MCNALLY BHARAT ENGINEERING COMPANY LIMITED

Registered Office: Four Mangoe Lane, Surendra Mohan Ghosh Sarani, Kolkata-700 001, West Bengal, India
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Recommendations of the Committee of Independent Directors ("IDC") on the Open Offer to the Public shareholders of McNally Bharat Engineering Company Ltd. under regulation 26(7) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and subsequent amendments thereto ("SEBI (SAST) Regulations ,2011")

Date	10th July 2015
Name of the Target Company	McNally Bharat Engineering Company Limited
Details of the Offer pertaining to Target Company	A mandatory Open Offer being made by EMC Limited (the "Acquirer") along with PACs to acquire upto 1,31,54,393 (One Crore Thirty One Lacs Fifty four Thousand Three Hundred Ninty three) fully paid-up equity shares of ₹ 10/- each, representing 26% of the equity and voting share capital of the Target Company at a price of ₹ 100/- (Rupees One Hundred Only) per equity share, payable in cash in terms of regulations 3(1), 3(2) and 4 read with 13(4), 14 & 15(2) & other applicable regulations of SEBI (SAST) Regulations.
Name(s) of the acquirer and PAC with the acquirer	EMC Limited (the "Acquirer") and MKN Investment Private Limited (the "PAC 1") in its capacity as a person acting in concert for acquisition of Equity Shares and McLeod Russel India Limited ("PAC 2"), Williamson Magor & Co. Limited ("PAC 3"), Babcock Borsig Limited ("PAC 4"), Williamson Financial Services Limited ("PAC 5"), Kilburn Engineering Limited ("PAC 6"), Bishnauth Investments Limited ("PAC 7") and Mr. Amritanshu Khaitan ("PAC 8") in their capacity as persons acting in concert with the Acquirer for acquisition of control (the "Offer").PAC 1 to PAC 8 are jointly referred to as "PACs"
Name of the Manager to the Offer	**MOTILAL OSWAL INVESTMENT ADVISORS PRIVATE LIMITED** Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai- 400 025, Maharashtra, India **Tel:** +91 22 3980 4380 **Fax:** +91 22 3980 4315 **Email:** paresh.raja@motilaloswal.com **Contact Person:** Paresh Raja **SEBI Registration No**.: INM000011005
Members of the Committee of Independent Directors ("IDC")	1. Mr. S R Dasgupta 2. Mr. P H Ravikumar 3. Ms. Nandini Khaitan 4. Mr. V K Verma 5. Mr. Utsav Parekh 6.Mr. A K Barman Mr. S R Dasgupta is the chairman of the IDC.
IDC Member's relationship with the Target Company (Director, Equity shares owned, any other contract / relationship), if any	All members of IDC are directors of the Target Company. Other than their position as director of the Target Company, there is no other contract or relationship between the IDC Members and the Target Company. The following are the shareholdings of the IDC members in the Company: 1. Mr. S R Dasgupta - 2,500 Shares 2. Mr. V K Verma - 700 Shares 3. Mr. Utsav Parekh - 100 Shares
Trading in the Equity shares/other securities of the Target Company by IDC Members	None of the IDC members have traded in any of the securities of the Target Company during a period of 12 months prior to the date of the Public Announcement till the date of this recommendation
IDC Member's relationship with the acquirer (Director, Equity shares owned, any other contract/relationship), if any.	None
Trading in the Equity shares/other securities of the acquirer by IDC Members	None
Recommendation on the Open offer, as to whether the offer, is or is not, fair and reasonable	IDC recommends that the Open Offer Price of Rs. 100/- (Rupees One Hundred) per Equity Share is fair and reasonable and is in compliance with SEBI (SAST) Regulations 2011.
Summary of reasons for recommendation	In forming opinion/ recommendation, IDC has considered the following:
	• The Acquirer provides turnkey solutions in the field of transmission line projects, EHV sub-station and power distribution projects and balance of plant projects covering design, manufacture, erection and associated civil works. • The Acquirer as well the Target Company are active in the electricity/power market but are not operating in the same segments within the power market. This combination is likely to enhance economic efficiencies in the relevant market and will bring huge potentiality of business growth for the Target Company due to the complementary nature of both operations • Based on the review of the PA and DPS, the IDC is of the opinion that the Offer price offered by the Acquirer and PACs (being the highest price amongst the selective criteria as disclosed in DPS) is in line with the regulation prescribed by SEBI under the SEBI (SAST) Regulations 2011 and appears to be justified. • The Offer price is higher than the volume weighted average market price of the equity shares for a period of 60 trading days immediately preceding the date of PA in accordance with regulation 8(2) of SEBI (SAST) Regulations 2011, representing a premium of 23.20%. • The Offer price also represents a premium of 35.14% to the closing price of the shares on 29th June 2015, which is the last trading date prior to the PA. • The IDC has sought external professional advice from A.K.Chandak & Associates, Chartered Accountants (FRN 326055E), who have reviewed and analyzed the Open Offer and reported vide their report to the IDC dated 10th July 2015 that the Offer price is fair and reasonable. • Based on the above, the IDC is of the opinion that the Offer price to the public shareholders of the Target Company is in compliance with the requirements under the SEBI (SAST) Regulations, 2011. However, the shareholders should independently evaluate the Offer and take an informed decision in the matter.
Details of Independent Advisors, if any.	A.K.Chandak & Associates, Chartered Accountants
Any other matters to be highlighted	None

To the best of our knowledge and belief, after making proper enquiry, the information contained in or accompanying this statement is, in all material respect, true and correct and not misleading, whether by omission of any information or otherwise, and includes all the information required to be disclosed by the Target Company under the SEBI (SAST) Regulations.

For and on behalf of the Committee of Independent Directors of McNally Bharat Engineering Company Limited

Place: Kolkata
Date: July 10, 2015

Mr. S. R. Dasgupta
Chairman - Committee of Independent Directors