trustee - Malaney Family Trust	6,40,280	13.23	(6,40,280)	(7.82)	0	0	0	0
Sheila Malaney, Trustee - Sanjeev Malaney Trust	2,13,200	4.40	(2,13,200)	(2.60)	0	0	0	0
Sheila Malaney, Trustee - Vikram Malaney Trust	2,13,600	4.41	(2,13,600)	(2.61)	0	0	0	0
Sheila Malaney, Trustee - Sheila Malaney Trust	2,58,960	5.35	(2,58,960)	(3.16)	0	0	0	0
Vikram Malaney, Karta of Mithu Shamdas Malaney HUF	1,48,000	3.06	(1,48,000)	(1.81)	0	0	0	0
Sanjeev Mithu Malaney	11,000	0.23	(11,000)	(0.13)	0	0	0	0
Malaney Consultants Private Limited	6,33,120	13.08	(6,33,120)	(7.73)	0	0	0	0
Suvir Malaney Trust	4,70,920	9.73	0	0	0	0	4,70,920	5.75
Total (1)	**25, 89,080**	**53.49**	**(21,18,160)**	**(25.86)**	**0**	**0**	**4,70,920**	**5.75**
(2) Acquirers								
Terruzzi Fercalx SPA - Through SPA -Through Preferential	0 0	0 0	21,18,160 33,50,000	25.86 40.90	16,38,000	20.00	71,06,160	86.77
(3) Parties to SPA other than (1) & (2)	-	-	-	-	-	-	-	-
(4) Public (other than parties to SPA and Acquirer)								
(a) FIs/ MFs/ FIIs/ Banks, SFIs	1,100	0.02	0	0				
(b) Others								
Bodies Corporate	1,85,767	3.84	0	0				
Individuals	19,83,092	40.97	0	0	(16,38,000)	(20.00)	6,12,920	7.48
NRIs/ OCBs	18,656	0.39	0	0				
Clearing Members	62,305	1.29	0	0				
Total (4)= (a)+(b)	22,50,920	46.51	0	0				
Grand Total (1+2+3+4)	**48,40,000**	**100.00**	**33,50,000**	**40.90**	**16,38,000**	**20.00**	**81,90,000**	**100.00**

6.20. The details of change in shareholding of Promoter / Promoter Group and inter-se transfer amongst the Promoter / Promoter Group since February 20, 1997 are as under:

Date of allotment / acquisition / sale / transmission / market purchase	Cumulative number of shares held by Promoter / Promoter Group before acquisition / allotment/ transmission	No. of shares acquired / allotted / sold / transmitted	Cumulative number of shares held by Promoter / Promoter Group after acquisition / allotment/ transmission	% of total capital	% change in shareholding of Promoter / Promoter Group	Nature of transaction	Status of compliance
20.02.1997	25,86,080	-	25,86,080	53.43	Nil	-	
20.09.1999	25,86,080	2700	25,88,780	53.49	0.056%	Market purchase	NA
05.09.2000	25,88,780	300	25,89,080	53.49	0.006%	Market purchase	NA
20.10.2007	25,89,080	6,40,200	25,89,080	53.49	Nil	Transmission	NA
20.11.2008	25,89,080	2,57,720	25,89,080	53.49	Nil	Inter-se	Delay in compliance *
19.09.2009	25,89,080	8,98,960	25,89,080	53.49	Nil	Transmission	NA

* Promoter viz. Suvir Malaney, Trustee Suvir Malaney Trust had applied to SEBI for condonation of delay in compliance of Regulation 3(3), 3(4) and 3(5) of SEBI (SAST) Regulations vide letter dated August 7, 2009.

6.21. The Target Company has complied with all provisions under Clause 49 of the Listing Agreement relating to Corporate Governance.

6.22. Details of pending litigations are as follows:

(a) Labour Dispute

Mr. V J Gandhi an ex-employee of the Target Company had filed a Revision Application (ULP) No 168 of 2008 before the Industrial Court,Mumbai, against the dismissal order of the Hon'ble Labour Court, Mumbai, in relation to the Complaint (ULP) No. 256 of 2000. The matter has not yet been taken up for hearing. The last date of hearing was on November 27, 2009 wherein the matter was adjourned to December 16, 2009.

(b) Civil & criminal suit

(I) The Company had taken a flat on leave and licence basis at Nav Nirman Co-op. Housing Society, Plot No. J-4, Gardar Scheme, Road no. 16, Santa Cruz (West), Mumbai 400 054, from Mrs. Rawtani in May 1969 for the occupation of its employees.

Mr. G.H. Sajnani, employee of the Company and later Jt. Managing Director was allotted this flat. Mrs. Rawtani filed a case for directing the defendants to handover and give vacant and peaceful possession of the flat from Vulcan in the Small Causes Court at Mumbai. During the pendency of the case Mrs. Rawtani expired and the case was taken over by her daughter Ms Neelam Desai a resident of Vapi. Mr. Sajnani remains in occupation of the flat though he left the service of the Company in 1998. The case was dismissed on 7th September 2006. Ms Neelam Desai filed an appeal against the order on 13th December 2006. The suit number is 6/07. The next date of court appearance is December 14, 2009. The rent of Rs. 530/- is still being paid every month into Ms Rawtani's bank account.

(II) Ms. Neelam Desai has filed a fresh case based on the fact that with the passing of the Bombay Rent Control Act 1999, Companies having a paid up capital of Rs.1 crore and above are not protected. Mrs. Desai had filed a case against the Company and Mr. G H Sajnani (the occupant) for vacant possession of the flat on the plea that the company's paid up capital is above Rs. 1 crore. The next date of hearing is December 14, 2009.

(III) The Company had also filed a criminal case in the Metropolitan Court, Bandra, under section 630 of the Companies Act. The case was dismissed in 2004 and an appeal has been filed by the Company in the High Court. No date for hearing has been fixed as yet.

(c) Money suit filed by supplier against the Target Company

1) M/s Lincoln Helios (I)Ltd. - Bangalore

The Company had placed order on M/s Lincoln Hellois (I) Ltd (LH) for supply of Grease Lubrication System vide Letter of Intent dated 18.2.2000 and order no. FUR/9801/C/657/DPD dt. 1.3.2000 for basic value of Rs. 3.40 lakh. LH had completed the supplies in the month of March 2000 vide their invoice no. 501910 dt 29.3.2000 for Rs. 4.23 lakhs. Against this bill, the Company had made adhoc payment of Rs. 2 lakh to LH in the month of June 2000.

However, the Company could not make payment to them of Rs. 2.23 lakhs by those date because of cash flow problems. LH filed suit no. 5063/2003 in the court of City Civil Judge at Bangalore for claiming payment of Rs. 4.22 lakh including interest from 29.03.2000 to 11.6.2003.

The Company had now made out of court settlement with the party (LH) by paying 8% interest p.a. on principal amount as against 24% interest p.a. claimed by them. The consent terms have been filed in Court and the decree is awaited.

2) M/s Radiant Engineering Ind. Pvt Ltd. - Kolkata

M/s Radiant Engineering Ind. Pvt Ltd., had filed two suits bearing no T. S. no 31 of 1991 and T. S no 32 of 1991 (In the Court of Asst. District Judge, Alipore) for Rs 6.26 lakhs towards the outstanding dues and further claim towards the price of the goods alleged to have been manufactured, interest and damage respectively.

Details of pending suit filed by the Company as on date are as follows:

(a) Money suit filed by the Company

The Target Company had received the orders from M/s Remi Metals Gujarat Ltd., Goregaon (East), Mumbai, having their works at Bharuch for furnaces amounting to Rs. 79.63 lakhs, out of this an amount of Rs 32.23 lakhs is still outstanding. The Company had sent a legal notice for their outstanding amount. Remi Metals was subsequently declared itself a BIFR Company and the Company's claim for this amount is pending with BIFR.

The Target Company confirms that in addition to the above, there are no other pending litigations, suits, or criminal proceedings against the Company or any of its Promoter or Directors.

6.23. The name and contact details of Compliance Officer of the Target Company is as under:

Mr. R. G. G. Desai
Vulcan Engineers Limited
415 Unique Industrial Estate,
Off Veer Savarkar Marg,
Prabhadevi, Mumbai - 400 025.
Email: rgg.desai@vulcanengineers.com
Tel No.: +91 22 24381678, 24311679
Fax No.: +91 22 24225814

7. OFFER PRICE AND FINANCIAL ARRANGEMENTS

7.1. Justification of Offer Price

7.1.1. The equity shares of the Target Company are presently listed only on the Bombay Stock Exchange Limited (BSE). The Target Company had made an application for delisting of its equity shares to The Calcutta Stock Exchange Association Limited (CSE) on February 28, 2005, which is still pending.

7.1.2. The equity shares of the Target Company are frequently traded on BSE within the meaning of explanation (i) to Regulation 20 (5) of SEBI (SAST) Regulations. The equity shares of the Target Company are infrequently traded on CSE.

7.1.3. The annualized trading turnover in the shares of the Target Company on BSE based on the trading volume during April 2009 to September 2009 (six calendar months preceding the month in which PA is made) is as given below:

Stock Exchange	Total No. of Shares traded during 6 calendar months prior to the month in which PA is made	Total No. of Listed Shares	Annualized Trading Turnover (as % of Total shares Listed)
BSE	2,30,204	48,40,000	9.51%

(Source: www.bseindia.com)

7.1.4. The Offer price of Rs. 15 (Rupees Fifteen Only)per equity share is justified in terms of Regulation 20(4) and 20(5) of the SEBI (SAST) Regulations, being the highest of the following:

a)	Negotiated price payable under SPA dated October 12, 2009	Rs. 15.00 per equity share
b)	Highest price paid by the Acquirer or persons acting in concert with him for acquisition, if any, including by way of allotment in a public or rights or preferential issue during the twenty six week period prior to the date of Public Announcement (For details of preferential allotment, please refer to para 3.1.4 above)	Rs. 11.50 per Equity share for preferential allotment, as approved by Board of Directors in their meeting held on October 12, 2009 and as approved by the Shareholders in the Extra Ordinary General Meeting held on November 11, 2009
c)	the average of the weekly high and low of the closing prices of the shares of the Target Company as quoted on the Stock Exchange, where shares of the Company are most frequently traded during the twenty-six weeks preceding the date of public announcement	Rs. 9.00
d)	the average of the daily high and low of the prices of the shares as quoted on the stock exchange where shares of the company are most frequently traded during the two weeks preceding the date of public announcement	Rs. 11.30
e)	Other parameters as required under Regulation 20(5)	
	- Return on Networth (%) [1]	(21.58)
	- Book Value per share (Rs.) [2]	4.75
	- Earning Per Share (EPS) [3]	(1.03)
	- Price Earning multiple (with reference to Offer price of Rs.15 per share)	Not meaningful as EPS is negative.
	- The Industry Average Price Earning Multiple [4]	20.3*

[1] Return on Net worth calculated as Profit after tax / Net worth

[2] Book value per share calculated as Net worth / Number of outstanding shares as at the end of the year.

[3] Earning Per Share calculated as net profit attributable to equity holders / weighted average number of shares.

* Source: Capital Market October 5-18, 2009 (Sector: Engineering). The Target Company is engaged in Engineering Sector and its business operations can be compared with the companies disclosed in the Capital Market. However, the name of the Target Company is not appearing in the Capital Market. The Industry PE multiple is not strictly comparable as the Industry segment covered by the Capital Market consists of companies, which have varied and different businesses compared to Vulcan Engineers Limited and also vary widely in terms of financial parameters with the Target Company.

Mr. Madan Chaturvedi, Partner, M/s. Chaturvedi Manohar & Associates, Chartered Accountants (Membership No. 403572; Address: B-202, Crystal Plaza, New Link Road, Andheri (West), Mumbai – 400 053; Tel. No: +91-22-6671 5821; Fax No.: +91-22-6671 5824 have certified on October 14, 2009 that the fair value per equity share of Vulcan is Rs. 10 considering the book value and earning based value per share.

7.1.5. (a) The 26 weeks average of weekly high and low of BSE closing prices to the date of Public Announcement is as under:

Week No.	Week ending on	High (Rs.)	Low (Rs.)	Average (Rs.)	Total Volume
1	October 14, 2009	12.12	10.70	11.41	19074
2	October 7, 2009	11.85	11.11	11.48	29400
3	September 30, 2009	10.76	10.25	10.51	14827
4	September 23, 2009	11.07	10.05	10.56	6764
5	September 16, 2009	10.31	9.80	10.06	16024
6	September 9, 2009	10.85	10.00	10.43	8600
7	September 2, 2009	11.50	10.09	10.80	11120
8	August 26, 2009	10.50	10.00	10.25	7181
9	August 19, 2009	10.64	9.24	9.94	18949
10	August 12, 2009	10.00	9.55	9.78	5016

11	August 5, 2009	10.30	10.00	10.15	13703
12	July 29, 2009	9.66	7.99	8.83	21715
13	July 22, 2009	7.61	7.00	7.31	4044
14	July 15, 2009	7.58	6.97	7.28	5585
15	July 8, 2009	8.80	7.97	8.39	5636
16	July 1, 2009	9.05	8.45	8.75	23411
17	June 24, 2009	10.36	8.46	9.41	44165
18	June 17, 2009	-	-	-	-
19	June 10, 2009	11.00	10.88	10.94	3455
20	June 3, 2009	11.45	10.55	11.00	5716
21	May 27, 2009	10.05	8.47	9.26	6012
22	May 20, 2009	8.45	8.06	8.26	1050
23	May 13, 2009	8.45	8.08	8.27	401
24	May 6, 2009	8.11	7.71	7.91	1444
25	April 29, 2009	7.40	6.77	7.09	1801
26	April 22, 2009	6.50	5.46	5.98	3164
	Total			**233.99**	
	Average			**9.00**	

(Source: www.bseindia.com)

(b) 2 weeks daily high/low of BSE closing prices to the date of Public Announcement is as under:

Day No.	Dates	High (Rs.)	Low (Rs.)	Average (Rs.)	Total Volume
1	October 14, 2009	12.12	12.12	12.12	725
2	October 12, 2009	11.55	10.80	11.18	9999
3	October 9, 2009	11.23	10.70	10.97	5450
4	October 8, 2009	10.95	10.61	10.78	2900
5	October 7, 2009	11.82	11.00	11.41	9529
6	October 6, 2009	12.44	11.26	11.85	2580
7	October 5, 2009	11.85	10.80	11.33	13140
8	October 1, 2009	11.29	10.23	10.76	4151
	Total			**90.39**	
	Average			**11.30**	

(Source: www.bseindia.com)

(c) The details of closing prices and volume on BSE for the 26 weeks period preceding the date of Board Resolution which authorized the preferential allotment i.e. October 12, 2009 are as under:

Week No.	Week ending on	High (Rs.)	Low (Rs.)	Average (Rs.)	Total Volume
1	October 11, 2009	11.85	10.70	11.28	33599
2	October 4, 2009	11.29	10.25	10.77	14198
3	September 27, 2009	11.07	10.25	10.66	8403
4	September 20, 2009	10.31	9.82	10.07	6391
5	September 13, 2009	10.85	9.80	10.33	20074
6	September 6, 2009	10.96	10.00	10.48	6690
7	August 30, 2009	11.50	10.00	10.75	9684
8	August 23, 2009	10.64	10.00	10.32	19402
9	August 16, 2009	10.00	9.24	9.62	7784
10	August 9, 2009	10.25	10.00	10.13	3156

11	August 2, 2009	10.30	8.79	9.55	29023
12	July 26, 2009	8.38	7.25	7.82	4060
13	July 19, 2009	7.35	6.97	7.16	7464
14	July 12, 2009	7.97	7.58	7.78	1761
15	July 5, 2009	9.05	8.37	8.71	10474
16	June 28, 2009	9.36	8.46	8.91	27377
17	June 21, 2009	10.36	9.85	10.11	34950
18	June 14, 2009	10.90	10.90	10.90	500
19	June 7, 2009	11.45	10.88	11.17	5501
20	May 31, 2009	11.05	9.33	10.19	7059
21	May 24, 2009	8.89	8.06	8.48	3072
22	May 17, 2009	8.45	8.08	8.27	502
23	May 10, 2009	8.11	7.71	7.91	1444
24	May 3, 2009	7.40	6.77	7.09	846
25	April 26, 2009	7.12	6.01	6.57	1744
26	April 19, 2009	5.73	5.20	5.47	2675
	Total			**240.43**	
	Average			**9.25**	

(Source: www.bseindia.com)

(d) The average of daily high and low prices of the Equity Shares during the 2 weeks period preceding the date of board resolution which authorized the preferential allotment i.e. October 12, 2009 on BSE is given below:

Week	Week ending on	High (Rs.)	Low (Rs.)	Average (Rs.)	Total Volume
1	October 11, 2009	11.85	10.70	11.28	33599
2	October 4, 2009	11.29	10.25	10.77	14198
	Total			**22.05**	
	Average			**11.02**	

(Source: www.bseindia.com)

In the opinion of the Manager to the Offer, the Offer Price of Rs. 15/- per equity share offered by the Acquirer to the shareholders of Vulcan under the proposed Open Offer is justified in terms of Regulation 20(4) and 20(5) of SEBI (SAST) Regulations.

7.1.6. If the Acquirer acquires shares of the Target Company after the date of this PA and up to 7 working days prior to the closure of the Offer at a price higher than the Offer Price, then the highest price paid for such acquisition shall be payable for all valid applications received under the Offer. Details of such acquisitions will be disclosed by the Acquirer within 24 hours of such acquisition to the BSE and to the Manager to the Offer in terms of Regulation 22(17) of SEBI (SAST) Regulations.

7.1.7. There is no non-compete agreement entered into by the Acquirer with the Target Company.

7.1.8. As per the SEBI (SAST) Regulations, the Acquirer can revise the Offer Price / Offer Size up to seven working days prior to the closure of this Offer, and the revision, if any, would be announced in the same newspapers where the PA has appeared and the revised price will be paid for all shares acquired pursuant to this Offer.

7.2. Financial arrangements

7.2.1. The total fund requirement for the acquisition of 16,38,000 equity shares, being 20% of the paid up share capital of Target Company, at Rs. 15/- (Rupees Fifteen only) per equity share, assuming full acceptance, is Rs. 2,45,70,000 (Rupees Two Crores Forty Five Lakhs and Seventy Thousand only).

7.2.2. In accordance with the requirements of the SEBI (SAST) Regulations , the Acquirer has made a cash deposit of Rs. 61,50,000(Rupees Sixty One Lakhs Fifty Thousand only), being 25.03% of the consideration payable in the Open Offer, in a bank account named “Vulcan Engineers Limited Open Offer Escrow Account” **(the “Escrow Account-Cash”)** with The Hongkong and Shanghai Banking Corporation Limited, Shiv Building, Plot No. 139-140, B, Western Express Highway, Sahar Road Junction. Vile Parle (East), Mumbai -400057 **[the “Escrow Bank”]**, in terms of an agreement dated October 12, 2009 amongst the Acquirer, Manager to the Offer and the Escrow Bank **(the “Escrow Agreement”)**. Manager to the

Offer has been solely authorized by the Acquirer to operate and realize the value of Escrow Account in terms of the SEBI (SAST) Regulations.

7.2.3 The Acquirer has adequate resources to meet the financial requirements of the Offer and has made firm financial arrangements to implement the Offer and meet the obligations in full. The details of the liquid assets, as on June 30, 2009, available with the Acquirer to meet the fund requirements of the Offer are as follows:

Cash resources	
Bank and Post deposits	€ 1,265,819
Cash	€ 28,231
Total Cash resources	€ **1,294,050**
Other Current assets:	
Stock	
Raw, subsidiary and wear materials	€ 14,400
Works in progress on jobs	€ 2,926,439
Products and goods	€ 52,102
Total	€ **2,992,941**
Credits	
Customers	€ 10,955,245
Holding companies	€ 1,541,577
Fiscal credits	€ 986,065
Taxes in advance	€ 6,057
Other credits	€ 788,308
Total	€ **14,277,252**
Financial assets	
Other shares and bonds	€ 2,828,980
Total	€ **2,828,980**
Total current assets (including cash resources)	€ **21,393,223**

(Equivalent to INR 14789.14 lacs (1 Euro = INR 69.13 as on November 13, 2009)

Dr. Debora Rattazzo, Chartered Accountants, have vide their letter dated November 14, 2009, certified and confirmed that the liquid assets would be in place till the financial obligations of the Offer are duly met in terms of the SEBI (SAST) Regulations.

7.2.4 Dr. Debora Rattazzo, Chartered Accountants, located at Corso di Porta Tiocinese n. zip code 20123, Milano-Italy, Tel.: +390236569600, Fax: +39026599574, Email: d.rattazzo@terruzzi-partners.com, Membership No.: 135775 vide their certificate dated October 12, 2009 confirmed and certified that sufficient resources are available with the Acquirer for fulfilling the obligations under this Offer in full.

7.2.5 The Acquirers have confirmed that the Offer is being implemented through its own funds.

7.2.6 In case of a revision in the Offer price, the Acquirer would raise the amount in the escrow account to ensure compliance with Regulation 28 of the SEBI (SAST) Regulations.

7.2.7 Manager to the Offer, is satisfied that the firm arrangements for financial resources required to implement the Offer i.e. funds for payment through verifiable means are in place to fulfill the obligations of the Acquirer under the Offer and is satisfied that the adequate resources are available to meet the financial requirements of the Offer in accordance with the Regulations.

8. TERMS AND CONDITIONS OF THE OFFER

8.1 The Acquirer made a Public Announcement on October 15, 2009 for the Offer. This Offer is being made to all the Equity Shareholders of Target Company (other than the Acquirer, Sellers and parties to the Agreement) and the Letter of Offer together with the Form of Acceptance cum Acknowledgement, Form of Withdrawal and Share Transfer Form (for shareholders holding Equity Shares in the physical form) is being mailed to those shareholders of Target Company whose names appear on the register of members of the Target Company and to the beneficial owners of the Equity Shares of Target Company whose names appear as beneficiaries on the beneficial record of the respective Depositories, at the close of business on the Specified Date (i.e. October 23, 2009).

8.2 All Equity Shares tendered and accepted under the Offer, will be acquired by the Acquirer, subject to the terms and conditions set out in this Letter of Offer. All necessary requirements for the valid transfer of the Equity Shares to the Acquirer will be preconditions for acceptance of the tendered Equity Shares. Besides the Equity Shares allotted by Target Company to the Acquirer consequent to the Preferential Issue, Target Company does not have any Equity Shares that are subject to lock-in.

8.3 All owners of equity shares of the Target Company, demat/physical, registered/unregistered (other than the Acquirer, Sellers and parties to the Agreement) are eligible to participate in the Open Offer, at any time before the date of closure of the Offer. No indemnity is required from such unregistered owners.

8.4 Letter of Offer, Form of Acceptance-cum-Acknowledgement and Form of Withdrawal will be available on SEBI's website: www.sebi.gov.in, from the Offer opening date i.e. December 10, 2009.

8.5 Applications in respect of equity shares of the Target Company that are subject matter of litigation, wherein the shareholders of the Target Company may be prohibited from transferring the equity shares during the pendency of the said litigation, are liable to be rejected in case suitable directions / orders to the satisfaction of Acquirer from competent authority regarding these equity shares are not received together with the equity shares tendered under the Offer. The Acquirer at its sole discretion, in such cases, may forward the Letter of Offer to the concerned statutory authorities for further action at their end.

8.6 If the shares tendered in this Offer by the shareholders of the Target Company are more than the equity shares agreed to be acquired under this Offer, the Acquirer shall accept the offers received from the public shareholders on a proportionate basis as per Regulation 21(6) of the SEBI (SAST) Regulations in consultation with the Manager to the Offer such that the acquisition from each shareholder shall not be less than the minimum marketable lot or the entire holding, if it is less than the marketable lot. The marketable lot for the Target Company is 1 (one) Equity Share.

8.7 The Offer will open on December 10, 2009 (the "Offer Opening date") and close on December 29, 2009 (the "Offer Closing Date").

8.8 The Offer is not subject to any minimum level of acceptance. The acceptance of the Offer is entirely at the discretion of the shareholders of the Target Company. Each shareholder of the Target Company to whom this Offer is being made, is free to offer his shareholding in Target Company, in whole or in part while accepting the Offer.

8.9 The acceptance of the Offer must be unconditional and should be on the enclosed Form of Acceptance and sent along with the other documents duly filled in and signed by the applicant shareholder(s).

8.10 The Acquirer will not be responsible in any manner for any loss of Equity Share certificate(s) and offer acceptance documents during transit and the shareholders of the Target Company are advised to adequately safeguard their interest in this regard.

8.11 Equity Shares that are subject to any charge, lien or encumbrance are liable to be rejected. Acquirer will acquire the Equity Shares free from all liens, charges and encumbrances and together with all rights attached thereto, including the right to dividends, bonus and rights declared hereafter.

8.12 Accidental omission to dispatch the Letter of Offer or any further communication to any person to whom the Letter of Offer is or should be made or the non-receipt of the Letter of Offer by any such person shall not invalidate the Offer in any way.

8.13 This Offer is subject to receipt of the statutory approvals mentioned in paragraph 9 of this Letter of Offer. In terms of Regulation 27 of the Regulations, if the statutory approvals are refused, the Offer would stand withdrawn.

8.14 The securities transaction tax will not be applicable to the Equity Shares accepted in the Offer.

9 STATUTORY/OTHER APPROVALS REQUIRED FOR THE OFFER

9.1 The Offer along with any obligation to make payment for, or purchase the Equity Shares tendered and accepted, is subject to the receipt of the approval from the Reserve Bank of India ("RBI") under the Foreign Exchange Management Act, 1999 ("FEMA") and the rules and regulations made thereunder. The Acquirer has filed an application with the RBI on October 28, 2009 for approval to acquire Equity Shares from residents/non-resident persons pursuant to the Offer. RBI vide their letter no. FE.CO.FID/13025/10.21.171/2009-10 dated November 17, 2009 requested for additional information relating to the transferors, Target Company and copy of valuation certificate from Chaturvedi Manohar & Associates, Chartered Accountants. The Acquirer had submitted their reply to RBI on November 23, 2009. The approval from RBI is pending as on the date of this Letter of Offer.

9.2 As of the date of the PA, other than the above, no statutory approvals are required to acquire the Equity Shares tendered pursuant to this Offer. If any other statutory approvals are required or become applicable, the Offer would be subject to receipt of such other statutory approvals. In terms of Regulation 27 of the Regulations, the Acquirer and the PAC will not proceed with the Offer in the event that such statutory approvals that are required are not obtained.

9.3 In case of delay in receipt of any statutory approval(s), SEBI has the power to grant an extension of time to the Acquirer for payment of consideration to the tendering Shareholders, subject to the Acquirer agreeing to pay interest for the delayed period as directed by SEBI in terms of Regulation 22(12) of the SEBI (SAST) Regulations. Further, if the delay occurs on account of willful default by the Acquirer in obtaining the requisite approvals, Regulation 22(13) of the SEBI (SAST) Regulations will become applicable.

9.4 If the Acquirer fails to obtain the requisite approvals in time due to willful default or neglect or inaction or non-action on its part, the amount held in the Escrow accounts shall be subject to forfeiture and be dealt with in the manner provided in Regulation 28(12)(e) of the Regulations.

9.5 The Acquirer does not require any approvals from financial institutions or banks for the Offer.

10 PROCEDURE FOR ACCEPTANCE AND SETTLEMENT

10.1 The Acquirer has appointed Karvy Computershare Private Limited ("Karvy") as Registrar to the Offer.

10.2 Karvy has set up the following centres to collect the acceptances being tendered in this Offer.

Sr. No.	Collection Centre	Address of Collection Centres	Contact Person	Phone No.	Fax No.	Mode of delivery
1.	Mumbai	Karvy Computershare Pvt. Ltd 24, Maharashtra Chamber of Commerce Lane,Opp. MSC Bank, Fort, Mumbai – 400 023	Ms. Nutan Shirke	022-66381747/ 22842666	022-66331135	Hand Delivery
2.	New Delhi	Karvy Computershare Pvt. Ltd. 105-108, Arunachal Bldg., 19, Barakhamba Road, New Delhi - 110 001	Mr. Rakesh Kr Jamwal / Mr. Vinod Singh Negi	011-43509200	011-41036370	Hand Delivery
3.	Chennai	Karvy Computershare. Pvt. Ltd. No. 33 / 1, Venkatraman Street, T. Nagar, Chennai – 600017	Mr. Gunashekhar	044 -28151793/ 1794	044-28153181	Hand Delivery
4.	Kolkata	Karvy Computershare Pvt. Ltd. 49, Jatin Das Road, Nr.Deshpriya Park, Kolkata - 700 029	Mr. Sujit Kundu / Mr. Debnath	033-24644891	033-24644866	Hand Delivery
5.	Hyderabad	Karvy Computershare. Pvt. Ltd. Plot No 17-24, Vithalrao Nagar, Madhapur, Hyderabad - 500 081	Ms. Rinki Sareen	040-23420818-23	040-23431551	Hand Delivery/ Regd Post

The documents can be tendered at the above centers between 10.00 am to 3.00 pm from Monday to Friday and 10.00 am to 1.00 pm on Saturdays. The centers will be closed on Sundays and public holidays.

Shareholders of Target Company, (other than the Acquirer, Sellers and parties to the Agreement) who wish to accept this Offer and tender their shares will be required to send the under mentioned documents, to the Registrar to the Offer, Karvy Computershare Private Limited, Plot No 17-24, Vithalrao Nagar, Madhapur, Hyderabad – 500 081; Phone: +91-40-2342 0815-23; Fax: +91-40-2343 1551; Website: www.karvy.com; Email: murali@karvy.com; Contact Person: Mr. M. Murali Krishna, either by hand delivery on weekdays or by Registered Post, on or before the close of the Offer, i.e. no later than December 29, 2009 so as to reach the Registrar on or before the close of business hours. They can also tender their shares by hand delivery at any collection centres mentioned above.

In case of dematerialised Equity Shares, the shareholders should ensure that the credit to the Special Depository Account mentioned in paragraph 10.4 below should be received on or before December 29, 2009. In order to ensure this, beneficial owners should tender the delivery instructions at least two working days prior i.e. by December 23, 2009. Form of Acceptance of such dematerialised Equity Shares not credited to the Special Depository Account before the date of closing of this Offer is liable to be rejected.

The Share certificate(s), Share Transfer Form, Form of Acceptance and other documents, as required should be sent only to the Registrar to the Offer, at the collection centers mentioned in paragraph 10.2 above. No document should be sent to the Acquirer or the Manager to the Offer or the Target Company.

10.3 Procedure for Equity Shares held in Physical Form

- **Registered shareholders of the Target Company should enclose:**
  - ➢ Form of Acceptance –cum- Acknowledgement duly completed and signed in accordance with the instructions contained therein, by sole/joint shareholders whose name(s) appears on the equity share certificate(s) and in the same order and as per the specimen signature lodged with the Target Company;
  - ➢ Original equity share certificate(s);
  - ➢ Valid Share Transfer Form(s) duly signed as transferor(s) by the sole/joint shareholder(s) in the same order and as per specimen signatures lodged with Target Company and duly witnessed at the appropriate place. The Share Transfer Form should be left blank, except for the signatures as mentioned above. Attestation, where required (thumb impressions, signature difference, etc.) should be done by a Magistrate, Notary Public or Special Executive Magistrate or a similar authority holding a public office and authorized to use the seal of his office or a member of a recognized stock exchange under their seal of office and membership number or manager of the transferor's bank. A blank Share Transfer Form is enclosed along with the Letter of Offer.

In case of registered shareholder, non receipt of the aforesaid documents, but receipt of the share certificates and the duly completed Share Transfer Form, shall be deemed that the Offer has been accepted.

Notwithstanding that the signature(s) of the transferor(s) has/have been attested as aforesaid, if the signature(s) of the transferor(s) differs from the specimen signature(s) recorded with the Target Company or are not in the same order, such Equity Shares are liable to be rejected under this Offer even if the Offer has been accepted by a *bona fide* owner of such Equity Shares.

- **Unregistered owners of Equity Shares of the Target Company should enclose:**
  - ➢ Form of Acceptance duly completed and signed in accordance with the instructions contained therein;
  - ➢ Original Equity Share Certificate(s);
  - ➢ Original Broker Contract Note;
  - ➢ Valid Share Transfer Form(s) as received from the market. The details of buyer should be left blank failing which the same will be considered invalid under the Offer. All other requirements for valid transfer (including matching of signatures) will be preconditions for acceptance.
  - ➢ The acknowledgement received, if any, from the Target Company in case the Equity Shares have been lodged with the Target Company. Such persons should instruct the Target and its Registrar and Transfer agents to send the transferred share certificate(s) directly to the collection center as mentioned in paragraph 10.2 above. The applicant should ensure that the certificate(s) reach the designated collection center before the date of closing of the Offer.

Unregistered owners can send their acceptance of the Offer in writing to the Registrar to the Offer, Karvy, at the collection centers as mentioned in paragraph 10.2 above, on plain paper stating Name, Address, No. of Equity Shares held, No. of Equity Shares offered, Distinctive Nos., Folio No., together with the original Share Certificate(s), valid Share Transfer Forms in case of Equity Shares held in physical form and the original contract note issued by the broker through whom they acquired their Equity Shares. No indemnity is required from the unregistered owners.

Unregistered owners if they so desire may also apply on the Form of Acceptance downloaded from the SEBI's website (www.sebi.gov.in).

10.4 Procedure for Equity Shares held in Demat Form

- **Beneficial owners should enclose:**
  - ➢ Form of Acceptance cum Acknowledgment duly completed and signed in accordance with the instructions contained therein, by sole/joint shareholders whose names appear in the beneficiary account and in the same order therein. The Form of Acceptance has to be tendered by the beneficial holder of Equity Shares only.
  - ➢ A photocopy or counterfoil of the delivery instructions in "off market" mode, duly acknowledged by the beneficial owners depository participant and filled as per the details of the Special Depository Account given below.
  - ➢ Registrar to the Offer has for the purpose of this Open Offer, opened a Special Depository Account with National Securities Depository Limited ("NSDL") called, "KCPL Escrow Account VEL Open Offer". Beneficial owners are requested to fill in the following details in the delivery instructions for the purpose of crediting their Equity Shares in the Special Depository Account:

DP Name	:	Karvy Stock Broking Limited
DP ID	:	IN302470
Client ID	:	40237236
Account Name	:	KCPL Escrow Account VEL Open Offer
Depository	:	National Securities Depositories Limited
ISIN	:	INE699C01017
BSE Scrip Code	:	522080

  - ➢ The credit for the delivered shares should be received in the Special Depository Account on or before the closure of the Open Offer.

In case of non receipt of the aforesaid documents, but receipt of the shares in the Special Depository Account, the Offer shall be deemed to be accepted.

Shareholders, having their beneficiary account with CDSL have to use inter-depository delivery instruction slip for the purpose of crediting their Equity Shares in favour of the Special Depository Account with NSDL. Since the Equity Shares of the Target are in compulsory demat mode, the minimum marketable lot for such shares will be one.

- **Shareholders who have sent their Equity Share Certificates for dematerialisation should enclose:**
  - ➢ Form of Acceptance duly completed and signed in accordance with the instructions contained therein by the sole/ joint Equity Shareholders whose name appears on the Equity Share Certificate and in the same order and as per the specimen signature lodged with Target Company.
  - ➢ A copy of the dematerialisation request form duly acknowledged by the Equity Shareholders depository participant.

  Such Equity Shareholders should ensure that the credit of their Equity Shares tendered under Offer to the Special Depository Account is made on or before the date of closing of the Offer, otherwise the same are liable to be rejected. Alternatively, if the Equity Shares sent for dematerialization are yet to be processed by the equity shareholders' Depository Participants, the equity shareholders can withdraw their dematerialization request and tender the equity shares certificates in the Offer as per the procedure mentioned in Paragraph 10.3.

10.5 Procedure to be adopted in case of non-receipt of the Letter of Offer

- **By Equity Shareholders holding Equity Shares in physical form**

  In case of non-receipt of the Letter of Offer, the eligible persons may download these documents from the SEBI's website (www.sebi.gov.in) or may obtain a copy of the same from the Registrar's office by writing to the Registrars to the Offer. Alternatively, the shareholders may send their acceptances on plain paper to the Registrar to the Offer, at the collection centers as mentioned in paragraph 10.2 above stating their name, address, number of equity shares held, number of equity shares tendered, distinctive numbers, folio number together with Original Share Certificate(s), Original broker contract note and duly executed valid Share Transfer Form so as to reach the Registrar to the Offer on or before the close of the Offer, i.e. no later than December 29, 2009. Where the transfer deeds are signed by a constituted attorney, a certified copy of the power of attorney shall also be lodged. In case of body corporate or limited companies, certified copy of the Memorandum & Articles of Association and copy of Board Resolution authorizing the signatory shall also be sent alongwith.

  Shareholders who have lodged their Equity Shares for transfer with Target Company must also send the acknowledgement received, if any, from Target Company towards such lodging of Equity Shares. Such persons should instruct the Target Company and its Registrar and Transfer Agents to send the transferred share certificate(s) directly to the collection center as mentioned in paragraph 10.2 above. The applicant should ensure that the certificate(s) reach the designated collection center before the date of closing of the Offer.

- **By Equity Shareholders holding Equity Shares in dematerialised form**

  Beneficial owners may send the acceptance of Offer in writing to the Registrar to the Offer, at the collection centers as mentioned in paragraph 10.2 above on plain paper stating the name, address, number of shares held, number of shares offered, DP name, DP ID, beneficiary account number and a photocopy of the delivery instruction in "Off-market" mode or counterfoil of the delivery instruction in "Off-market" mode, duly acknowledged by the DP, in favour of Special Depository Account, the details of which are mentioned in Paragraph 10.4 above, so as to reach the Registrar, on or before the close of the Offer, i.e. no later than December 29, 2009.

  Shareholders, having their beneficial account with CDSL have to use inter-depository delivery instruction slip for the purpose of crediting their Equity Shares in favour of the Special Depository Account with NSDL.

  No indemnity is required while sending the acceptance of the Offer on plain paper.

  Shareholders not receiving the Letter of Offer, if they so desire, may also apply on the Form of Acceptance downloaded from SEBI web site (www.sebi.gov.in).

10.6 The shareholders should also provide all relevant documents, which are necessary to ensure transferability of the Equity Shares in respect of which the acceptance is being sent. Such documents may include, but are not limited to:

(i) duly attested death certificate and succession certificate in case of single shareholder;

(ii) duly attested Power of Attorney if any person apart from the shareholder has signed the Form of Acceptance and/or Share Transfer Form(s);

(iii) in case of companies, the necessary corporate authorization (including Board Resolution);

(iv) any other relevant documentation.

10.7 Unaccepted share certificates, transfer forms and other documents, if any, will be returned by Registered Post / speed post at the shareholder's / unregistered owner's sole risk to the sole / first shareholder. Unaccepted shares held in dematerialized form will be credited back to the beneficial owners' depository account with the respective depository participant as per the details furnished by the beneficial owner in the Form of Acceptance-cum-Acknowledgement.

10.8 The Registrar to the Offer will hold in trust the Form of Acceptance, Equity Share certificates, Share Transfer Forms and shares lying in credit of the Special Depository Account and other documents on behalf of the shareholders of Target Company who have tendered in the Offer, until the Acquirer completes its obligations under the Offer in accordance with SEBI (SAST) Regulations. The Acquirer would not have access to these Equity Shares till such time.

10.9 The Acquirer shall accept all valid fully paid up shares tendered (except those which are withdrawn, within the date specified for withdrawal). Equity Shares will be acquired by the Acquirer free from lien, charges and encumbrances of any kind whatsoever and together with all the rights attached thereto including the right to dividend, bonus and rights issue thereafter.

10.10 If the number of shares tendered by the shareholders is more than the Offer Size, the acquisition from each shareholder will be as per Regulation 21(6) of the Regulations, on a proportionate basis in consultation with the Manager to the Offer taking care to ensure that the basis of acceptance is decided in a fair and equitable manner and does not result in non-marketable lots. Provided that, acquisition of Equity Shares from a shareholder, shall not be less than the minimum marketable lot or the entire holding, if it is less than the marketable lot. As the Shares trade in compulsory dematerialized segment, the minimum marketable lot for the Shares is 1 (one).

10.11 While tendering the shares under the Offer, Non Resident Indians ("**NRIs**") / Overseas Corporate Bodies ("**OCBs**") / foreign shareholders will be required to submit, along with the Form of Acceptance cum Acknowledgement, the previous RBI approvals (specific or general) that they would have been required to submit to acquire the shares of the Target Company. In case the previous RBI approvals are not submitted, the Acquirer reserves the right to reject such shares tendered.

10.12 In terms of Regulation 22(5A) of the Regulations, shareholders desirous of withdrawing their acceptance tendered by them in the Offer, may do so up to three working days prior to the date of closing of the Offer. The withdrawal option can be exercised by submitting the documents as per the instructions below, so as to reach the Registrar to the Offer at any of the collection centers mentioned above as per the mode of delivery indicated therein on or before December 22, 2009.

10.12.1 The withdrawal option can be exercised by submitting the following:

i. For Equity Shares held in demat form:

Beneficial owners should enclose:

- Duly signed and completed Form of Withdrawal accompanying the LOF. The signature(s) should be attested by the depository participant.
- Acknowledgement slip in original/copy of the submitted Form of Acceptance submitted by registered post.
- Photocopy of the delivery instruction in "Off-market" mode or counterfoil of the delivery instruction in "Off-market" mode, duly acknowledged by the depository participant.

ii. For Equity Shares held in physical form:

Registered Shareholders should enclose:

- Duly signed and completed Form of withdrawal accompanying the LOF.
- Acknowledgement slip in original/copy of the submitted Form of Acceptance submitted by registered post.
- In case of partial withdrawal, valid Share Transfer Form(s) duly signed as transferors by all registered shareholders (in case of joint holdings) in the same order and as per specimen signatures registered with Target Company and duly witnessed at the appropriate place.

Unregistered owners should enclose:

- Duly signed and completed Form of Withdrawal.
- Acknowledgement slip in original/Copy of the submitted Form of Acceptance submitted by registered post.

10.12.2 In case of non-receipt of Form of Withdrawal, the withdrawal option can be exercised by making a plain paper application along with the following details:

- ***In case of physical shares***: Name, Address, Distinctive Numbers, Folio Number, Number of Shares tendered and to be withdrawn; and
- ***In case of dematerialized shares***: Name, Address, Number of Shares offered and number of shares to be withdrawn, DP name, DP ID, beneficiary account number and a photocopy of the delivery instruction in "Off-market" mode or counterfoil of the delivery instruction in "Off-market" mode, duly acknowledged by the depository participant, in favour of the Special Depository Account;
- Acknowledgement slip in original/Copy of the submitted Form of Acceptance submitted by registered post.

In case of non-receipt of Form of Withdrawal, eligible persons may download it from the SEBI's website (www.sebi.gov.in).

10.12.3 The withdrawal of shares will be available only for the share certificates/shares that have been received by the Registrar to the Offer / credited to Special Depository Account.

10.12.4 The intimation of returned shares to the Shareholders will be at the address as per the records of the Target Company/ depository as the case may be.

10.12.5 The Form of Withdrawal should be sent only to the Registrar to the Offer.

10.12.6 In case of partial withdrawal of shares tendered in physical form by the registered shareholder, if the original share certificates are required to be split, the same will be returned on receipt of share certificates from Target Company.

10.12.7 Partial withdrawal of tendered shares can be done only by the Registered shareholders/beneficial owners. In case of partial withdrawal, the earlier Form of Acceptance will stand revised to that effect.

10.12.8 Shareholders holding shares in dematerialized form are requested to issue the necessary standing instruction for receipt of the credit in their DP account.

10.13 Payment of consideration

Payment to those shareholders whose share certificates and/or other documents are found valid and in order and are approved by the Manager to the Offer and the Acquirer, will be by way of a crossed account payee cheque/ demand draft/ pay order/ through Direct Credit ("**DC**")/ National Electronic Funds Transfer ("**NEFT**")/ Real Time Gross Settlement ("**RTGS**")/ National Electronic Clearing Services ("**NECS**")/ Electronic Clearing Services ("**ECS**"). Shareholders who opt for receiving consideration through DC/NEFT/RTGS/NECS/ECS are requested to give the authorization for the same in the Form of Acceptance cum Acknowledgement and enclose a photocopy of cheque along with form of Acceptance. The decision regarding the acquisition (in part or full), or rejection of, the equity shares tendered pursuant to this Offer and (i) any corresponding payment for the acquired equity shares and/or (ii) share certificates for any rejected equity shares or equity shares withdrawn, will be dispatched to the shareholders by registered Post or under certificate of posting as the case may be*, at the shareholder's sole risk. Equity shares held in dematerialised form to the extent not acquired or equity shares withdrawn will be credited back to the respective beneficiary account with their respective DPs as per the details furnished by the beneficial owners in the Form of Acceptance-cum-Acknowledgement.

* Dispatches involving payment of a value in excess of Rs.1,500 (Rupees Fifteen Hundred only) will be made by registered post at the shareholder's sole risk. All other dispatches will be made under certificate of posting at the shareholder's sole risk.

10.14 All cheques/demand drafts will be drawn in the name of the first holder, in case of joint registered holder(s). In case of unregistered owners of shares, payment will be made in the name of the person stated in the contract note.

10.15 The payment of consideration, if any, would be done through any of the following modes:

- **Electronic Clearing System ('ECS')** – Payment would be done through ECS for Shareholders having an account at any of the following 68 centers: Ahmedabad, Bangalore, Bhubaneshwar, Kolkata, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Mumbai, Nagpur, New Delhi, Patna, Thiruvananthapuram (managed by RBI); Baroda, Dehradun, Nashik, Panaji, Surat, Trichy, Trichur, Jodhpur, Gwalior, Jabalpur, Raipur, Calicut, Siliguri (Non-MICR), Pondicherry, Hubli, Shimla (Non-MICR), Tirupur, Burdwan (Non-MICR), Durgapur (Non-MICR), Sholapur, Ranchi, Tirupati (Non-MICR), Dhanbad (Non-MICR), Nellore (Non-MICR) and Kakinada (Non-MICR) (managed by State Bank of India); Agra, Allahabad, Jalandhar, Lucknow, Ludhiana, Varanasi, Kolhapur, Aurangabad, Mysore, Erode, Udaipur, Gorakpur and Jammu (managed by Punjab National Bank); Indore (managed by State Bank of Indore); Pune, Salem and Jamshedpur (managed by Union Bank of India); Visakhapatnam (managed by Andhra Bank); Mangalore (managed by Corporation Bank); Coimbatore and Rajkot (managed by Bank of Baroda); Kochi/Ernakulum (managed by State Bank of Travancore); Bhopal (managed by Central Bank of India); Madurai (managed by Canara Bank); Amritsar (managed by Oriental Bank of Commerce); Haldia (Non-MICR) (managed by United Bank of India); Vijaywada (managed by State Bank of Hyderabad); and Bhilwara (managed by State Bank of Bikaner and Jaipur). This mode of payment would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories. The payment through ECS is mandatory for Shareholders having a bank account at any of the abovementioned 68 centers, except where the Shareholder, being eligible, opts to receive payment through direct credit or RTGS.

- **Direct Credit** (DC) – Shareholders having bank accounts with the Escrow Banker, as mentioned in the Acceptance cum Acknowledgement Form, shall be eligible to receive payments through direct credit. Charges, if any, levied by the Escrow Bank for the same would be borne by the Acquirer.

- **Real Time Gross Settlement ('RTGS')** – Shareholders having a bank account at any of the abovementioned 68 centres and whose amount exceeds Rs. 1 lakh, have the option to receive the payment through RTGS. Such eligible Shareholders who indicate their preference to receive payment through RTGS are required to provide the IFSC code in the Acceptance-cum-Acknowledgement Form. In the event the same is not provided, payment shall be made through ECS. Charges, if any, levied by the Escrow Bank for the same would be borne by the Acquirer. Charges, if any, levied by the Shareholder's bank receiving the credit would be borne by the Shareholder.

- **National Electronic Fund Transfer ('NEFT')** – Payment shall be undertaken through NEFT wherever the Shareholder's bank has been assigned the Indian Financial System Code ('IFSC'), which can be linked to a MICR, if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment, duly mapped with MICR numbers. Wherever the Shareholders have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment will be made to the Shareholder through this method. The process flow in respect of payments by way of NEFT is at an evolving stage and hence use of NEFT is subject to operational feasibility, cost and process efficiency. In the event that NEFT is not operationally feasible, the payment would be made through any one of the other modes as discussed above.

For all other Shareholders, and those who have not updated their bank particulars with the MICR code, the payments will be despatched under certificate of posting for value upto Rs. 1,500 and through Speed Post/ Registered Post for payments above Rs. 1,500. Such payments will be made by cheques, pay orders or demand drafts drawn on the Escrow Bank and payable at par at places where acceptance forms are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Shareholders.

The bank account details for ECS / Direct Credit / RTGS / NEFT will be directly taken from the details as provided by the shareholders in the Form of Acceptance cum Acknowledgement or Depositories' database. Therefore, shareholders are advised to update their Bank Account details including Account Number, MICR code and other demographic details with their Depository Participant to ensure the payment is credited correctly to their Bank Account.

10.16 Tax to be deducted at Source

(a) As per the provisions of Section 196D (2) of the Income Tax Act, 1961, no deduction of tax at source will be made from any income by way of capital gains arising from the transfer of securities referred to in Section 115AD of the Income Tax Act, 1961 to a Foreign Institutional Investor as defined in Section 115AD of the Income Tax Act, 1961. However the interest payment for delay in payment of consideration, if any, will not be governed by this provision.

(b) While tendering their equity shares under the Offer, NRIs, OCBs and other non-resident shareholders will be required to submit a No Objection Certificate or Tax Clearance Certificate or Certification for Deduction of Tax at lower rate from the Income tax authorities under the Income Tax Act, 1961 indicating the amount of tax to be deducted by Acquirer before remitting the consideration, failing which Acquirer will arrange to deduct tax at the maximum marginal rate as may be applicable to the relevant category to which the Shareholder belongs under the Income Tax Act, 1961, on the entire consideration amount payable to such shareholder.

(c) In case of resident shareholders, tax will be deducted on the interest component, if any, exceeding Rs. 5,000/- at the applicable current prevailing rates. If the resident shareholder requires that no tax is to be deducted or tax is to be deducted at a lower rate than the prescribed rate, such shareholders will be required to submit a NOC or Tax Clearance Certificate or Certificate for Deduction of Tax at Lower Rate from the Income-tax authorities under the Income-tax Act, 1961 indicating the amount of tax to be deducted by Acquirer or a self-declaration in Form 15G or Form 15H as may be applicable.

(d) All resident shareholders would be required to submit their Permanent Account Number for Income-tax purposes.

(e) Clauses in this paragraph 9.13 relating to payment of interest will become applicable only if the Acquirer becomes liable to pay interest for delay in release of purchase consideration.

10.16.1 Barring unforeseen circumstances and factors beyond their control, the Acquirer intend to complete all procedures relating to the Offer, including payment of consideration to the shareholders who have accepted the Offer, within 15 days from the date of closing of this Offer and for the purpose open a special account as provided under Regulation 29 of the Regulations.

Provided that where the Acquirer is unable to make the payment to the shareholders who have accepted the Offer before the said period of 15 days due to non-receipt of requisite statutory approvals, SEBI may, if satisfied that non-receipt of requisite statutory approvals was not due to any willful default or neglect of the Acquirer or failure of the Acquirer to diligently pursue the applications for such approvals, grant extension of time for the purpose, subject to the Acquirer agreeing to pay interest to the shareholders for delay beyond 15 days, as may be specified by SEBI from time to time, in accordance with Regulation 22(12) of the Regulations.

11 DOCUMENTS FOR INSPECTION

The following documents will be available for inspection to the shareholders of Vulcan Engineers Limited at the Mumbai Office of Manager to the Offer at 33, Vaswani Mansion, 6th floor, Dinshaw Vachha Road, Churchgate, Mumbai-400020 on all working days, from the date of opening of the Offer till the date of closing of the Offer, between 10.00 a.m. and 3.00 p.m., except Sundays and Public Holidays.

a) Certificate of Incorporation, Memorandum and Articles of Association of the Acquirer.

b) Certificate dated October 12, 2009 from Statutory Auditors of the Acquirer, certifying the adequacy of financial resources to fulfill the Open Offer obligations.

c) Copy of certificate from Chartered Accountant dated October 14, 2009 in respect of fair value of equity shares of Vulcan Engineers Limited.

d) Audited annual reports of the Target Company and Acquire for last 3 years. A copy of certified limited review accounts of Target Company for the period April 1, 2009 to June 30, 2009.

e) Letter from the Escrow Bank dated October 14, 2009 confirming cash deposit and authorization in favour of Manager to the Offer to operate the Escrow Account.

f) A copy of certificate from the Chartered Accountant giving details of the liquid assets of the Acquirer as on June 30, 2009.

g) A copy of Share Purchase cum Share Subscription cum Shareholders Agreement dated October 12, 2009.

h) A published copy of Public Announcement dated October 15, 2009.

i) Copy of the observation letter from SEBI no. CFD/DCR/TO/DMS/185081/2009 dated November 26, 2009 in terms of proviso to the Regulation 18(2) of the Regulations.

j) Copy of the Agreement with NSDL for opening a Special Depository Account for the purpose of the Open Offer.

12 DECLARATION BY THE ACQUIRER

The Acquirer and its Directors severally and jointly accept full responsibility for the information contained in this Letter of Offer, Form of Acceptance, Form of Withdrawal and also for ensuring compliance with the Regulations. The Acquirer shall be responsible for fulfilling its obligations under the SEBI (SAST) Regulations. All information contained in this Letter of Offer is as on the date of the Public Announcement, unless stated otherwise. Dr. Daniele Maria Terruzzi, Managing Director, and Ms. Paola Terruzzi, Managing Director, Terruzzi Fercalx SPA, have been duly and legally authorized by its Board of Directors to sign this Letter of Offer.

By order of the Board,

For Terruzzi Fercalx SPA (“the Acquirer”)

Authorised Signatory

Place : Italy
Date: December 1, 2009

Enclosed:

a) Form of Acceptance-cum-Acknowledgement

b) Form of Withdrawal

c) Share Transfer Form for shareholders holding shares in physical form

FORM OF ACCEPTANCE CUM ACKNOWLEDGEMENT

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

(Please send this Form of Acceptance cum Acknowledgement with enclosures to **Karvy Computershare Private Limited** *at any of the collection centers as mentioned in the Letter of Offer)*

OFFER		
Opens on	**:**	**December 10, 2009, Thursday**
Last Date of Withdrawal	**:**	**December 22, 2009, Tuesday**
Closes On	**:**	**December 29, 2009, Tuesday**

From

Name : ____________________

Address : ____________________

Te. No. : ____________ **Fax :** ____________ **E-mail :** ____________

To,

The Acquirer - Terruzzi Fercalx SPA
c/o Karvy Computershare Private Limited,
Plot No.17-24 Vittal Rao Nagar,
Madhapur, Hyderabad-500081

Dear Sir/Madam,

Sub: Open offer to acquire 16,38,000 Equity Shares of Rs. 10/- each fully paid up representing 20% of the post preferential issue voting equity share capital of Vulcan Engineers Limited ("Vulcan" or "Target Company") at a price of Rs. 15/- (Rupees fifteen only) per fully paid up Equity Share, payable in cash.

I/We refer to the Public Announcement dated October 15, 2009 and Letter of Offer dated December 1, 2009 for acquiring Equity Shares held by me/us in Vulcan Engineers Limited. I/We, the undersigned, have read the Letter of Offer, understood its contents and unconditionally accept the terms and conditions as mentioned therein.

SHARES HELD IN PHYSICAL FORM

I/We, hold the following shares in physical form and accept the Offer and enclose the original Share certificate(s) and duly signed Share Transfer Form(s) in respect of my/our Shares as detailed below:

S. No	Folio No.	Certificate No.	Distinctive No.		No. of shares
			From	To	
Total					

Please attach additional sheets of paper and authenticate the same if the same is insufficient.

S. No.	Particulars Required	Details
I.	Bank Name	
II.	Complete Address of the Bank	
III.	Account Type (CA/SB/NRE/NRO/Others - Please Mention)	
IV.	Account No.	
V.	9 Digit MICR Code	
VI.	IFSC Code (for RTGS/NEFT transfers)*	

* With IFSC code please attach a cancelled cheque.

____________________ TEAR ALONG THIS LINE ____________________

Acknowledgement Slip

Sr. No.

Vulcan Engineers Limited – Open Offer

(to be filled in by the shareholder) (Subject to Verification)

Received from Mr./Ms./M/s. ____________________

Address : ____________________

Physical Shares: Folio No. ____________ Demat Shares: Client ID : ____________ DPID: ____________

Form of Acceptance along with :

Physical Shares : ____________ No. of Shares : ____________ No. of certificates enclosed ____________

Demat Shares: Copy of delivery instruction for ____________ number of Shares enclosed
(Tick whichever is applicable)

Stamp of Collection Centre

Signature of Official ____________ Date of Receipt ____________

SHARES HELD IN DEMAT FORM

I/We, holding Shares in demat form, accept the Offer and enclose a photocopy of the delivery instructions duly acknowledged by my/our DP in respect of my/our Shares as detailed below:

DP Name	DP ID	Client ID	Name of Beneficiary	No. of Shares

I/We have done an off-market transaction for crediting the Shares to the depository account with **Karvy Computershare Private Limited** at NSDL styled **"KCPL ESCROW ACCOUNT VEL OPEN OFFER"** whose particulars are:

DP Name: Karvy Stock Broking Limited	**DP ID:** IN302470	**Client ID:** 40237236

Shareholders having their beneficiary account with CDSL will have to use inter-depository slip for the purpose of crediting their Shares in favour of the Special Depository Account with NSDL.

Enclosures (Please tick as appropriate, if applicable)

☐ Duly attested Power of Attorney, if any person apart from the shareholder, has signed the Form of Acceptance or Share Transfer Form(s)
☐ Corporate authorization in case of Companies along with Board Resolution and Specimen Signatures of Authorised Signatories
☐ No Objection Certificate & Tax Clearance Certificate under Income-tax Act, 1961, for NRIs/OCBs/Foreign and other Non-Resident Shareholders as applicable.
☐ Duly attested Death Certificate/ Succession Certificate (in case of single shareholder) in case the original shareholder has expired
☐ Photo copy of the PAN No./Form 60 (as applicable) of all the holders
☐ Others (please specify):

- I/We confirm that the Shares of Vulcan Engineers Limited, which are being tendered herewith by me/us under the Offer, are free from liens, charges and encumbrances of any kind whatsoever.
- I/We note and understand that the original Share certificate(s) and valid share transfer deed will be held in trust for me/us by the Registrar to the Offer until the time Acquirers pay the purchase consideration as mentioned in the Letter of Offer.
- I/We also note and understand that Acquirers will pay the purchase consideration only after verification of the documents and signatures.
- I/We authorize Acquirers to send by registered post/speed post/UCP the draft/cheque, in settlement of the amount to the sole/first holder at the address mentioned above.
- I/We note and understand that the Shares would lie in the Special Depository Account until the time Acquirer makes payment of purchase consideration as mentioned in the Letter of Offer.
- I/We authorize the Acquirer to accept the Shares so offered which it may decide to accept in consultation with the Manager to the Offer and in terms of the Letter of Offer and I/we further authorize the Acquirer to return to me/us, Share certificate(s) in respect of which the Offer is not found valid/not accepted. The Permanent Account No. (PAN) allotted under the Income Tax Act, 1961 is as under:

	1st Shareholder	2nd Shareholder	3rd Shareholder
PAN			

So as to avoid fraudulent encashment in transit, shareholder(s) should provide details of Bank account of the first/sole shareholder and the consideration cheque or demand draft will be drawn accordingly.

Name of the Bank:		Branch:	
Account Number:		Savings/current/others:	
9 Digit MICR Code:		IFSC Code:	

TEAR ALONG THIS LINE

Note: All future correspondence, if any, should be addressed the Registrar to the Offer, quoting your Reference Folio No./DPID/Client ID:

Karvy Computershare Private Limited
(Unit: Vulcan Engineers Limited – Open Offer)
Plot no.17-24 Vittal Rao Nagar,Madhapur, Hyderabad-500081
Phone: +91-40-2342 0815-23; Fax: +91-40-2343 1551; Website: www.karvy.com;
Email: murali@karvy.com; Contact Person: Mr. M. Murali Krishna

For NRIs/ OCBs/ FIIs/ Foreign and other Non-Resident Shareholders:

☐ I / We, confirm that the tax deduction on account of Equity Shares of Vulcan Engineers Limited held by me / us is to be deducted on (select whichever is applicable):

☐ Long-term capital gains

☐ Short-term capital gains

☐ Trade Account

I/We have enclosed the following documents:

☐ No Objection Certificate / Tax Clearance Certificate from Income Tax Authorities.

☐ RBI approvals for acquiring Shares of Vulcan Engineers Limited hereby tendered in the Offer.

☐ Copy of Permanent Account Number/ PAN Card

In order to avail the benefit of lower rate of tax deduction under the Double Taxation Avoidance Agreement (DTAA), if any, kindly enclose a certificate stating that you are a tax resident of your country of incorporation in terms of the DTAA entered into between India and your country of residence.

For FIIs Shareholders:

I / We, confirm that the Equity Shares of Vulcan Engineers Limited are held by me / us on (select whichever is applicable):

☐ Investment / Capital Account

☐ Trade Account

In case the shares are held on trade account, kindly enclose a certificate stating that you are a tax resident of your country of residence / incorporation and that you do not have a permanent establishment in India in terms of the DTAA entered into between India and your country of residence.

Where the tax is to be deducted on account of long-term capital gains, the Shareholders should submit a certificate from a Chartered Accountant (along with proof such as demat account statement) certifying that the shares have been held for more than one year. In order to claim the benefit of computation of tax liability on the net capital gains (i.e. after reducing the cost of acquisition of shares), the shareholder should obtain a tax clearance certificate from the assessing officer certifying the net income chargeable to capital gains tax. Alternatively, the Shareholders can submit a certificate from a Chartered Accountant certifying the cost of acquisition / net income that will be chargeable to capital gains. In the absence of the above, tax would be deducted on the entire consideration paid to the shareholders.

Yours faithfully,

Signed and Delivered

	FULL NAME(S) OF THE HOLDER	SIGNATURE(S)
First/Sole Holder		
Joint Holder 1		
Joint Holder 2		
Joint Holder 3		

Note : In case of joint holdings, all holders must sign. In case of body corporate, the Company seal should be affixed.

Place:

Date:

SHAREHOLDERS ARE REQUESTED TO NOTE THAT THE ACCEPTANCE CUM ACKNOWLEDGEMENT FORMS / SHARES THAT ARE RECEIVED BY THE REGISTRAR AFTER THE CLOSE OF THE OFFER i.e. BY 1.00 P.M. ON DECEMBER 29, 2009, TUESDAY, SHALL NOT BE ACCEPTED UNDER ANY CIRCUMSTANCES AND HENCE ARE LIABLE TO BE REJECTED.

INSTRUCTIONS

1. In the case of demateralised shares, the shareholders are advised to ensure that their shares are credited in favour of the Special Depository Account, before the closure of the Offer i.e. Tuesday, December 29, 2009. The Form of Acceptance-cum-Acknowledgement of such demat shares not credited in favour of the Special Depository Account, before the closure of the Offer will be rejected.
2. Shareholders should enclose the following:

   a. **For Equity shares held in demat form:** Beneficial owners should enclose-

   - Form of Acceptance-cum-Acknowledgement duly completed and signed in accordance with the instructions contained therein, as per the records of the Depository Participant ('DP').
   - Photocopy of the delivery instruction in "Off-market" mode or counterfoil of the delivery instruction in "Off-market" mode, duly acknowledged by the DP as per the instruction in the Letter of Offer.
   - In case of non-receipt of the aforesaid documents, but receipt of the Shares in the Special Depository Account, the Acquirer may deem the Offer to have been accepted by the shareholder.
   - For each delivery instruction, the beneficial owner should submit separate Form of Acceptance.

   b. **For Equity shares held in physical form:** Registered shareholders should enclose-

   - Form of Acceptance-cum-Acknowledgement duly completed and signed in accordance with the instructions contained therein, by all shareholders whose names appear on the share certificates.
   - Original Share Certificate(s)
   - Valid Share Transfer Form(s) duly signed as transferors by all registered shareholders (in case of joint holdings) in the same order and as per specimen signatures registered with Vulcan Engineers Limited and duly witnessed at the appropriate place. A blank Share Transfer Form is enclosed along with the Letter of Offer.

   Please do not fill in any other details in the Share Transfer Form except name, signature and witness. Verification and Attestation, where required, (thumb impressions, signature difference, etc.) should be done by a magistrate, notary public or special executive magistrate or a similar authority holding a Public Office and authorized to use the seal of his office.

   The details of buyer should be left blank failing which the same will be invalid under the Offer. The details of the Acquirer as buyer will be filled by the Acquirer upon verification of the Form of Acceptance and the same being found valid. All other requirements for valid transfer will be preconditions for valid acceptance.

If the Registrar to the Offer does not receive the documents listed above but receives the original share certificates and valid Share Transfer Form from a registered Shareholder, then the Offer will be deemed to have been accepted by such Shareholders

Unregistered owners should enclose-

- Form of Acceptance-cum-Acknowledgement duly completed and signed in accordance with the instructions contained therein.
- Original Share Certificate(s)
- Original broker contract note issued by the broker through whom they acquired their Equity Shares
- Valid Share Transfer Form(s) as received from the market leaving details of buyer blank. If the same is filled in then the Share(s) are liable to be rejected.

3. The share certificate(s), Share Transfer Form(s) and the Form of Acceptance should be sent only to Karvy Computershare Private Limited, the Registrar to the Offer and not to Almondz Global Securities Limited, the Manager to the Offer, the Acquirer or Target Company.
4. Shareholders having their beneficiary account in CDSL have to use "INTER DEPOSITORY DELIVERY INSTRUCTION SLIP" for the purpose of crediting their shares in favour of the special depository account with NSDL.
5. As per the provisions of Section 196D(2) of the Income Tax Act, 1961, no deduction of tax at source will be made from any income by way of capital gains arising from the transfer of securities referred to in Section 115AD of the Income Tax Act, 1961 to a Foreign Institutional Investor as defined in Section 115AD of the Income Tax Act, 1961. However the interest payment for delay in payment of consideration, if any, will not be governed by this provision. While tendering their equity shares under the Offer, NRIs, OCBs and other non-resident shareholders will be required to submit a No Objection Certificate or Tax Clearance Certificate or Certification for Deduction of Tax at lower rate from the Income tax authorities under the Income Tax Act, 1961 indicating the amount of tax to be deducted by Acquirer before remitting the consideration, failing which Acquirer will arrange to deduct tax at the maximum marginal rate as may be applicable to the relevant category to which the Shareholder belongs under the Income Tax Act, 1961, on the entire consideration amount payable to such shareholder. In case of resident shareholders, tax will be deducted on the interest component, if any, exceeding Rs. 5,000/- at the applicable current prevailing rates. If the resident shareholder requires that no tax is to be deducted or tax is to be deducted at a lower rate than the prescribed rate, such shareholders will be required to submit a NOC or Tax Clearance Certificate or Certificate for Deduction of Tax at Lower Rate from the Income-tax authorities under the Income-tax Act, 1961 indicating the amount of tax to be deducted by Acquirer or a self-declaration in Form 15G or Form 15H as may be applicable. All resident shareholders would be required to submit their Permanent Account Number for Income-tax purposes. Clauses in this paragraph 9.13 relating to payment of interest will become applicable only if the Acquirer becomes liable to pay interest for delay in release of purchase consideration.
6. All the Shareholders should provide all relevant documents which are necessary to ensure transferability of the Shares in respect of which the acceptance is being sent. Such documents may include (but not be limited to):
   (a) Duly attested death certificate and succession certificate (in case of single shareholder) in case the original shareholder has expired.
   (b) Duly attested power of attorney if any person apart from the shareholder has signed acceptance form or Share Transfer Form(s).
   (c) in case of companies, the necessary corporate authorization (including Board Resolution);
   (d) any other relevant documentation.
7. Payment Consideration: Shareholders must note that on the basis of name of the Shareholders, Depository Participant's name, DP ID, Beneficiary Account number provided by them in the Form of Acceptance-cum-Acknowledgement, the Registrar to the Issue will obtain, from the Depositories, the Shareholders' demographic details including address, bank account details, the nine digit Magnetic Ink Character Recognition ("MICR") code as appearing on a cheque leaf and occupation. These bank account details will be used to make payment to the Shareholders. Hence Shareholders are advised to immediately update their bank account details as appearing on the records of the depository participant. Please note that failure to do so could result in delays in despatch of payment or electronic transfer of funds, as applicable, and any such delay shall be at the Shareholders' sole risk and neither the Acquirer, the Manager to the Offer, Registrar to the Offer nor the Escrow Bank shall be liable to compensate the Shareholders for any losses caused to the Shareholder due to any such delay or liable to pay any interest for such delay.
8. With IFSC code please attach a cancelled cheque.
9. The Form of Acceptance-cum-Acknowledgement along with enclosure should be sent only to the Registrar to the Offer so as to reach the Registrar to the Offer at any of the collection centres below on all days (excluding Sundays and Public holidays) during the business hours i.e. (Monday to Friday between 10.00 a.m. to 3.00 p.m. and on Saturdays between 10.00 a.m. to 1.00 p.m.). All queries pertaining to this Offer may be directed to the Registrar to the Offer.
10. The Form of Acceptance-cum-Acknowledgement and other related documents should be submitted at any of the Collection Centers of Karvy Computershare Private Limited as mentioned below:

Sr. No.	Collection Centre	Address of Collection Centres	Contact Person	Phone No.	Fax No.	Mode of delivery
1.	Mumbai	Karvy Computershare Pvt. Ltd 24, Maharashtra Chamber of Commerce Lane, Opp. MSC Bank, Fort, Mumbai – 400 023	Ms. Nutan Shirke	022-66381747/ 22842666	022-66331135	Hand Delivery
2.	New Delhi	Karvy Computershare Pvt. Ltd. 105-108, Arunachal Bldg., 19, Barakhamba Road, New Delhi - 110 001	Mr. Rakesh Kr Jamwal / Mr. Vinod Singh Negi	011-43509200	011-41036370	Hand Delivery
3.	Chennai	Karvy Computershare. Pvt. Ltd. No. 33 / 1, Venkatraman Street, T. Nagar, Chennai – 600017	Mr. Gunashekhar	044 -28151793/ 1794	044-28153181	Hand Delivery
4.	Kolkata	Karvy Computershare Pvt. Ltd. 49, Jatin Das Road, Nr.Deshpriya Park, Kolkata - 700 029	Mr. Sujit Kundu / Mr. Debnath	033-24644891	033-24644866	Hand Delivery
5.	Hyderabad	Karvy Computershare. Pvt. Ltd.Plot No 17-24, Vithalrao Nagar, Madhapur, Hyderabad - 500 081	Ms. Rinki Sareen	040-23420818- 23	040-23431551	Hand Delivery/ Regd Post

Applicants who cannot hand deliver their documents at the Collection Centers, may send their documents only by Registered Post, at their own risk, to the Registrar to the Offer, Karvy Computershare Private Limited, Plot No 17-24, Vithalrao Nagar, Madhapur, Hyderabad – 500 081; Phone: +91-40-2342 0815-23; Fax: +91-40-2343 1551; Website: www.karvy.com; Email: murali@karvy.com; Contact Person: Mr. M. Murali Krishna; so as to reach the Registrar on or before the date of closing of the Offer).

SHAREHOLDERS ARE REQUESTED TO NOTE THAT THE ACCEPTANCE CUM ACKNOWLEDGEMENT FORMS / SHARES THAT ARE RECEIVED BY THE REGISTRAR AFTER THE CLOSE OF THE OFFER I.E. BY 1.00 PM ON TUESDAY, DECEMBER 29, 2009, SHALL NOT BE ACCEPTED UNDER ANY CIRCUMSTANCE AND HENCE ARE LIABLE TO BE REJECTED.

FORM OF ACCEPTANCE CUM ACKNOWLEDGEMENT

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

(Please send this Form of Acceptance cum Acknowledgement with enclosures to **Karvy Computershare Private Limited** *at any of the collection centers as mentioned in the Letter of Offer)*

*(*All terms and expressions used herein shall have the same meaning as ascribed thereto in the Letter of Offer*)*

OFFER		
Opens on	:	**December 10, 2009, Thursday**
Last Date of Withdrawal	:	**December 22, 2009, Tuesday**
Closes On	:	**December 29, 2009, Tuesday**

From

Name : ______________________________

Address : ______________________________

Te. No. : ____________ **Fax :** ____________ **E-mail :** ____________

To,

The Acquirer - Terruzzi Fercalx SPA
c/o Karvy Computershare Private Limited,
Plot No.17-24 Vittal Rao Nagar,
Madhapur, Hyderabad-500081

Dear Sir/Madam,

Sub: Open offer to acquire 16,38,000 Equity Shares of Rs. 10/- each fully paid up representing 20% of the post preferential issue voting equity share capital of Vulcan Engineers Limited ("Vulcan" or "Target Company") at a price of Rs. 15/- (Rupees fifteen only) per fully paid up Equity Share, payable in cash.

I/We refer to the Public Announcement dated October 15, 2009 and Letter of Offer dated December 1, 2009 for acquiring Equity Shares held by me/us in Vulcan Engineers Limited.

I/We, the undersigned, have read the Letter of Offer including the procedure for withdrawal of Equity Shares tendered by me/us in the Offer as mentioned in the Letter of Offer and accept unconditionally its contents including the terms and conditions and procedures as mentioned therein.

I/We hereby consent unconditionally and irrevocably to withdraw my/our Equity Shares as mentioned below from the Offer and I/we further authorize the Acquirer to return to me/us, the tendered equity share certificate(s)/share(s) at my/our sole risk.

I/We note that upon withdrawal of my/our Equity Shares from the Offer, no claim or liability shall lie against the Acquirer / Manager to the Offer/ Registrar to the Offer.

I/We note that this Form of Withdrawal should reach the Registrar to the Offer at any of the collection centres mentioned in the Letter of Offer as per the mode of delivery indicated therein on or before the last date of withdrawal (i.e. December 22, 2009).

I/We note that the Acquirer/Manager to the Offer/Registrar to the Offer shall not be liable for any postal delay/loss in transit of the Equity Shares held in physical form and also for the non receipt of Equity Shares held in the dematerialized form in the DP account due to inaccurate/incomplete particulars/instructions.

I/We also note and understand that the Acquirer will return Original Share Certificate(s), Share Transfer Form(s) and Equity Shares only on completion of verification of the documents, signatures and beneficiary position data as available from the NSDL and CDSL from time to time, respectively.

____________________ TEAR ALONG THIS LINE ____________________

Acknowledgement Slip

Sr. No.

Vulcan Engineers Limited – Open Offer

(to be filled in by the shareholder) (Subject to Verification)

Received from Mr./Ms./M/s. ______________________________

Address : ______________________________

Physical Shares: Folio No. ____________ Demat Shares: Client ID : ____________ DPID: ____________

Form of Withdrawal for withdrawal of :

Physical Shares : No. of Shares : ____________ No. of Shares withdrawn ____________

Demat Shares: No. of Shares : ____________ No. of Shares withdrawn ____________

(Tick whichever is applicable)

Stamp of Collection Centre

Signature of Official ____________ Date of Receipt ____________

SHARES HELD IN PHYSICAL FORM

The particulars of withdrawal of original shares certificates and duly signed transfer form(s) are detailed below:

S. No	Folio No.	Certificate No.	Distinctive No.		No. of shares
	Tendered		**From**	**To.**	
1					
2					
3					
	Total				
	Withdrawn				
1					
2					
3					
	Total				
Total No. of Certificates (A-B)			**Total No. Of Equity Shares (A -B)**		

Please attach additional sheets of paper and authenticate the same if the same is insufficient.

SHARES HELD IN DEMAT FORM

I/We hold the following Equity Shares in dematerialized form and tendered the Equity Shares in the Offer through an off-market transaction for crediting the Shares to the Special Depository Account with NSDL "KCPL Escrow Account VEL Open Offer ", whose particulars are: DP ID Number: IN302470; DP Name: Karvy Stock Broking Limited; Client ID Number: 40237236; Depository: NSDL

I/We have tendered _______________ Equity Shares by debiting my/our account as mentioned below and hereby consent to withdraw ______________ (______________ in words) Equity Shares from the Offer.

Please find enclosed a photocopy of the depository delivery instruction(s) duly acknowledged by DP.

The particulars of the account from which my/our Shares have been tendered are as detailed below:

DP Name	DP ID	Client ID	Name of Beneficiary	No. of Shares

I/We note that the Equity Shares will be credited back only to that depository account, from which the Equity Shares have been tendered and necessary standing instructions have been issued in this regard. I/We confirm that the particulars given above are true and correct.

In case of dematerialized Shares, I/We confirm that the signatures of the beneficiary holders have been verified by the depository participant as per the records maintained at their end and the same have also been duly attested by them under their seal.

Yours faithfully,

Signed and Delivered	Full Name(s)	Signature	Verified and attested by us. Please affix the stamp of DP (in case of demat shares)/ Bank (in case of physical shares)
First/sole Shareholder			
Second Shareholder			
Third Shareholder			

Note: In case of joint holders all must sign. In case of body corporate, stamp of the company should be affixed and necessary Board resolution should be attached.

Address of First/Sole Shareholder : ____

Tel. No. : ______________________________ Fax No. : __________________________ E-mail : ____

Place : _______________________, Date : ____________________________

____ TEAR ALONG THIS LINE ____

Note: All future correspondence, if any, should be addressed the Registrar to the Offer, quoting your Reference Folio No./DPID/Client ID:

Karvy Computershare Private Limited

(Unit: Vulcan Engineers Limited – Open Offer)

Plot no.17-24 Vittal Rao Nagar,Madhapur, Hyderabad-500081

Phone: +91-40-2342 0815-23; Fax: +91-40-2343 1551; Website: www.karvy.com;

Email: murali@karvy.com; Contact Person: Mr. M. Murali Krishna

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