

McNally Bharat Engineering Company Limited

CIN : L45202WB1961PLC025181
 Ecospace Campus 2B 11F/12 (Old Plot No. AA II/Blk 3)
 New Town Rajarhat North 24 Parganas Kolkata 700156
 T +91 33 66281111 30141111 F +91 33 66282277 30142277
 E mbe.corp@mbecol.co.in W www.mcnallybharat.com

March 31, 2016

BSE Limited Corporate Relationship Department 1 st Floor, New Trading Ring Rotunda Building, P J Towers, Dalal Street, Fort Mumbai 400 001	The National Stock Exchange of India Limited Exchange Plaza, 5 th Fl. Bandra-Kurla Complex Bandra (E) <u>MUMBAI – 400 051</u>
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Sub: Disclosure under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”)

Dear Sir/Madam,

Please be informed that the Board of Directors of McNally Bharat Engineering Company Limited (“**McNally Bharat**”), a listed company at its meeting held on March 31, 2016 has considered and approved, after recommendation of the Audit Committee of McNally Bharat, a scheme of amalgamation amongst EMC Limited (“**EMC**”), McNally Bharat, McNally Sayaji Engineering Limited (“**McNally Sayaji**”) and Kilburn Engineering Limited (“**Kilburn**”) and their respective shareholders in terms of Sections 391-394 of the Companies Act, 1956 and other applicable provisions, if any, of the Companies Act, 1956 and Companies Act, 2013 (“**Scheme**”).

Currently, EMC and Kilburn hold 28.24% and 1.69% of the paid up share capital of McNally Bharat. Further, McNally Bharat holds 74.86% of the paid up share capital of McNally Sayaji.

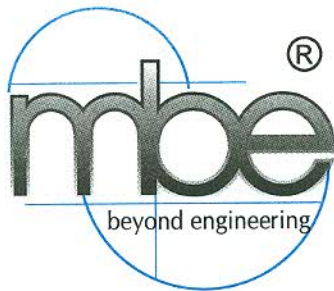
The Scheme involves, *inter-alia*, amalgamation of EMC, Kilburn and McNally Sayaji (“**Transferor Companies**”) with Kilburn (“**Transferee Company**”) including change of Kilburn’s name to “McNally Bharat Engineering Limited”, (collectively referred to as “**Proposed Restructuring**”).

The Board of Directors of EMC, Kilburn and McNally Sayaji in their respective meetings held today have also approved the Scheme. The Scheme shall be subject to the approval of the shareholders, stock exchanges, High Court(s) and other authorities as may be required under applicable law.

1. Brief details of the companies involved in the Scheme:

Name of company	Area of Business
Transferee Company	
Kilburn	Kilburn is inter alia engaged in the business of manufacturing of different types of dryers and focuses on designing, manufacturing and commissioning customized equipment/systems for critical application in several industrial sectors.
Transferor Companies	
EMC	EMC is inter alia engaged in the business of manufacture of towers,





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	hardware and conductor suitable for EPC projects. It also provides transmission, distribution, solutions for Power Transmission EPC projects.
McNally Bharat	McNally Bharat is inter alia engaged in the business of providing turnkey solutions in the areas of power, steel aluminium, material handling, mineral beneficiation, pyroprocessing, pneumatic handling of powdered materials including supplying and transferring of plants to the purchaser in response to orders received for delivery of plant in form of fly ash handling and high concentrate disposal, coal washing, Port cranes, Cement, Oil & Gas, civic and industrial water supply etc. through its various industrial undertakings, supplying components at customer's site, erection and commissioning of plant.
McNally Sayaji	McNally Sayaji, a subsidiary of McNally Bharat, is inter alia engaged in the business of manufacture of crushing, screening, grinding, material handling and mineral processing equipment.

2. Size and Turnover:

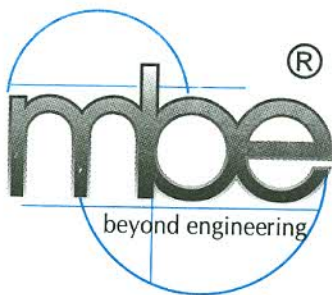
	Size		Turnover
	As on 31 st March, 2015		As on 31 st March, 2015
	Total Assets	Net Worth	
Transferee Company			
Kilburn	208.91	98.11	120.69
Transferor Companies			
EMC	3,121.50	652.08	3,582.67
McNally Bharat	3,709.49	314.98*	2,170.11
McNally Sayaji	503.97	165.83	206.42

* Including money received against share warrants.

3. Rationale for the Scheme

- (a) Amalgamation of the Transferor Companies with the Transferee Company, with effect from the Appointed Date, is in the interest of the shareholders, creditors, employees and other stakeholders, of all the companies, as it would enable a focused business approach, help to capitalise on the large business opportunity in the engineering field and provide an integral engineering and construction solution to its customers.





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- (b) It would result in financial resources being efficiently merged and pooled leading to more effective and centralised management of funds, greater economies of scale, stronger base for future growth and reduction of administrative overheads (i.e. cost rationalization), which are presently being divided and dissipated between multiple separate entities. The amalgamation shall lead to greater efficiency in management of the businesses, simplicity and reduction in regulatory compliances and cost.
- (c) Synergies arising out of consolidation of business will lead to enhancement of net worth of the combined business and reflection of true net-worth in the financial statements, and lead to improved alignment of debt and enhancement in earnings and cash flow.
- (d) The Transferee Company would be able to better leverage on its large network base and have enhanced businesses potential and increased capability to offer a wider portfolio of products and services with a diversified resource base and deeper client relationships. It will also facilitate debt consolidation which will improve the debt servicing abilities through improved cash flows.

4. Share Exchange ratio and discharge of consideration:

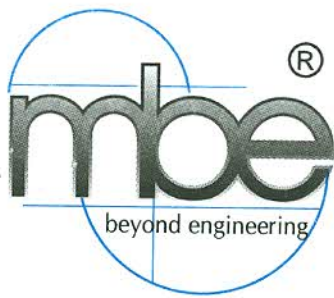
Except for McNally Sayaji being a subsidiary of McNally Bharat, none of the Parties to the Scheme are related to each other. Further, the Share Exchange Ratio for the consideration to be paid under the Scheme has been arrived at based on the valuation report prepared by M/s Sharp & Tannan, an Independent Chartered Accountant, submitted to the Audit Committee and presented to the Board at its meeting. Fairness opinion on the valuation report has been provided by Microsec Capital Ltd, an independent merchant banker.

Accordingly, in consideration of the amalgamation of Transferor Companies into the Transferee Company, the Transferee Company shall issue and allot equity shares to the shareholders of the Transferor Companies in the following ratio ("**Share Exchange Ratio**"):

"235 (Two Hundred and Thirty Five) fully paid up equity shares of Rs. 10 (Rupees Ten Only) each of Kilburn each credited as fully paid up for every 100 (One Hundred) fully paid up equity shares of Rs. 10 (Rupees Ten Only) to each member of EMC"

"293 (Two Hundred and Ninety Three) fully paid up equity shares of Rs. 10 (Rupees Ten Only) each of Kilburn each credited as fully paid up for every 100 (One Hundred) fully paid up equity shares of Rs. 10 (Rupees Ten Only) to each member of McNally Sayaji"





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"120 (One Hundred and Twenty) fully paid up equity shares of Rs. 10 (Rupees Ten Only) each of Kilburn each credited as fully paid up for every 100 (One Hundred) fully paid up equity shares of Rs. 10 (Rupees Ten Only) to each member of McNally Bharat"

"1 (One) fully paid up 11.50% non-convertible redeemable preference shares of Rs. 100 (Rupees Hundred Only) each of Kilburn each credited as fully paid up for every 1 (One) fully paid up 11.50% non-convertible redeemable preference shares of Rs. 100 (Rupees Hundred Only) to each such preference shareholder of McNally Bharat"

Thanking you,

Yours faithfully,

For McNally Bharat Engineering Company Limited

Dibakar Chatterjee
Company Secretary