

News Release

EMC Limited acquires strategic stake in McNally Bharat Engineering Ltd through fresh equity capital infusion

McNally Bharat Engineering Limited (“McNally” or “the Company”) announces that it has entered into an agreement with EMC Limited (“EMC”) and Williamson Magor Group (“Existing Promoters”) to enable an additional equity investment of upto Rs. 100 Crore as primary equity capital into McNally. The Board of the Company has approved the proposed investment by EMC in the Company. Earlier, MKN Investments, a group company of EMC, had made an equity investment of Rs. 50 crore in March 2015 in the Company and it holds 12.5% stake in the Company.

This above mentioned capital raising of Rs 100 crore by the Company would be done through a preferential allotment of new shares of 10 million shares to EMC at a price of Rs. 100 per share. After this preferential issue, EMC group (along with MKN Investments) will hold 29.64% of McNally’s expanded equity share capital. In addition, as per SEBI guidelines, there will also be an open offer by EMC and Williamson Magor Group for up to 26% of equity share capital of the Company.

Under an investment agreement entered into by the Existing Promoters, EMC and the Company, McNally would be jointly controlled by the Existing Promoters and EMC, with both parties having equal board representation in McNally and its subsidiaries. EMC has proposed the names of Mr. Manoj Toshniwal and Mr. Manish Agarwal as its nominees for inclusion in the Board of Directors of the Company.

The provisions of investment agreement and the proposed preferential allotment of new shares is subject to approval of shareholders of McNally and other statutory clearances as may be deemed necessary. The Company shall use the proceeds of this equity capital raise to meet its working capital requirements and thus expedite execution of the various projects in hand. As a strategic shareholder, EMC’s participation in the Company will enhance its growth prospects and thus benefit from the surge in industrial activity and infrastructure creation in the country.

Commenting on the partnership with EMC, Aditya Khaitan, the Chairman of McNally said “The partnership with EMC will strengthen McNally to capitalise on the large business opportunity for the Company over the next ten years and thus provide an integrated engineering and construction solution to its customer in the chosen areas of competence”.

On the investment into the McNally, Manoj Toshniwal, the Managing Director of EMC said “McNally has an established competence and clientele in select areas of EPC business and Material Handling for industrial and infrastructure projects. Our endeavour shall be to position the Company as a primary player in this business and build on its very strong track record of project execution.”

Both McNally and EMC are well established organizations in Engineering and EPC sector in India with profound reputation and goodwill built over several decades across India and in Overseas countries. McNally’s established area of expertise in material handling, mechanical works and infrastructure creation when combined with enriched proficiency of EMC in power transmission and distribution business will create tremendous synergy for both the companies and the combination would evolve as complete engineering solution provider.



EMC LIMITED

Director

