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Shriram EPC enters agreement to acquire stake in Chennai based Blackstone Group Technologies

Shriram EPC Limited (SEPC), one of the leading service providers of integrated design, engineering, procurement, construction and project management services for renewable energy projects, process and metallurgical plants and municipal service sector projects throughout India and manufacturer of wind turbine generators, has announced that it has concluded an agreement to acquire a 55% stake in Blackstone Group Technologies Pvt. Ltd. (BGT). BGT is an engineering consulting firm based in Chennai, India which offers high value design and engineering services.

Commenting on the acquisition, Mr. T. Shivaraman, Managing Director & CEO of Shriram EPC Limited, said:

"This acquisition will help us to consolidate our position as a leading provider of engineering services and provide synergies across our business lines of process and metallurgy, biomass power plants and pipe rehabilitation.

BGT brings with it a strong team of highly skilled personnel with a wealth of experience and know-how in their business which will be complementary to our existing service offerings. As this helps us to broaden our service capabilities, we will be able to aim for a higher share of wallet from our existing customer base as well as leverage on BGT's customer relationships for new business."

Commenting on the acquisition, Mr. Ashref Hashim, founder & chairman of Blackstone Group Technologies Pvt. Ltd., said:

"Partnering with Shriram EPC Ltd. will be of tremendous benefit to us as this give us access to better infrastructure and execution capabilities We now have an appropriate platform in place which will help us to scale up our business and better realize our potential for delivering value to our customers."

The acquisition of BGT will substantially enhances SEPC's manpower resources and provides skill sets in design and high value engineering that will strengthen Shriram EPC's capabilities especially in the area involving civil and structural engineering. These capabilities are a critical requirement for SEPC on the projects it currently executes and are complementary to their current offerings. SEPC was earlier outsourcing these requirements, and the certainty of supply and the quality control that can now be exercised by SEPC will enable it to bid for larger projects.

Apart from expanding SEPC's bouquet of service offering, this acquisition will improve the proportion of the total contract that SEPC can potentially bid for. The acquisition also provides SEPC access to BGT's marketing teams and infrastructure, both, in India and globally.

In addition to strengthening domestic offerings, this acquisition will enable SEPC to address more markets in the international arena. SEPC also gains access to the strong portfolio (customer base) of BGT which, combined with the addition of BGT's experienced management team who have strong relations in the industry, would result in significant business synergies.

The acquisition will be funded through internal accruals with SEPC acquiring, in part, equity from existing promoters of BGT and also through the allotment of new equity. SEPC has not disclosed the amount of consideration for this transaction due to contractual limitations on disclosure. SEPC will hold 55% of the equity of BGT and it will be consolidated in the books of SEPC as a subsidiary, for accounting purposes. Under the agreement, SEPC has the option to acquire the balance equity after 3 years.

Mr. S. Egbal, Director, India operations of BGT will continue to head the organization. BGT will continue to maintain its distinct entity and will continue to service outside clients. A new division will focus on providing engineering services for Shriram EPC's projects. Mumbai-based Singhi Advisors were exclusive advisors to BGT for the transaction.

About Blackstone Group Technologies

Blackstone Group Technologies is an engineering consulting firm based in Chennai, India which offers design and detailing services. It was founded by Mr. Ashref Hashim in the year 1993. BGT has been in business for over 14 years and specializes in structural steel design and detailing for various industries, conveying equipment detailing, plant designing software application and development, deputation and engineering services outsourcing.

It has a strong team of skilled and experienced personnel who can conduct sophisticated modeling, design and engineering analysis. BGT enjoys state of the art infrastructure and facilities and is well experienced in various international design standards and codes. It employs nearly 250 staff members with a large percentage of technical staff.

BGT has offices in Chennai and Chicago, USA and has an established client base with nearly 70% of business coming from repeat clients. References include a mix of domestic and international clients including clients from USA, Canada, U.K., Germany, Brazil, Nigeria, Malaysia and the Middle East. BGT has executed projects for a variety of clients including Bechtel, SNC-Lavalin, FLSmidth, Petrofac, Aumund, Durr, TCE

About Shriram EPC

Shriram EPC (NSE: SHRIRAMEPC, BSE: 532945) is one of the leading service providers of integrated design, engineering, procurement, construction and project management services for renewable energy projects, process and metallurgical plants and municipal service sector projects throughout India and is also a leading manufacturer of 250 KW wind turbine generators (WTG).

The EPC business is focused on providing integrated turnkey solutions for biomass-based power plants, bio-ethanol production plants, process and metallurgy plants (including thermal power plants), water and wastewater treatment plants, water and sewer infrastructure and pipe rehabilitation. The WTG business is focused on developing, manufacturing, erecting and commissioning 250 KW WTGs and is currently developing WTGs of larger capacities through subsidiaries and associates. Shriram EPC is headquartered in Chennai with offices in Mumbai, New Delhi, Kolkata and Beijing; and WTG and cooling tower factories in Puducherry, Chennai and Umbergaon (Gujarat). Their EPC project experience and footprint reaches across 16 states in India and internationally, while their WTG business has completed wind energy projects throughout India.

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Safe Harbour

Some of the statements in this press release that are not historical facts are forward-looking statements. These forward-looking statements include our financial and growth projections as well as statements concerning our plans, strategies, intentions and beliefs concerning our business and the markets in which we operate. These statements are based on information currently available to us, and we assume no obligation to update these statements as circumstances change. There are risks and uncertainties that could cause actual events to differ materially from these forward-looking statements. These risks include, but are not limited to, the level of market demand for our services, the highly-competitive market for the types of services that we offer, market conditions that could cause our customers to reduce their spending for our services, our ability to create, acquire and build new businesses and to grow our existing businesses, our ability to attract and retain qualified personnel, currency fluctuations and market conditions in India and elsewhere around the world, and other risks not specifically mentioned herein but those that are common to industry.