

# McNally Bharat Engineering Company Limited

(CIN L45202WB1961PLC025181)

Registered Office : 4 Mangoe Lane, Kolkata- 700 001, West Bengal, India.

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## NOTICE

Dear Member(s),

Notice is hereby given that an Extraordinary General Meeting (EGM) of the Members of McNally Bharat Engineering Company Limited ("Company"), will be held on Thursday, March 16, 2017 at 11.00 AM at Auditorium, Club Eco Vista, Ecospace Business Park, Plot No: 2-F/11, New Town, Rajarhat, 24 Parganas (North), Kolkata: 700156 to transact the following business:

### Special Business:

#### Item No. 1

#### **Increase in the authorized share capital of the Company by creation of additional equity shares and creation of new convertible preference shares in the authorized share capital of the Company**

To consider and if thought fit, to pass with or without modification(s) the following Resolution as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to the provisions of sections 61, 64 and other applicable provisions of the Companies Act, 2013, (including any statutory modification or re-enactment thereof for time being in force) and rules made thereunder, and the provisions of the Memorandum and Articles of Association of the Company, the authorized share capital of the Company be and is hereby increased from Rs. 190,00,00,000 (Rupees One Hundred and Ninety Crores Only) divided into 7,00,00,000 (seven crores) equity shares of Rs. 10 (Rupees Ten only) each and 1,20,00,000 (One Crore and Twenty Lakhs) Non-Convertible Redeemable Preference Shares of Rs. 100 (Rupees One Hundred only) each to Rs. 370,00,00,000 (Rupees Three Hundred and Seventy Crores Only) divided into 16,50,00,000 (Sixteen Crores and fifty lakhs) equity shares of Rs. 10 (Rupees Ten only) each, 1,20,00,000 (One Crore and Twenty Lakhs) Non-Convertible Redeemable Preference Shares of Rs. 100 (Rupees One Hundred only) each and 8,50,00,000 (Eight Crores and Fifty Lakhs) Convertible Preference Shares of Rs. 10 (Rupees Ten only) each by creation of additional 9,50,00,000 (Nine Crores and Fifty Lakhs) equity shares of Rs. 10 (Rupees Ten only) each and creation of 8,50,00,000 (Eight Crores and Fifty Lakhs) Convertible Preference Shares of Rs. 10 (Rupees Ten only) each."

**"RESOLVED FURTHER THAT**, Mr. Srinivash Singh, Managing Director, Mr. Prabir Ghosh, Whole Time Director, Mr. Prasanta Kumar Chandra, Whole Time Director and Chief Operating Officer and Mr. Dibakar Chatterjee, Company Secretary, be and are hereby severally authorized to file necessary forms with the Registrar of Companies and do all such acts, deeds, matters and things as may be required to be done to give effect to the above resolution."

#### Item No. 2

#### **Amendment of memorandum of association consequent upon increase in the authorized share capital of the Company**

To consider and if thought fit, to pass with or without modification(s) the following Resolution as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to provisions of sections 61 and other applicable provisions, if any, of the Companies Act, 2013, (including any statutory modification or re-enactment thereof for time being in force) and rules made thereunder, the existing Clause 5 of the Memorandum of Association of the Company be and is hereby substituted with following new Clause 5:

5. The Authorised Share Capital of the Company is Rs. 370,00,00,000 (Rupees Three Hundred and Seventy Crores Only) divided into 16,50,00,000 (Sixteen Crores and fifty lakhs) equity shares of Rs. 10 (Rupees Ten only) each, 1,20,00,000 (One Crore and Twenty Lakhs) Non-Convertible Redeemable Preference Shares of Rs. 100 (Rupees One Hundred only) each and 8,50,00,000 (Eight Crores and Fifty Lakhs) Convertible Preference Shares of Rs. 10 (Rupees Ten only) each. The Company shall have power to increase or reduce the share capital from time to time as it may think proper, and the shares forming the capital, original, increased or reduced, may be divided into such classes, and may be issued with any preferential, deferred, qualified or special rights, privileges and conditions, or with such qualifications as regards preference, dividend, return of capital, voting or other special incidents, and to be held on such terms as may be attached thereto, or as may be provided by the Company's Article of Association for the time being but so that where shares are issued with any preferential or special rights attached thereto such rights shall not be alterable otherwise than pursuant to the provisions of the Company's Articles of Association for the time being.

**RESOLVED FURTHER THAT** Mr. Srinivash Singh, Managing Director, Mr. Prabir Ghosh, Whole Time Director, Mr. Prasanta Kumar Chandra, Whole Time Director and Chief Operating Officer and Mr. Dibakar Chatterjee, Company Secretary, be and are hereby severally authorized to file necessary forms with the Registrar of Companies and do all such acts, deeds, matters and things as may be required to be done to give effect to the above resolution."

#### Item No. 3

#### **Amendment of articles of association**

To consider and if thought fit, to pass with or without modification(s) the following Resolution as a Special Resolution:

**"RESOLVED THAT** pursuant to provisions of section 14 and other applicable provisions, if any, of the Companies Act, 2013, (including any statutory modification or re-enactment thereof for time being in force) and rules made thereunder, the existing Article 4 of the Articles of Association of the Company be and is hereby altered by substituting the following as new Article 4 in place of the existing Article 4:

4. The Authorized Share Capital of the Company shall be such amounts and be divided into such shares as may, from time to time, be provided in Clause 5 of the Memorandum of Association with power to increase, reduce and/or reclassify the Authorized Share Capital in accordance with the Companies Act, rules, regulations and legislative provisions for the time being in force in that behalf.

**RESOLVED FURTHER THAT** Mr. Srinivash Singh, Managing Director, Mr. Prabir Ghosh, Whole Time Director, Mr. Prasanta Kumar Chandra, Whole Time Director and Chief Operating Officer and Mr. Dibakar Chatterjee, Company Secretary, be and are hereby severally authorized to file necessary forms with the Registrar of Companies and do all such acts, deeds, matters and things as may be required to be done to give effect to the above resolution.”

**Item No. 4**

**Allotment of compulsorily convertible preference shares (“CCPS”) to Williamson Magor & Co Limited, Williamson Financial Services Limited and Babcock Borsig Limited, promoter and promoter group companies of the Company on a preferential basis**

To consider and if thought fit, to pass with or without modification(s) the following Resolution as a Special Resolution:

**“RESOLVED THAT** subject to the provisions of sections 42, 55 and 62 of the Companies Act, 2013, read with the Companies (Prospectus and Allotment of Securities) Rules, 2014, and other applicable provisions, if any, including any amendment thereto or modification(s) or re-enactment(s) thereof and in accordance with the provisions of the Memorandum and Articles of Association of the Company, the Securities and Exchange Board of India (“SEBI”) (Listing Obligations and Disclosure Requirements) Regulations 2015, as amended (“LODR Regulations”) and in accordance with any other applicable law or regulations, in India or outside India, including without limitation, the provisions of the Foreign Exchange Management Act, 1999, (“FEMA”) and rules and regulations framed thereunder as amended from time to time, and subject to the Regulations / Guidelines, if any, prescribed by the Reserve Bank of India, Securities and Exchange Board of India including SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 (“SEBI ICDR Regulations”) and SEBI (Substantial Acquisition of shares and Takeover) Regulations, 2011 as amended from time to time, and by all other concerned and relevant authorities from time to time, to the extent applicable and subject to such approvals, consents, permissions and sanctions of the Government of India, SEBI, Reserve Bank of India, Competition Commission of India, if applicable and all other appropriate authorities and subject to such conditions and modifications as may be prescribed by any of them while granting such approvals, permissions, consents and sanctions as deemed fit, the consent, authority and approval of the Members of the Company be and is hereby accorded to offer, issue and allot on a preferential basis, up to 4,16,66,666 compulsorily convertible preference shares (“CCPS”) of Rs. 10 each at a premium of Rs. 56 per CCPS for part conversion of outstanding unsecured loan upto an amount of Rs. 100.00 crores given by Williamson Magor & Co Limited, outstanding unsecured loan upto an amount of Rs. 100.00 crores given by Williamson Financial Services Limited and outstanding unsecured loan upto an amount of Rs. 75.00 crores given by Babcock Borsig Limited, promoter and promoter group companies of the Company lying with the Company into CCPS in accordance with the Chapter VII of the SEBI (Issue of Capital and Disclosure Requirement) Regulations, 2009, as amended from time to time, and such issue and allotment of such number of equity shares resultant on conversion of CCPS on such terms and conditions as may be deemed appropriate by the Board (hereinafter called the “Board” which term shall be deemed to include the Allotment Committee of the Board of Directors) in its absolute discretion and wherever necessary, in consultation with advisor(s) and / or such other person(s), but without requiring any further approval or consent from the shareholders and also subject to the applicable laws, rules, regulations and guidelines prevailing in this regard.

**RESOLVED FURTHER THAT** the terms of issue of CCPS shall be as follows:

The priority with respect to payment of dividend or repayment of capital vis-a-vis equity shares	CCPS shall have priority with respect to payment of dividend or repayment of capital over equity shares of the Company
The participation in surplus fund	Non-participatory
The participation in surplus assets and profits, on winding-up which may remain after the entire capital has been repaid	Non-participatory
The payment of dividend on cumulative or non-cumulative basis	Non-cumulative
The conversion of preference shares into equity shares	Each CCPS of Rs. 10 each issued at a premium of Rs. 56 each shall be compulsorily convertible into one equity share of Rs. 10 each at a premium of Rs. 56 per equity share at any time within 18 months from the date of allotment of CCPS
The voting rights	In accordance with provisions of Companies Act, 2013
The redemption of preference shares	Redemption by way of conversion into equity shares
Dividend	1%

**RESOLVED FURTHER THAT** without prejudice to the generality of the above, the ‘relevant date’ for the purposes of determining the floor price of the CCPS in accordance with the provisions of Chapter VII of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended, shall be February 14, 2017 i.e. 30 days prior to the date of passing of the Special Resolution.

**RESOLVED FURTHER THAT** up to 4,16,66,666 compulsorily convertible preference shares (“CCPS”) of Rs. 10 each at a premium of Rs. 56 per CCPS, be issued as follows:

Sr. No.	Name of allottee	Amount of outstanding unsecured loan against which CCPS to be issued (in Rs. crores)	Number of CCPS to be issued
1.	Williamson Magor & Co Limited	100.00	1,51,51,515
2.	Williamson Financial Services Limited	100.00	1,51,51,515
3.	Babcock Borsig Limited	75.00	1,13,63,636
	<b>TOTAL</b>	<b>275.00</b>	<b>4,16,66,666</b>

**RESOLVED FURTHER THAT** the ‘Floor Price’ be determined in accordance with Chapter VII of the SEBI (ICDR) Regulations, 2009.

**RESOLVED FURTHER THAT** the equity shares to be issued on conversion of CCPS shall rank *pari passu* with the existing equity shares of the Company in all respects, including dividend and shall be subject to the Memorandum of Association and Articles of Association of the Company.

**RESOLVED FURTHER THAT** CCPS and equity shares to be issued on conversion of CCPS shall be subject to lock-in as provided under the provisions of chapter VII of the SEBI (ICDR) Regulations.

**RESOLVED FURTHER THAT** the CCPS shall be allotted in dematerialized form within a period of 15 days from the date of receipt of shareholders' approval or in the event the allotment of CCPS require any approval(s) or permission(s) from any regulatory authority or the Central Government, within 15 days from the date of such approval(s) or permission(s), as the case may be.

**RESOLVED FURTHER THAT** Board of Directors and / or Mr. Srinivash Singh, Managing Director, Mr. Prabir Ghosh, Whole Time Director, Mr. Prasanta Kumar Chandra, Whole Time Director and Chief Operating Officer and Mr. Dibakar Chatterjee, Company Secretary be and is hereby severally authorised to enter into and execute all such agreements and arrangements with any Depository(ies), Custodian(s) and all such agencies as may be involved or concerned in such offerings of CCPS and to remunerate all such agencies by way of fees, reimbursement of expenses or the like, and also to seek the listing of the equity shares in one or more Stock Exchange(s), in India, as the case may be and to settle any questions, difficulties, doubts that may arise in regard to the preferential allotment, issue and allotment of CCPS and conversion of CCPS into equity shares and utilization of issue proceeds as it may in its absolute discretion deem fit.

**RESOLVED FURTHER THAT** the Board and / or Mr. Srinivash Singh, Managing Director, Mr. Prabir Ghosh, Whole Time Director, Mr. Prasanta Kumar Chandra, Whole Time Director and Chief Operating Officer and Mr. Dibakar Chatterjee, Company Secretary be and is hereby severally authorised to do all such acts, deeds, matters and things as may be necessary and execute all such agreements, documents, instruments and writings as may be required and to delegate all or any of its powers herein to any Officer(s) of the Company in such manner as they may deem fit in their absolute discretion."

**Item No. 5**

**Allotment of compulsorily convertible preference shares ("CCPS") to equity shareholders and certain debenture holders of Vedica Sanjeevani Projects Private Limited ("Vedica") on a preferential basis**

To consider and if thought fit, to pass with or without modification(s) the following Resolution as a Special Resolution:

**"RESOLVED THAT** subject to the provisions of sections 42, 55 and 62 of the Companies Act, 2013, read with the Companies (Prospectus and Allotment of Securities) Rules, 2014, and other applicable provisions, if any, including any amendment thereto or modification(s) or re-enactment(s) thereof and in accordance with the provisions of the Memorandum and Articles of Association of the Company, the Securities and Exchange Board of India ("SEBI") (Listing Obligations and Disclosure Requirements) Regulations 2015, as amended ("LODR Regulations") and in accordance with any other applicable law or regulations, in India or outside India, including without limitation, the provisions of the Foreign Exchange Management Act, 1999, ("FEMA") and rules and regulations framed thereunder as amended from time to time, and subject to the Regulations / Guidelines, if any, prescribed by the Reserve Bank of India, Securities and Exchange Board of India including SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("SEBI ICDR Regulations") and SEBI (Substantial Acquisition of shares and Takeover) Regulations, 2011 as amended from time to time, and by all other concerned and relevant authorities from time to time, to the extent applicable and subject to such approvals, consents, permissions and sanctions of the Government of India, SEBI, Reserve Bank of India, Competition Commission of India, if applicable and all other appropriate authorities and subject to such conditions and modifications as may be prescribed by any of them while granting such approvals, permissions, consents and sanctions as deemed fit, the consent, authority and approval of the Members of the Company be and is hereby accorded to offer, issue and allot on a preferential basis, up to 4,16,21,273 compulsorily convertible preference shares of Rs. 10 each ("CCPS") at a premium of Rs. 56 per CCPS for consideration other than cash in accordance with the Chapter VII of the SEBI (Issue of Capital and Disclosure Requirement) Regulations, 2009, as amended from time to time, to equity shareholders and certain debenture holders of Vedica Sanjeevani Projects Private Limited ("Vedica") towards consideration for acquisition of 60% of equity shareholding of Vedica and certain debentures of Vedica and such issue and allotment of such number of equity shares resultant on conversion of CCPS on such terms and conditions as may be deemed appropriate by the Board (hereinafter called the "Board" which term shall be deemed to include the Allotment Committee of the Board of Directors) in its absolute discretion and wherever necessary, in consultation with advisor(s) and / or such other person(s), but without requiring any further approval or consent from the shareholders and also subject to the applicable laws, rules, regulations and guidelines prevailing in this regard.

**RESOLVED FURTHER THAT** the terms of issue of CCPS shall be as follows:

The priority with respect to payment of dividend or repayment of capital vis-a-vis equity shares	CCPS shall have priority with respect to payment of dividend or repayment of capital over equity shares of the Company
The participation in surplus fund	Non-participatory
The participation in surplus assets and profits, on winding-up which may remain after the entire capital has been repaid	Non-participatory
The payment of dividend on cumulative or non-cumulative basis	Non-cumulative
The conversion of preference shares into equity shares	Each CCPS of Rs. 10 each issued at a premium of Rs. 56 each shall be compulsorily convertible into one equity share of Rs. 10 each at a premium of Rs. 56 per equity share at any time within 18 months from the date of allotment of CCPS
The voting rights	In accordance with provisions of Companies Act, 2013
The redemption of preference shares	Redemption by way of conversion into equity shares
Dividend	1%

**RESOLVED FURTHER THAT** without prejudice to the generality of the above, the ‘relevant date’ for the purposes of determining the floor price of the CCPS in accordance with the provisions of Chapter VII of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended, shall be February 14, 2017 i.e. 30 days prior to the date of passing of the Special Resolution.

**RESOLVED FURTHER THAT** up to 4,16,21,273 compulsorily convertible preference shares of Rs. 10 each (“CCPS”) at a premium of Rs. 56 per CCPS for consideration other than cash, be issued for transfer of 60% equity shares of Vedica and certain debentures of Vedica, as follows:

Sr. No.	Name of the proposed allottee	No of CCPS
1.	Alosha Marketing Private Limited	67,43,818
2.	Atash Suppliers Private Limited	70,85,818
3.	Bansal Collections Private Limited	6,66,000
4.	Carnex Barter Private Limited	2,07,000
5.	Ekanta Plastics Private Limited	5,66,000
6.	Gustov Wolf Cord Wire Private Limited	3,28,000
7.	Index Sales Private Limited	59,08,000
8.	Kunj Behari Tie-Up Private Limited	75,000
9.	Milestone Finstock Private Limited	9,63,000
10.	Mortal Vinimay Private Limited	42,68,000
11.	Sahal Business Private Limited	1,36,47,637
12.	Trolex India Private Limited	2,49,000
13.	Universal Suppliers & Construction Private Limited	42,000
14.	Vishwa Microprocessors Private Limited	6,45,000
15.	VT Industries Private Limited	2,27,000
	<b>TOTAL</b>	<b>4,16,21,273</b>

**RESOLVED FURTHER THAT** the ‘Floor Price’ be determined in accordance with Chapter VII of the SEBI (ICDR) Regulations, 2009.

**RESOLVED FURTHER THAT** the equity shares to be issued on conversion of CCPS shall rank *pari passu* with the existing equity shares of the Company in all respects, including dividend and shall be subject to the Memorandum of Association and Articles of Association of the Company.

**RESOLVED FURTHER THAT** CCPS and equity shares to be issued on conversion of CCPS shall be subject to lock-in as provided under the provisions of chapter VII of the SEBI (ICDR) Regulations.

**RESOLVED FURTHER THAT** the CCPS shall be allotted in dematerialized form within a period of 15 days from the date of receipt of shareholders’ approval or in the event the allotment of CCPS require any approval(s) or permission(s) from any regulatory authority or the Central Government, within 15 days from the date of such approval(s) or permission(s), as the case may be.

**RESOLVED FURTHER THAT** the Board and / or Mr. Srinivash Singh, Managing Director, Mr. Prabir Ghosh, Whole Time Director, Mr. Prasanta Kumar Chandra, Whole Time Director and Chief Operating Officer and Mr. Dibakar Chatterjee, Company Secretary be and is hereby severally authorised to enter into and execute all such agreements and arrangements with any Depository(ies), Custodian(s) and all such agencies as may be involved or concerned in such offerings of CCPS and to remunerate all such agencies by way of fees, reimbursement of expenses or the like, and also to seek the listing of the equity shares in one or more Stock Exchange(s), in India, as the case may be and to settle any questions, difficulties, doubts that may arise in regard to the preferential allotment, issue and allotment of CCPS and conversion of CCPS into equity shares and utilization of issue proceeds as it may in its absolute discretion deem fit.

**RESOLVED FURTHER THAT** the Board and / or Mr. Srinivash Singh, Managing Director, Mr. Prabir Ghosh, Whole Time Director, Mr. Prasanta Kumar Chandra, Whole Time Director and Chief Operating Officer and Mr. Dibakar Chatterjee, Company Secretary be and is hereby severally authorised to do all such acts, deeds, matters and things as may be necessary and execute all such agreements, documents, instruments and writings as may be required and to delegate all or any of its powers herein to any Officer(s) of the Company in such manner as they may deem fit in their absolute discretion.”

#### **Item No. 6**

##### **Allotment of Equity Shares (“Equity Shares”) to certain investors on a preferential basis**

“**RESOLVED THAT** subject to the provisions of Section 42 and Section 62 of the Companies Act, 2013, read with the Companies (Prospectus and Allotment of Securities) Rules, 2014, and other applicable provisions, if any, including any amendment thereto or modification(s) or re-enactment(s) thereof and in accordance with the provisions of the Memorandum and Articles of Association of the Company, the Securities and Exchange Board of India (“SEBI”) (Listing Obligations and Disclosure Requirements) Regulations 2015, as amended (“LODR Regulations”) and in accordance with any other applicable law or regulations, in India or outside India, including without limitation, the provisions of the Foreign Exchange Management Act, 1999, (“FEMA”) and rules and regulations framed thereunder as amended from time to time, and subject to the Regulations / Guidelines, if any, prescribed by the SEBI including SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 (“SEBI ICDR Regulations”) and SEBI (Substantial Acquisition of shares and Takeover) Regulations, 2011

as amended from time to time, and by all other concerned and relevant authorities from time to time, to the extent applicable and subject to such approvals, consents, permissions and sanctions of the Government of India, SEBI, Reserve Bank of India, Competition Commission of India, if applicable and all other appropriate authorities and subject to such conditions and modifications as may be prescribed by any of them while granting such approvals, permissions, consents and sanctions as deemed fit, the consent, authority and approval of the Members of the Company be and is hereby accorded to offer, issue and allot on a preferential basis, up to 1,88,00,000 equity shares of Rs.10 each ("Equity Shares") at a premium of Rs. 56 per Equity Share aggregating to Rs. 124.08 crores in accordance with the Chapter VII of the SEBI (Issue of Capital and Disclosure Requirement) Regulations, 2009, as amended from time to time, to Sahal Business Private Limited, Resonance Opportunities Fund, Silver Stallion Limited and ITF, Mauritius on such terms and conditions as may be deemed appropriate by the Board (hereinafter called the "Board" which term shall be deemed to include the Allotment Committee of the Board of Directors) in its absolute discretion and wherever necessary, in consultation with advisor(s) and / or such other person(s), but without requiring any further approval or consent from the shareholders and also subject to the applicable laws, rules, regulations and guidelines prevailing in this regard.

**RESOLVED FURTHER THAT** without prejudice to the generality of the above, the 'relevant date' for the purposes of determining the floor price of the Equity Shares in accordance with the provisions of Chapter VII of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended from time to time, shall be February 14, 2017 i.e. 30 days prior to the date of passing of the Special Resolution.

**RESOLVED FURTHER THAT** up to 1,88,00,000 Equity Shares of Rs. 10 each at a premium of Rs. 56 per Equity Share on preferential basis be issued, as follows:

Sr. No.	Name of the proposed allottee	No of Equity Shares
1.	Sahal Business Private Limited	38,00,000
2.	Resonance Opportunities Fund	50,00,000
3.	Silver Stallion Limited	50,00,000
4.	ITF, Mauritius	50,00,000
	<b>TOTAL</b>	<b>1,88,00,000</b>

**RESOLVED FURTHER THAT** the 'Floor Price' be determined in accordance with Chapter VII of the SEBI (ICDR) Regulations, 2009.

**RESOLVED FURTHER THAT** the Equity Shares to be issued and allotted in terms of this Resolution shall rank *pari passu* with the existing Equity Shares of the Company in all respects, including dividend and shall be subject to the Memorandum of Association and Articles of Association of the Company and shall be subject to lock-in as provided under the provisions of chapter VII of the SEBI (ICDR) Regulations.

**RESOLVED FURTHER THAT** the Equity Shares shall be allotted in dematerialized form within a period of 15 days from the date of receipt of shareholders' approval or in the event the allotment of Equity Shares require any approval(s) or permission(s) from any regulatory authority or the Central Government, within 15 days from the date of such approval(s) or permission(s), as the case may be.

**RESOLVED FURTHER THAT** the Board and / or Mr. Srinivash Singh, Managing Director, Mr. Prabir Ghosh, Whole Time Director, Mr. Prasanta Kumar Chandra, Whole Time Director and Chief Operating Officer and Mr. Dibakar Chatterjee, Company Secretary be and is hereby severally authorised to enter into and execute all such agreements and arrangements with any Depository(ies), Custodian(s) and all such agencies as may be involved or concerned in such offerings of Securities and to remunerate all such agencies by way of fees, reimbursement of expenses or the like, and also to seek the listing of the Equity Shares in one or more Stock Exchange(s), in India, as the case may be and to settle any questions, difficulties, doubts that may arise in regard to the preferential allotment, issue and allotment of Equity Shares and utilization of issue proceeds as it may in its absolute discretion deem fit.

**RESOLVED FURTHER THAT** the Board and / or Mr. Srinivash Singh, Managing Director, Mr. Prabir Ghosh, Whole Time Director, Mr. Prasanta Kumar Chandra, Whole Time Director and Chief Operating Officer and Mr. Dibakar Chatterjee, Company Secretary be and is hereby severally authorised to do all such acts, deeds, matters and things as may be necessary and execute all such agreements, documents, instruments and writings as may be required and to delegate all or any of its powers herein to any Officer(s) of the Company in such manner as they may deem fit in their absolute discretion."

**Notes :**

1. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, setting out the material facts in respect of the Special Resolution is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON HIS/HER BEHALF. SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. A person can act as proxy on behalf of Members not exceeding 50 and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A Member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or shareholder.
3. The instrument of Proxy, in order to be effective, should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the EGM. A Proxy Form is annexed to this Notice. Proxies submitted on behalf of limited companies, societies, etc. must be supported by appropriate resolution or authority as applicable.
4. Members/Proxyholder/Authorised Representative are requested to bring duly filled Attendance Slip enclosed herewith along with their copy of the Notice to attend the Meeting.

5. In case of joint holders attending the Meeting, the first holder as per the Register of Members of the Company will be entitled to vote.

Electronic copy of the Notice is being sent to all the Members whose email addresses are registered with the Company/depository participant(s) for communication purposes unless any Member has requested for a hard copy of the same. For Members who have not registered their email address, physical copy of the Notice is being sent in the permitted mode. Members may note that this Notice will also be available on the Company's website i.e. [www.mcnallybharat.com](http://www.mcnallybharat.com).

The route map showing directions to reach the venue of the EGM is annexed and forms part of the Notice.

All documents referred to in this Notice and Explanatory Statement setting out material facts shall be made available for inspection during the extra ordinary general meeting.

The Notice is being sent to all Members whose names appear in the Registrar of Members / List of Beneficial Owners as received from the Depositories as on February 10, 2017.

Process and Manner for voting through electronic means:

- a. In compliance with Section 108 of the Companies Act, 2013, and the rules framed thereunder, as amended from time to time and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Secretarial Standard on General Meetings ("SS2") issued by The Institute of Company Secretaries of India, the Members are provided with the facility to cast their votes electronically, through the e-voting services provided by the CDSL on the resolutions set forth in this Notice. The Members may cast their votes using an electronic voting system from a place other than the venue of the EGM (remote e-voting). The instructions for e-voting are given herein below. The Resolutions passed by the Members through e-voting are deemed to have been passed as if they have been passed at the EGM.
- b. The facility for voting, either through electronic voting system or ballot paper shall be made available at the EGM and the Members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right to vote at the EGM.
- c. The facility for voting, either through electronic voting system or ballot paper shall be made available at the EGM and the Members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right to vote at the EGM.

6. Mr. A. K. Labh, Practising Company Secretary, has been appointed as the Scrutnizer of the voting process of this Meeting.

**The instructions for shareholders voting electronically are as under:**

- (i) The voting period begins on Monday, March 13, 2017, at 10:00 a.m and ends on Wednesday, March 15, 2017, at 5:00 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of Thursday, March 9, 2017, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (iv) Click on Shareholders.
- (v) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (viii) If you are a first time user follow the steps given below:

<b>For Members holding shares in Demat Form and Physical Form</b>	
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> <li>• Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.</li> <li>• In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</li> </ul>
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. <ul style="list-style-type: none"> <li>• If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).</li> </ul>

- (ix) After entering these details appropriately, click on "SUBMIT" tab.

- (x) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN for the relevant <McNally Bharat Engineering Company Limited> on which you choose to vote.
- (xiii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xviii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xix) **Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively on or after 30<sup>th</sup> June 2016. Please follow the instructions as prompted by the mobile app while voting on your mobile.**
- (xx) **Note for Non – Individual Shareholders and Custodians**
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
  - The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

Registered Office :  
4 Mangoe Lane, Kolkata- 700 001,  
West Bengal, India.  
Place : Kolkata  
Date : 17.02.2017

By Order of the Board  
**For McNally Bharat Engineering Company Limited**

**Dibakar Chatterjee**  
*Company Secretary*

## EXPLANATORY STATEMENT

**Explanatory Statement pursuant to Section 102 (1) of the Companies Act, 2013 ("Companies Act") to the accompanying Notice dated February 17, 2017**

### **Items 1, 2 and 3**

The present Authorized Share Capital of the Company of Rs. 190,00,00,000 (Rupees One Hundred and Ninety Crores Only) divided into 7,00,00,000 (seven crores) equity shares of Rs. 10 (Rupees Ten only) each and 1,20,00,000 (One Crore and Twenty Lakhs) Non-Convertible Redeemable Preference Shares of Rs. 100 (Rupees One Hundred only) each. For the purposes of capital raising, it is now proposed to increase the Authorized Share Capital to Rs. 370,00,00,000 (Rupees Three Hundred and Seventy Crores Only) divided into 16,50,00,000 (Sixteen Crores and Fifty Lakhs) equity shares of Rs. 10 (Rupees Ten only) each, 1,20,00,000 (One Crore and Twenty Lakhs) Non-Convertible Redeemable Preference Shares of Rs. 100 (Rupees One Hundred only) each and 8,50,00,000 (Eight Crores and Fifty Lakhs) Convertible Preference Shares of Rs. 10 (Rupees Ten only) each by creation of additional 9,50,00,000 (Nine Crores and Fifty Lakhs) equity shares of Rs. 10 (Rupees Ten only) each and creation of 8,50,00,000 (Eight Crores and Fifty Lakhs) Convertible Preference Shares of Rs. 10 (Rupees Ten only) each. The increase in the Authorized Share Capital is done in accordance with sections 14 and 61 of the Companies Act, 2013.

The alteration of the Authorized Share Capital clause of Memorandum of Association of the Company and relevant article in the Articles of Association of the Company are purely consequential to this increase of the Authorized Share Capital of the Company. The altered Memorandum and Articles of Association shall be available for inspection at the registered office of the Company during business hours. None of the Directors and Key Managerial Personnel including their relatives are in any way concerned or interested in the proposed Resolution.

The Board recommends passing of the Resolutions set out in the accompanying notice, as ordinary and special resolutions.

#### Item 4

From time to time, Williamson Magor & Co Limited, Williamson Financial Services Limited and Babcock Borsig Limited, promoters and promoter group companies, of the Company had advanced unsecured loans to the Company. With a view to partly convert the outstanding unsecured loans provided by them, the Company proposes issue of compulsorily convertible preference shares ("CCPS") as follows:

Sr. No.	Name of allottee	Amount of outstanding unsecured loan against which CCPS are issued (in Rs. crores)	Number of CCPS, face value and premium
1.	Williamson Magor & Co Limited	100.00	1,51,51,515
2.	Williamson Financial Services Limited	100.00	1,51,51,515
3.	Babcock Borsig Limited	75.00	1,13,63,636
	<b>TOTAL</b>	<b>275.00</b>	<b>4,16,66,666</b>

As on date, Williamson Magor & Co Limited, Williamson Financial Services Limited and Babcock Borsig Limited hold 23.26%, 2.89% and 2.43%, respectively of the equity Share Capital of the Company.

The Board of Directors of the Company, in their meeting held on February 17, 2017, approved preferential allotment of CCPS to Williamson Magor & Co Limited, Williamson Financial Services Limited and Babcock Borsig Limited.

CCPS shall carry 1% dividend. Each CCPS of Rs. 10 each issued at a premium of Rs. 56 each shall be compulsorily convertible into one equity share of Rs. 10 each at a premium of Rs. 56 per equity share at any time within 18 months of the date of allotment of CCPS. The equity shares to be issued upon conversion of CCPS shall be listed on BSE Limited and National Stock Exchange of India Limited.

The preferential allotment of CCPS is subject to the approval of the members of the Company and other statutory approvals, if any and approval by all other concerned and relevant authorities from time to time, to the extent applicable and subject to such approvals, consents, permissions and sanctions of the Government of India, SEBI, Reserve Bank of India, Competition Commission of India, if applicable. Since the Company is a listed company, the proposed issue is in terms of the provisions of the Companies Act, 2013 ("Act"), SEBI (ICDR) Regulations, 2009 ("SEBI ICDR Regulations"), the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and other applicable regulations.

Details of the preferential allotment and other particulars in terms of Regulation 73 of SEBI (ICDR) Regulations, 2009 in relation to the aforementioned Special Resolution are given as under:

#### 1. Objects of the Issue, instrument and number:

From time to time, Williamson Magor & Co Limited, Williamson Financial Services Limited and Babcock Borsig Limited, promoters and promoter group companies, of the Company had advanced unsecured loans to the Company. With a view to partly convert the unsecured outstanding loans provided by promoters, the Company proposes to issue compulsorily convertible preference shares ("CCPS") as follows:

Sr. No.	Name of allottee	Amount of outstanding unsecured loan against which CCPS to be issued (in Rs. crores)	Number of CCPS to be issued
1.	Williamson Magor & Co Limited	100.00	1,51,51,515
2.	Williamson Financial Services Limited	100.00	1,51,51,515
3.	Babcock Borsig Limited	75.00	1,13,63,636
	<b>TOTAL</b>	<b>275.00</b>	<b>4,16,66,666</b>

#### 2. Issue Price and Relevant Date:

Each CCPS of Rs. 10 each is issued at a premium of Rs. 56 each and shall be compulsorily convertible into one equity share of Rs. 10 each at a premium of Rs. 56 per equity share at any time within 18 months of the date of allotment of CCPS. The Company is listed on both BSE Limited and National Stock Exchange of India Limited. For the purpose of computation of the price of CCPS, the stock exchange which has higher trading volume of the Equity Shares of the Company during the preceding twenty six weeks prior to the relevant date has been considered.

In terms of SEBI (ICDR) Regulations, 2009, the price per CCPS is determined as follows:

Higher of:

- The average of the weekly high and low of the volume weighted average price of the equity shares of the Company quoted on the recognised stock exchange during the twenty six weeks preceding the relevant date; or

- b. The average of the weekly high and low of the volume weighted average prices of the equity shares of the Company quoted on a recognised stock exchange during the two weeks preceding the relevant date.

Accordingly, the issue price per CCPS is fixed at Rs. 66 which is higher of the prices as computed under (a) and (b) above.

For this purpose, "relevant date" means the date thirty days prior to the date of passing of the proposed Resolution. Accordingly, the relevant date for the preferential allotment is February 14, 2017 (in terms of Regulation 71 of the SEBI (ICDR) Regulations).

### 3. Undertakings of the Company:

The Company undertakes to re-compute the price of the specified securities in terms of the provision of SEBI (ICDR) Regulations, 2009, where it is required to do so. If the amount payable on account of the re-computation of price is not paid within the time stipulated in the SEBI Regulations, the CCPS or equity shares, as the case may be, shall continue to be locked-in till the time such amount is paid by the allottees.

### 4. Intention of promoters / directors / key management persons to subscribe:

Williamson Magor & Co Limited, Williamson Financial Services Limited and Babcock Borsig Limited, promoters and promoter group companies of the Company shall participate in the preferential allotment. Other promoters and promoter group companies are interested in the proposed resolution to the extent of their shareholding in the Company.

Mr. Aditya Khaitan and Mr. Amritanshu Khaitan are directors of the Company as well as Williamson Magor & Co. Ltd and Williamson Financial Services Limited. Mr. Aditya Khaitan is the director of the Company as well as Babcock Borsig Limited.

Except the above none of the Directors and Key Managerial Personnel including their relatives are any way concerned or interested in the proposed Resolution.

### 5. The identity of the natural persons who are the ultimate beneficial owners and change of control, if any:

Identity of the natural persons who are the ultimate beneficial owners of the CCPS proposed to be allotted and / or who ultimately control the proposed allottees, the percentage of post preferential issue capital that may be held by them and change in control, if any, in the issuer consequent to the preferential issue:

Sr. No.	Name of the proposed allottee	Category	Ultimate beneficial owners of the proposed allottees	The percentage of post preferential issue capital held		Change of Control
				Pre-CCPS Conversion*	Post-CCPS Conversion*	
1.	Williamson Magor & Co Limited	Promoter and promoter group company	Not applicable. The allottee is a listed company.	17.22	17.74	The proposed preferential issue of CCPS to Williamson Magor & Co Limited shall not result in change of control of the Company.
2.	Williamson Financial Services Limited	Promoter and promoter group company	Not applicable. The allottee is a listed company.	2.14	10.73	The proposed preferential issue of CCPS to Williamson Financial Services Limited shall not result in change of control of the Company.
3.	Babcock Borsig Limited	Promoter and promoter group company	Mr. B.M. Khaitan Mr. Aditya Khaitan	1.80	8.13	The proposed preferential issue of CCPS to Babcock Borsig Limited shall not result in change of control of the Company.

\*Calculated assuming allotment of Equity Shares as per resolution 6 of this Notice.

### 6. Pre-issue & Post-issue Shareholding Pattern of the Company is given below:

Category of shareholder	Pre-issue as on February 10, 2017		Post issue of Equity Shares and before conversion of CCPS proposed to be issued		Post-issue of Equity Shares and assuming conversion of all CCPS proposed to be issued	
	Total number of shares	Percentage of total number of shares	Total number of shares	Percentage of total number of shares	Total number of shares	Percentage of total number of shares
<b>Shareholding of Promoter and Promoter Group</b>						
Indian promoters	38,645,142	72.11	38,645,142	53.38	80,311,808	51.59
Foreign Promoters	0	0.00	0	0.00	0	0.00
<b>Total Indian Promoter and Foreign Promoter</b>	<b>38,645,142</b>	<b>72.11</b>	<b>38,645,142</b>	<b>53.38</b>	<b>80,311,808</b>	<b>51.59</b>
<b>Public shareholding</b>	<b>14,948,676</b>	<b>27.89</b>	<b>33,748,676</b>	<b>46.62</b>	<b>75,369,949</b>	<b>48.41</b>
<b>Institutions</b>	328,985	0.61	15,328,985	21.17	15,328,985	9.84
<b>Non-institutions</b>	14,619,691	27.28	18,419,691	25.44	60,040,964	<b>38.57</b>

Category of shareholder	Pre-issue as on February 10, 2017		Post issue of Equity Shares and before conversion of CCPS proposed to be issued		Post-issue of Equity Shares and assuming conversion of all CCPS proposed to be issued	
	Total number of shares	Percentage of total number of shares	Total number of shares	Percentage of total number of shares	Total number of shares	Percentage of total number of shares
<b>Total Public Shareholding</b>	<b>14,948,676</b>	<b>27.89</b>	<b>33,748,676</b>	<b>46.62</b>	<b>75,369,949</b>	<b>48.41</b>
Shares held by custodians and against which Depository Receipts have been issued	0	0.00	0	0.00	0	0.00
Promoter and Promoter group	0	0.00	0	0.00	0	<b>0.00</b>
Public	0	0.00	0	0.00	0	0.00
<b>Total</b>	<b>53,593,818</b>	<b>100.00</b>	<b>72,393,818</b>	<b>100.00</b>	<b>155,681,757</b>	<b>100.00</b>

**7. Proposed time of Allotment:**

The CCPS shall be allotted within a period of 15 days from the date of receipt of shareholders' approval, or in the event of the allotment of CCPS requiring approvals or permissions from any regulatory authority or the Central Government, within 15 days from the date of such approvals or permission, as the case may be.

The CCPS shall be convertible into equity shares of the Company within 18 months of the date of allotment of CCPS.

**8. Lock-in:**

The CCPS and equity shares resulting from conversion of CCPS shall be locked-in in accordance with Regulation 78 of Chapter VII of SEBI (ICDR) Regulations.

**9. Terms of issue:**

Terms of issue of CCPS shall be as follows:

The priority with respect to payment of dividend or repayment of capital <i>vis-a-vis</i> equity shares	CCPS shall have priority with respect to payment of dividend or repayment of capital over equity shares
The participation in surplus fund	Non-participatory
The participation in surplus assets and profits, on winding-up which may remain after the entire capital has been repaid	Non-participatory
The payment of dividend on cumulative or non-cumulative basis	Non-cumulative
The conversion of preference shares into equity shares	Each CCPS of Rs. 10 each issued at a premium of Rs. 56 each shall be compulsorily convertible into one equity share of Rs. 10 each at a premium of Rs. 56 per equity share at any time within 18 months of the date of allotment of CCPS
The voting rights	In accordance with provisions of Companies Act, 2013
The redemption of preference shares	Redemption by way of conversion into equity shares
Dividend	1%

**10. Auditor's Certificate:**

The Statutory Auditor's certificate, as required under Regulation 73(2) of the SEBI (ICDR) Regulations will be made available for inspection during the extra ordinary general meeting.

It is proposed to obtain consent of the Members, pursuant to the provisions of Section 42, 55 and 62 and other applicable provisions of the Companies Act, 2013, and SEBI (ICDR) Regulations, 2009, and in terms of the provisions of the SEBI LODR Regulations, to issue and allot CCPS on a preferential basis as stated in the Special Resolution set out in the accompanying Notice.

Williamson Magor & Co Limited, Williamson Financial Services Limited and Babcock Borsig Limited, promoters and promoter group companies of the Company are interested to the extent of allotment of CCPS to them. Other promoters and promoter group companies are interested in the proposed resolution to the extent of their shareholding in the Company.

Mr. Aditya Khaitan and Mr. Amritanshu Khaitan are directors of the Company as well as Williamson Magor & Co. Ltd and Williamson Financial Services Limited. Mr. Aditya Khaitan is the director of the Company as well as Babcock Borsig Limited.

Except the above none of the Directors and Key Managerial Personnel including their relatives are any way concerned or interested in the proposed Resolution.

The Board recommends passing of the Resolution set out in the accompanying Notice, as a Special Resolution.

**Item No. 5**

On account of unfavourable business conditions, the Company has become highly geared and has been incurring losses. In order to improve the business operations, the Company has also decided to acquire 60% equity shares and certain debentures of Vedica

Sanjeevani Projects Private Limited (“**Vedica**”) which is engaged in development of real estate and resorts. Vedica owns land in Neemrana, Rajasthan with a development plan for construction of a resort cum residential complex (“**Project**”). The Project is intended to be developed jointly with a property development company on condition that the EPC contract of the Project is awarded to the Company. The EPC contract will improve the order book position of the Company. With this objective, the Company proposes to acquire 60% of the equity share capital of Vedica for Rs. 150,00,00,018 and also certain debentures issued by Vedica to the extent of Rs. 124,70,04,000. The consideration for the equity shares and debentures of Vedica is proposed to be met by issue of 4,16,21,273 CCPS to the shareholders and certain debenture holders at issue price of Rs. 66 each.

CCPS shall carry 1% dividend. Each CCPS of Rs. 10 each issued at a premium of Rs. 56 each shall be compulsorily convertible into one equity share of Rs. 10 each at a premium of Rs. 56 per equity share at any time within 18 months of the date of allotment of CCPS. The equity shares to be issued upon conversion of CCPS shall be listed on BSE and NSE.

The preferential allotment of CCPS is subject to the approval of the members of the Company and other statutory approvals, if any and approval by all other concerned and relevant authorities from time to time, to the extent applicable and subject to such approvals, consents, permissions and sanctions of the Government of India, SEBI, Reserve Bank of India, Competition Commission of India, if applicable. Since the Company is a listed company, the proposed issue is in terms of the provisions of the Companies Act, 2013 (“Act”), SEBI (ICDR) Regulations, 2009 (“SEBI ICDR Regulations”), the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and other applicable provisions.

Details of the preferential allotment and other particulars in terms of Regulation 73 of SEBI (ICDR) Regulations, 2009 in relation to the aforementioned Special Resolution are given as under:

**1. Objects of the Issue, Instrument and Numbers:**

Unfavourable business conditions has led to substantial borrowings and losses for the Company. In order to improve business operations, the Company proposes to acquire 60% equity shareholding and certain debentures of Vedica Sanjeevani Projects Private Limited (“**Vedica**”) which is engaged in development of real estate and resorts. Vedica owns land in Neemrana, Rajasthan with a development plan for construction of a resort cum residential complex (“**Project**”). The Project is intended to be developed jointly with a property development company on condition that the EPC contract of the Project is awarded to the Company. The EPC contract will improve the order book position of the Company. With this objective, the Company proposes to acquire 60% of the equity share capital of Vedica for Rs. 150,00,00,018 and also certain debentures issued by Vedica to the extent of Rs. 124,70,04,000. The consideration for the equity shares and debentures of Vedica is proposed to be met by issue of 4,16,21,273 CCPS of Rs. 10 each at a premium of Rs. 56 per CCPS to the shareholders and debenture holders.

**2. Issue Price and Relevant Date:**

The Company proposes to issue 4,16,21,273 CCPS of Rs. 10 each at a premium of Rs. 56 per CCPS to the shareholders and certain debenture holders for consideration other than cash, for transfer of 60% equity shares of Vedica and certain debentures of Vedica, as follows:

Sr. No.	Name of the proposed allottee	No of CCPS
1.	Alosha Marketing Private Limited	67,43,818
2.	Atash Suppliers Private Limited	70,85,818
3.	Bansal Collections Private Limited	6,66,000
4.	Carnex Barter Private Limited	2,07,000
5.	Ekanta Plastics Private Limited	5,66,000
6.	Gustov Wolf Cord Wire Private Limited	3,28,000
7.	Index Sales Private Limited	59,08,000
8.	Kunj Behari Tie-Up Private Limited	75,000
9.	Milestone Finstock Private Limited	9,63,000
10.	Mortal Vinimay Private Limited	42,68,000
11.	Sahal Business Private Limited	1,36,47,637
12.	Trolex India Private Limited	2,49,000
13.	Universal Suppliers & Construction Private Limited	42,000
14.	Vishwa Microprocessors Private Limited	6,45,000
15.	VT Industries Private Limited	2,27,000
	<b>TOTAL</b>	<b>4,16,21,273</b>

The Company has obtained valuation report dated February 17, 2017 from M/s H.B Associates, Chartered Accountants with respect to issue of CCPS to equity shareholders and debenture holders of Vedica. The valuation report will be made available for inspection during the extra ordinary general meeting.

Each CCPS of Rs. 10 each issued at a premium of Rs. 56 each shall be compulsorily convertible into one equity share of Rs. 10 each at a premium of Rs. 56 per equity share at any time within 18 months of the date of allotment of CCPS. The Company is listed on both BSE Limited and National Stock Exchange of India Limited. For the purpose of computation of the price of CCPS, the stock exchange which has higher trading volume of the Equity Shares of the Company during the preceding twenty six weeks prior to the relevant date has been considered.

In terms of SEBI (ICDR) Regulations, 2009, the price per CCPS is determined as follows:

Higher of:

- The average of the weekly high and low of the volume weighted average price of the equity shares of the Company quoted on the recognised stock exchange during the twenty six weeks preceding the relevant date; or
- The average of the weekly high and low of the volume weighted average prices of the equity shares of the Company quoted on a recognised stock exchange during the two weeks preceding the relevant date.

Accordingly, the issue price per CCPS is fixed at Rs. 66 which is higher of the prices as computed under (a) and (b) above.

For this purpose, "relevant date" means the date thirty days prior to the date of passing of the proposed Resolution. Accordingly, the relevant date for the preferential allotment is February 14, 2017 (in terms of Regulation 71 of the SEBI (ICDR) Regulations).

### 3. Undertakings of the Company:

The Company undertakes to re-compute the price of the specified securities in terms of the provision of SEBI (ICDR) Regulations, 2009, where it is required to do so. If the amount payable on account of the re-computation of price is not paid within the time stipulated in the SEBI Regulations, the CCPS or equity shares, as the case may be, shall continue to be locked-in till the time such amount is paid by the allottees.

### 4. Intention of promoters / directors / key management persons to subscribe:

None of promoters / directors / key management persons propose to subscribe to this preferential allotment.

### 5. The identity of the natural persons who are the ultimate beneficial owners and change of control, if any:

Identity of the natural persons who are the ultimate beneficial owners of the CCPS proposed to be allotted and / or who ultimately control the proposed allottees, the percentage of post preferential issue capital that may be held by them and change in control, if any, in the issuer consequent to the preferential issue:

Sr. No.	Name of the proposed allottee	Category	The percentage of post preferential issue capital held		Ultimate beneficial owners of the proposed allottees
			Pre CCPS Conversion*	Post CCPS Conversion*	
1.	Alosha Marketing Pvt Ltd	Public	0.00	4.33	Mr. Rajiv Pasari
2.	Atash Suppliers Pvt Ltd	Public	0.00	4.55	Mr. Rajiv Pasari
3.	Bansal Collections Private Limited	Public	0.00	0.43	Mr. Krishnakant Agarwal
4.	Carnex Barter Private Limited	Public	0.00	0.13	Mr. Rajiv Pasari
5.	Ekanta Plastics Private Limited	Public	0.00	0.37	Mr. Rajiv Pasari
6.	Gustov Wolf Cord Wire Private Limited	Public	0.00	0.21	Mr. Rajiv Pasari
7.	Index Sales Private Limited	Public	0.00	3.79	Mr. Krishnakant Agarwal
8.	Kunj Behari Tie-Up Private Limited	Public	0.00	0.05	Mr. Krishnakant Agarwal
9.	Milestone Finstock Private Limited	Public	0.00	0.62	Mr. Rajiv Pasari
10.	Mortal Vinimay Private Limited	Public	0.00	2.74	Mr. Krishnakant Agarwal
11.	Sahal Business Private Limited	Public	5.25	11.21	Mr. Rajiv Pasari
12.	Troxel India Private Limited	Public	0.00	0.16	Mr. Rajiv Pasari
13.	Universal Suppliers & Construction Private Limited	Public	0.00	0.03	Mr. Rajiv Pasari
14.	Vishwa Microprocessors Private Limited	Public	0.00	0.41	Mr. Rajiv Pasari
15.	VT Industries Private Limited	Public	0.00	0.15	Mr. Rajiv Pasari

\*Calculated assuming allotment of Equity Shares as per resolution 6 of this Notice.

The proposed preferential issue of CCPS shall not result in change of control of the Company.

### 6. Pre-issue & Post-issue Shareholding Pattern of the Company is given below:

Category of shareholder	Pre-issue as on February 10, 2017		Post issue of Equity Shares and before conversion of CCPS proposed to be issued		Post-issue of Equity Shares and assuming conversion of all CCPS proposed to be issued	
	Total number of shares	Percentage of total number of shares	Total number of shares	Percentage of total number of shares	Total number of shares	Percentage of total number of shares
<b>Shareholding of Promoter and Promoter Group</b>						
Indian promoters	38,645,142	72.11	38,645,142	53.38	80,311,808	51.59
Foreign Promoters	0	0.00	0	0.00	0	0.00

Category of shareholder	Pre-issue as on February 10, 2017		Post issue of Equity Shares and before conversion of CCPS proposed to be issued		Post-issue of Equity Shares and assuming conversion of all CCPS proposed to be issued	
	Total number of shares	Percentage of total number of shares	Total number of shares	Percentage of total number of shares	Total number of shares	Percentage of total number of shares
<b>Total Indian Promoter and Foreign Promoter</b>	<b>38,645,142</b>	<b>72.11</b>	<b>38,645,142</b>	<b>53.38</b>	<b>80,311,808</b>	<b>51.59</b>
<b>Public shareholding</b>	<b>14,948,676</b>	<b>27.89</b>	<b>33,748,676</b>	<b>46.62</b>	<b>75,369,949</b>	<b>48.41</b>
<b>Institutions</b>	328,985	0.61	15,328,985	21.17	15,328,985	9.84
<b>Non-institutions</b>	14,619,691	27.28	18,419,691	25.44	60,040,964	<b>38.57</b>
<b>Total Public Shareholding</b>	<b>14,948,676</b>	<b>27.89</b>	<b>33,748,676</b>	<b>46.62</b>	<b>75,369,949</b>	<b>48.41</b>
Shares held by custodians and against which Depository Receipts have been issued	0	0.00	0	0.00	0	0.00
Promoter and Promoter group	0	0.00	0	0.00	0	<b>0.00</b>
Public	0	0.00	0	0.00	0	0.00
<b>Total</b>	<b>53,593,818</b>	<b>100.00</b>	<b>72,393,818</b>	<b>100.00</b>	<b>155,681,757</b>	<b>100.00</b>

**7. Proposed time of Allotment:**

The CCPS shall be allotted within a period of 15 days from the date of receipt of shareholders' approval, or in the event of the allotment of CCPS requiring approvals or permissions from any regulatory authority or the Central Government, within 15 days from the date of such approvals or permission, as the case may be.

The CCPS shall be convertible into equity shares of the Company within 18 months of the date of allotment of CCPS.

**8. Lock-in :**

The CCPS and equity shares resulting from conversion of CCPS shall be locked-in in accordance with Regulation 78 of Chapter VII of SEBI (ICDR) Regulations.

**11. Terms of issue:**

Terms of issue of CCPS shall be as follows:

The priority with respect to payment of dividend or repayment of capital <i>vis-a-vis</i> equity shares	CCPS shall have priority with respect to payment of dividend or repayment of capital over equity shares
The participation in surplus fund	Non-participatory
The participation in surplus assets and profits, on winding-up which may remain after the entire capital has been repaid	Non-participatory
The payment of dividend on cumulative or non-cumulative basis	Non-cumulative
The conversion of preference shares into equity shares	Each CCPS of Rs. 10 each issued at a premium of Rs. 56 each shall be compulsorily convertible into one equity share of Rs. 10 each at a premium of Rs. 56 per equity share at any time within 18 months of the date of allotment of CCPS
The voting rights	In accordance with provisions of Companies Act, 2013
The redemption of preference shares	Redemption by way of conversion into equity shares
Dividend	1%

**12. Auditor's Certificate:**

The Statutory Auditor's certificate, as required under Regulation 73(2) of the SEBI (ICDR) Regulations will be made available for inspection during the extra ordinary general meeting.

It is proposed to obtain consent of the Members, pursuant to the provisions of Section 42, 55 and 62 and other applicable provisions of the Companies Act, 2013, and SEBI (ICDR) Regulations, 2009, and in terms of the provisions of the SEBI LODR Regulations, to issue and allot CCPS on a preferential basis as stated in the Special Resolution set out in the accompanying Notice.

The Promoters are interested in the proposed resolution to the extent to their shareholding in the Company.

None of the Directors and Key Managerial Personnel including their relatives are in any way concerned or interested in the proposed Resolution.

The Board recommends passing of the Resolution set out in the accompanying Notice, as a Special Resolution.

**Item No. 6**

With a view to improve the financial position, the Company also proposes to issue 1,88,00,000 Equity Shares of Rs. 10 each at a premium of Rs. 56 per Equity Share aggregating to Rs. 124,08,00,000 for cash on private placement basis. This preferential issue for cash will improve the Company's financial position.

The Board of Directors of the Company, in their meeting held on February 17, 2017, approved preferential allotment of Equity Shares to Sahal Business Private Limited, Resonance Opportunities Fund, Silver Stallion Limited and ITF, Mauritius.

The Equity Shares allotted would be listed on BSE and NSE.

The Preferential Allotment is subject to the approval of the members of the Company and other statutory approvals, if any. Since the Company is a listed company, the proposed issue is in terms of the provisions of the Companies Act, 2013 ("Act"), SEBI (ICDR) Regulations, 2009 ("SEBI ICDR Regulations"), the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and other applicable provisions.

Details of the Preferential Allotment and other particulars in terms of Regulation 73 of SEBI (ICDR) Regulations, 2009 in relation to the aforementioned Special Resolution are given as under:

**1. Objects of the Issue:**

For long term working capital and for general corporate purposes.

**2. Instrument and Numbers:**

The Company is proposing to issue up to 1,88,00,000 Equity Shares of Rs. 10 each at a premium of Rs. 56 per Equity Share on preferential basis as follows:

Sr. No.	Name of the proposed allottee	No of Equity Shares
1.	Sahal Business Private Limited	38,00,000
2.	Resonance Opportunities Fund	50,00,000
3.	Silver Stallion Limited	50,00,000
4.	ITF, Mauritius	50,00,000
	<b>TOTAL</b>	<b>1,88,00,000</b>

**3. Issue Price and Relevant Date:**

The price at which Equity Shares will be allotted under the Preferential Allotment shall be in accordance with Chapter VII of the SEBI ICDR Regulations.

For the purpose of computation of the price of Equity Shares, the stock exchange which has higher trading volume of the Equity Shares of the Company during the preceding twenty six weeks prior to the relevant date has been considered. As per Chapter VII of the said SEBI (ICDR) Regulations, 2009, issue of Equity Shares, on a preferential basis, can be made at a price not less than the higher of the following:

- The average of the weekly high and low of the volume weighted average price of the Equity Shares quoted on the recognized Stock Exchange during the twenty six weeks preceding the relevant date; or
- The average of the weekly high and low of the volume weighted average price of the Equity Shares quoted on a Stock Exchange during the two weeks preceding the Relevant Date.

For this purpose, "relevant date" means the date thirty days prior to the date of passing of the proposed Resolution. Accordingly, the relevant date for the preferential allotment is February 14, 2017 (in terms of Regulation 71 of the SEBI (ICDR) Regulations).

**4. Undertakings of the Company:**

The Company undertakes to re-compute the price of the specified securities in terms of the provision of SEBI (ICDR) Regulations, 2009, where it is required to do so. If the amount payable on account of the re-computation of price is not paid within the time stipulated in the SEBI Regulations, the Equity Shares shall continue to be locked-in till the time such amount is paid by the allottees.

**5. Intention of promoters / directors / key management persons to subscribe:**

Promoters / directors / key management persons of the Company shall not participate in the preferential allotment of Equity Shares.

**6. The identity of the natural persons who are the ultimate beneficial owners and change of control, if any:**

Identity of the natural persons who are the ultimate beneficial owners of the Equity Shares proposed to be allotted and / or who ultimately control the proposed allottees, the percentage of post preferential issue capital that may be held by them and change in control, if any, in the issuer consequent to the preferential issue:

Sr. No.	Name of the proposed allottee	Category	Ultimate beneficial owners of the proposed allottees	Percentage of post preferential issue capital held	Change of Control
1.	Sahal Business Private Limited	Public	Mr. Rajiv Pasari	5.25	The proposed preferential issue of Equity Shares to Sahal Business Private Limited shall not result in change of control of the Company.

Sr. No.	Name of the proposed allottee	Category	Ultimate beneficial owners of the proposed allottees	Percentage of post preferential issue capital held	Change of Control
2.	Resonance Opportunities Fund	Public	Fidelis Global Asset Management Limited, which is a mutual fund and does not have individual beneficiaries	6.91	The proposed preferential issue of Equity Shares to Resonance Opportunities Fund shall not result in change of control of the Company.
3.	Silver Stallion Limited	Public	Mr. Bharti Amul Shah	6.91	The proposed preferential issue of Equity Shares to Silver Stallion Limited shall not result in change of control of the Company.
4.	ITF, Mauritius	Public	Venus Global, which is a broad based fund and does not have individual beneficiaries	6.91	The proposed preferential issue of Equity Shares to ITF, Mauritius shall not result in change of control of the Company.

**7. Pre-issue & Post-issue Shareholding Pattern of the Company is given below:**

Category of shareholder	Pre-issue as on February 10, 2017		Post issue of Equity Shares and before conversion of CCPS proposed to be issued		Post-issue of Equity Shares and assuming conversion of all CCPS proposed to be issued	
	Total number of shares	Percentage of total number of shares	Total number of shares	Percentage of total number of shares	Total number of shares	Percentage of total number of shares
<b>Shareholding of Promoter and Promoter Group</b>						
Indian promoters	38,645,142	72.11	38,645,142	53.38	80,311,808	51.59
Foreign Promoters	0	0.00	0	0.00	0	0.00
<b>Total Indian Promoter and Foreign Promoter</b>	<b>38,645,142</b>	<b>72.11</b>	<b>38,645,142</b>	<b>53.38</b>	<b>80,311,808</b>	<b>51.59</b>
<b>Public shareholding</b>	<b>14,948,676</b>	<b>27.89</b>	<b>33,748,676</b>	<b>46.62</b>	<b>75,369,949</b>	<b>48.41</b>
Institutions	328,985	0.61	15,328,985	21.17	15,328,985	9.84
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<b>Total Public Shareholding</b>	<b>14,948,676</b>	<b>27.89</b>	<b>33,748,676</b>	<b>46.62</b>	<b>75,369,949</b>	<b>48.41</b>
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Promoter and Promoter group	0	0.00	0	0.00	0	0.00
Public	0	0.00	0	0.00	0	0.00
<b>Total</b>	<b>53,593,818</b>	<b>100.00</b>	<b>72,393,818</b>	<b>100.00</b>	<b>155,681,757</b>	<b>100.00</b>

**8. Proposed time of Allotment:**

The Equity Shares shall be allotted within a period of 15 days from the date of receipt of shareholders' approval, or in the event of the allotment of Equity Shares requiring approvals or permissions from any regulatory authority or the Central Government, within 15 days from the date of such approvals or permission, as the case may be.

**9. Lock-in:**

The Equity Shares proposed to be offered and allotted in the preferential allotment shall be locked-in in accordance with Regulation 78 of Chapter VII of SEBI (ICDR) Regulations.

**10. Auditor's Certificate:**

The Statutory Auditor's certificate, as required under Regulation 73(2) of the SEBI (ICDR) Regulations will be made available for inspection during the extra ordinary general meeting.

It is proposed to obtain consent of the Members, pursuant to the provisions of Section 42 and 62 and other applicable provisions of the Companies Act, 2013, and SEBI (ICDR) Regulations, 2009, and in terms of the provisions of the SEBI LODR Regulations, to issue and allot Equity Shares on a preferential basis as stated in the Special Resolution set out in the accompanying Notice.

None of the Promoters, Directors and Key Managerial Personnel including their relatives are in any way concerned or interested in the proposed Resolution.

The Board recommends passing of the Resolution set out in the accompanying Notice, as a Special Resolution.

Registered Office :  
4 Mangoe Lane, Kolkata- 700 001,  
West Bengal, India.

Place : Kolkata  
Date : February 17, 2017

By Order of the Board  
For McNally Bharat Engineering Company Limited

**Dibakar Chatterjee**  
Company Secretary

### ROUTE MAP FOR THE VENUE OF EGM



Auditorium, Club Eco Vista, Ecospace Business Park, Plot No: 2-F/11, New Town, Rajarhat, 24 Parganas (North), Kolkata: 700156  
(Major landmarks: Rabindra Tirtha, Tata Medical Centre, Unitech Infospace, TCS Geetanjali Park, Eden Court, Aliah University)