

McNally Bharat Engineering Company Limited

Registered Office : 4 Mangoe Lane, Kolkata 700 001

To,
The Shareholders,

NOTICE PURSUANT TO SECTION 192A OF THE COMPANIES ACT, 1956, READ WITH THE COMPANIES (PASSING OF THE RESOLUTIONS BY POSTAL BALLOT) RULES, 2011

Notice is hereby given that the following resolutions are proposed to be passed through Postal Ballot in accordance with the provisions of Section 192A of the Companies Act, 1956, read with the Companies (Passing of the Resolutions by Postal Ballot) Rules, 2011. Although not mandatory, the Board is seeking Shareholders' approval through Postal Ballot process instead of convening a general meeting, to facilitate wider participation in the decision making process by the Shareholders.

The resolutions proposed to be passed and the Explanatory Statement pertaining thereto stating all material facts and the reasons for the proposed resolutions & a Postal Ballot Form is appended below for consideration of the Shareholders. The attached Postal Ballot Form is to be used by the Shareholders for the purpose of exercising voting rights in respect of the said resolutions.

You are requested to read carefully the instructions printed on the reverse of the Postal Ballot Form and return the Postal Ballot Form (Original) duly completed and signed in the attached self-addressed, pre-paid postage envelopes so as to reach the Scrutinizer on or before the close of business hours on Monday, December 23, 2013. Postal Ballot Forms received after this date will be strictly treated as if the reply from the concerned member has not been received.

The Board of Directors of the Company has appointed, Mr. Atul Kumar Labh, Practicing Company Secretary, as the Scrutinizer for conducting the Postal Ballot voting process. After completion of his scrutiny, he will submit his report to the Chairman and in his absence to the Directors of the Company. The results of the Postal Ballot will be declared by the Chairman/ Director on Friday, December 27, 2013 by 4 P.M. at the Corporate Office of the Company at Ecospace Campus, 2B, 11F/12 (Old Plot No. AA/Block 3), New Town, Rajarhat, North 24 Parganas, Kolkata – 700156 and will be communicated to the Stock Exchanges where the shares of the Company are listed and will be published in the newspaper(s).

In the event the proposed resolutions are approved by requisite majority of shareholders by means of Postal Ballot, the date of declaration of results shall be deemed to be the date of passing of the said resolutions.

SPECIAL BUSINESS

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

“RESOLVED THAT the remuneration payable to Mr. Deepak Khaitan as the Executive Chairman w.e.f. August 12, 2011 and upto his tenure of appointment, i.e. upto August 11, 2016, as was approved by the Members of the Company at their meeting held on September 23, 2011, and as described hereunder be remain unchanged in the event of inadequacy of profit in any financial year computed in accordance with the applicable provisions of Schedule XIII to the Companies Act, 1956 and subject to the approval of the Central Government, wherever required

Salary: Rs. 1,250,000/- per month currently, in the scale of Rs. 1,000,000 to Rs. 5,000,000, with authority to the Board of Directors to revise the same from time to time and give such annual increment/increase

House Rent Allowance: Free furnished accommodation with the cost of gas, electricity, water, soft furnishings and telephone will be borne by the Company. In case no accommodation is provided to the Executive Chairman, he will be paid House Rent Allowance at the rate of 60% of his salary.

Performance Bonus: Payable annually, for each financial year, as may be determined by the Board.

Variable Pay and Other Benefits like Reimbursement of Expenses incurred for and on behalf of the Company and Medical Reimbursement: As may be determined by the Board of Directors from time to time.

All the perquisites shall be limited to the ceiling as laid down in Schedule XIII to the Companies Act, 1956

“FURTHER RESOLVED THAT the Board of Directors shall have the authority to take incidental action and also to alter and vary the terms and conditions, the remuneration from time to time within the scope of limits approved by the Central Government as may be agreed to between the Board of Directors and appointee.

“FURTHER RESOLVED THAT in terms of provisions of Section 309 (5B) of the Companies Act, 1956, approval of members of the company be and is hereby granted to keep the remuneration, which is in excess over the applicable limits specified in Section 198, Section 309(3) and Schedule XIII to the Companies Act, 1956 for the Financial year 2013-14, as advance until the approval of Central Government in this regard is received.”

“FURTHER RESOLVED THAT so long Mr. Deepak Khaitan functions as the Executive Chairman of the Company, he will not be subject to retirement by rotation and shall not be paid any fees for attending the meetings of the Board or any Committee thereof.

“FURTHER RESOLVED THAT the aggregate of the Basic Salary, Performance Bonus, Reimbursement, Perquisites, Allowances and other benefits in any financial year shall be within the limits as prescribed from time to time under section 198, 309 and other applicable provisions of the Companies Act, 1956, read with schedule XIII of the said Act as may be for the time being, be in force, or otherwise as may be prescribed by law, and subject to the approval of the Central Government in the event of inadequacy of profit in any financial year, wherever required.”

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

“RESOLVED THAT the remuneration payable to Mr. Prasanta Kumar Chandra as the Whole Time Director & Chief Operating Officer w.e.f February 14, 2011, as was approved by the Members of the Company at their meeting held on September 23, 2011, and as described hereunder be remain unchanged in the event of inadequacy of profit in any financial year in accordance with the applicable provisions of Schedule XIII of the Companies Act, 1956, and subject to the approval of the Central Government, wherever required.”

Salary: Rs.290,000/- per month, increased from Rs. 270,000 with effect from April 1, 2011, in the scale of Rs.150,000/- to Rs.750,000/-, with authority to the Board of Directors to revise the same from time to time and give such annual increment/increase.

Performance Bonus: Payable annually, for each financial year, as may be determined by the Board.

Reimbursement: In addition to the salary and performance bonus payable, the Whole Time Director shall also be entitled to reimbursement of Rs.522,000/- per month, increased from Rs. 486,000 with effect from April 1, 2011, in the scale of Rs.400,000/- to Rs.1,000,000/-.

Variable Pay and Other Benefits: As may be determined by the Board of Directors from time to time.

All the perquisites shall be limited to the ceiling as laid down in Schedule XIII of the Companies Act, 1956

“FURTHER RESOLVED THAT, the Board of Directors shall have the authority to take incidental action and also to alter and vary the terms and conditions, the remuneration from time to time within the scope of limits approved by the Central Government as may be agreed to between the Board of Directors and appointee.

“FURTHER RESOLVED THAT in terms of provisions of Section 309 (5B) of the Companies Act, 1956, approval of members of the company be and is hereby granted to keep the remuneration, which is in excess over the applicable limits specified in Section 198, Section 309(3) and Schedule XIII of the Companies Act, 1956 for the Financial year 2013-14, as advance until the approval of Central Government in this regard is received.”

“FURTHER RESOLVED THAT so long Mr. Prasanta Kumar Chandra functions as the Whole Time Director & Chief Operating Officer of the Company, he will not be subject to retirement by rotation and shall not be paid any fees for attending the meetings of the Board or any Committee thereof.

“FURTHER RESOLVED THAT the aggregate of the Basic Salary, Performance Bonus, Reimbursement, Perquisites, Allowances and other benefits in any financial year shall be within the limits as prescribed from time to time under section 198, 309 and other applicable provisions of the Companies Act, 1956, read with schedule XIII of the said Act as may be for the time being, be in force, or otherwise as may be prescribed by law, and subject to the approval of the Central Government in the event of inadequacy of profit in any financial year, wherever required.”

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

“RESOLVED THAT the remuneration payable to Mr. Prabir Kumar Ghosh as the Whole Time Director & Group Chief Financial Officer w.e.f June 27, 2011 and upto his tenure of appointment, i.e. upto June 26, 2016, as was approved by the Members of the Company at their meeting held on September 23, 2011, and as described hereunder be remain unchanged in the event of inadequacy of profit in any financial year computed in accordance with the applicable provisions of Schedule XIII of the Companies Act, 1956, and subject to the approval of the Central Government wherever required.

Salary: Rs.290,000/- per month, in the scale of Rs.150,000/- to Rs.750,000/-, with authority to the Board of Directors to revise the same from time to time and give such annual increment/increase.

Performance Bonus: Payable annually, for each financial year, as may be determined by the Board.

Reimbursement: In addition to the salary and performance bonus payable, the Whole Time Director & Group Chief Financial Officer shall also be entitled to reimbursement of Rs.522,000/- per month in the scale of Rs.400,000/- to Rs.1,000,000/-.

Variable Pay and Other Benefits: As may be determined by the Board of Directors from time to time.

All the perquisites shall be limited to the ceiling as laid down in Schedule XIII of the Companies Act, 1956.

“FURTHER RESOLVED THAT, the Board of Directors shall have the authority to take incidental action and also to alter and vary the terms and conditions, the remuneration from time to time within the scope of limits approved by the Central Government as may be agreed to between the Board of Directors and appointee.

“FURTHER RESOLVED THAT in terms of provisions of Section 309 (5B) of the Companies Act, 1956, approval of members of the company be and is hereby granted to keep the remuneration, which is in excess over the applicable limits specified in Section 198, Section 309(3) and Schedule XIII of the Companies Act, 1956 for the Financial year 2013-14, as advance until the approval of Central Government in this regard is received.”

“FURTHER RESOLVED THAT so long Mr. P. K. Ghosh functions as the Whole Time Director & Group Chief Financial Officer of the Company, he will not be subject to retirement by rotation and shall not be paid any fees for attending the meetings of the Board or any Committee thereof.

“FURTHER RESOLVED THAT the aggregate of the Basic Salary, Performance Bonus, Reimbursement, Perquisites, Allowances and other benefits in any financial year shall be within the limits as prescribed from time to time under section 198, 309 and other applicable provisions of the Companies Act, 1956, read with schedule XIII of the said Act as may be for the time being, be in force, or otherwise as may be prescribed by law, and subject to the approval of the Central Government in the event of inadequacy of profit in any financial year, wherever required.”

By Order of the Board

For **McNally Bharat Engineering Company Limited**

Place: Kolkata
Date: November 13, 2013

Sukanta Chattopadhyay
VP – Commercial & Company Secretary

NOTES

1. Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 setting out the material facts pertaining to the Resolution are annexed hereto along with a Postal Ballot Form for your consideration.
2. The Board of Directors of the Company has appointed Mr. Atul Kumar Labh, Practicing Company Secretary, as the Scrutinizer for conducting Postal Ballot process in a fair and transparent manner. After completion of his scrutiny, he will submit his report to the Chairman and in his absence to the Managing Director/ Directors of the Company.
3. The Postal Ballot Form and self addressed, pre-paid postage envelopes, are enclosed for use of the shareholders and it bears the address to which the duly completed Postal Ballot Forms are sent.
4. The shareholders are requested to read carefully the instructions printed on the reverse of the Postal Ballot Form and return the Form (Original) duly completed and signed in the attached self addressed, pre-paid postage envelopes so as to reach the Scrutinizer on or before the close of the business hours on December 23, 2013.
5. A copy of all the documents referred to in the accompanying explanatory statement are open to inspection at the Registered Office of the Company on all working days, except Saturdays, Sundays & holidays, between 11.00 am to 3.00 pm up to the date of declaration of the results of the Postal Ballot.
6. The Special Resolution mentioned above shall be declared as passed if the number of votes cast in its favour are not less than three times the number of votes cast, if any, against the said Resolution.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

The following explanatory statement pursuant to provisions of Section 102 of the Companies Act, 2013, sets out all material facts relating to the business items of the accompanying notice.

ITEM NO.1

Mr. Deepak Khaitan was appointed on September 23, 2011 as the Executive Chairman by the Members of the Company for a period of 5 years on the following terms and conditions and remuneration package as described hereunder.

Salary: Rs. 1,250,000/- per month currently, in the scale of Rs. 1,000,000 to Rs. 5,000,000, with authority to the Board of Directors to revise the same from time to time and give such annual increment/increase.

House Rent Allowance: Free furnished accommodation with the cost of gas, electricity, water, soft furnishings and telephone will be borne by the Company. In case no accommodation is provided to the Executive Chairman, he will be paid House Rent Allowance at the rate of 60% of his salary.

Performance Bonus: Payable annually, for each financial year, as may be determined by the Board.

Variable Pay and Other Benefits like Reimbursement of Expenses incurred for and on behalf of the Company and Medical Reimbursement: As may be determined by the Board of Directors from time to time.

All the perquisites shall be limited to the ceiling as laid down in Schedule XIII to the Companies Act, 1956

Provided that –

- 1) For the purpose of calculating the above ceiling, perquisites and allowances shall be evaluated as per Income Tax Rules, wherever applicable. In the absence of such Rules, perquisites and allowances shall be evaluated at actual cost.
- 2) The Company's contributions to the Provident Fund Scheme and the Superannuation Fund Scheme in accordance with the Company's rules and regulations in force from time to time, shall not be included in the computation of the ceiling on perquisites to the extent these, either singly or put together, are not taxable, under Income Tax Act, 1961.
- 3) The Company's contributions to the Gratuity Fund in accordance with the Rules of the Company shall not be included in the computation of ceiling on perquisites.

- 4) Encashment of leave at the end of the tenure shall not be included in the computation of limits for the remuneration or perquisites/allowances aforesaid.
- 5) Provision for the use of the Company's car for official duties and telephone at residence (including payment for local calls and long distance calls) shall not be included in the computation of ceiling of perquisites.
- 6) The total remuneration payable to the Executive Chairman by way of Salary, performance bonus and perquisites shall not exceed 5%, and along with other Whole Time Directors, if, any, 10% of the entire profit of the Company, calculated in accordance with Sections 198 and 309 of the Companies Act, 1956. In the event of absence or inadequacy of profit during the period, the Executive Chairman shall be paid the above remuneration as minimum remuneration.

The financial payouts as to be made to Mr. Deepak Khaitan may be treated as his financial interest in the proposed resolution. Mr. Deepak Khaitan holds no shares of the Company. Apart from Mr. Deepak Khaitan in his personal capacity and except with Mr. Aditya Khaitan and Mr. Amritanshu Khaitan, who are his brother and son respectively, no other director or relative of such director or any other key managerial personnel of the Company are interested or concerned in the proposed resolution in any manner.

The above statement may be treated as an abstract, u/s 302 of the Companies Act, 1956, on the terms and conditions for appointment and remuneration payable to Mr. Deepak Khaitan.

Information required to be given as per Part-II of Schedule-XIII to the Companies Act, 1956

INFORMATION ABOUT THE APPOINTEE

1. Background Details :

Mr. Deepak Khaitan is the eldest son of Mr. B.M. Khaitan and a renowned industrialist. Mr. Khaitan's company Eveready Industries India Limited is one of the most renowned and enduring FMCG companies with the operations entrenched in the country for over 100 years. He has in-depth exposure to and over 30 years of experience in steering diverse business enterprises in India and has gained considerable experience and expertise in management of Tea, Batteries and Engineering Industries. Based on his leadership, your Company has grown from a small turnover of Rs 123 Crore (approx), during FY 1995-96, to the present level having Order backlog of more than Rs.7000 Crores.

Mr. Khaitan is the Executive Chairman of McNally Bharat Engineering Co. Ltd and Non-Executive Vice-Chairman of Eveready Industries India Limited, Chairman of McNally Sayaji Engineering Limited and a Director of the Williamson Magor Group of Companies along with Directorship in many other companies. Mr. Deepak Khaitan secured First class in B.Com (Hons.) from St. Xaviers College and thereafter moved to Geneva to complete his MBA.

2. Past Remuneration :

(Figures in Rs.)

Period	Salary		Perquisites & Allowances	Commission bonus and performance linked incentive	Others includingretirals	Total
	From	To				
August 12, 2011	March 31, 2012	14,143,548	2,316,480	–	1,185,000.00	17,645,028.00
April 1, 2012	March 31, 2013	20,200,215	2,250,000	–	8,178,269.85	30,628,484.85

3. Job profile and their suitability :

Mr. Deepak Khaitan, as the Executive Chairman, is responsible for overall management of the Company under the supervision of the Board of Directors of the Company. Considering his background, experience and qualification Mr. Deepak Khaitan is most suitable to perform his duties.

4. Remuneration Proposed :

As mentioned in the Resolution and Explanatory Statement.

5. Comparative Remuneration, Profile with respect to industry :

The proposed remuneration is commensurate with the remuneration package of the senior management executive in the similar companies as well as industrial norms, function of the Executive Chairman, magnitude of the company, nature and extent of operation.

6. Pecuniary Relationship :

Mr. Deepak Khaitan is a Promoter Director of the Company. Apart from receiving remuneration as mentioned above, Mr. Deepak Khaitan has no other financial interests in the Company. Mr. Deepak Khaitan is not related to any other managerial personnel of the Company except with Mr. Aditya Khaitan and Mr. Amritanshu Khaitan, who are his brother and son respectively.

ITEM NO.2

Mr. Prasanta Kumar Chandra was appointed on September 23, 2011 as the Whole Time Director & Chief Operating Officer of the Company by the Members of the Company for a period of 5 years on the following terms and conditions and remuneration package as described hereunder.

Salary: Rs.290,000/- per month, increased from Rs. 270,000 with effect from April 1, 2011, in the scale of Rs.150,000/- to Rs.750,000/-, with authority to the Board of Directors to revise the same from time to time and give such annual increment/increase.

Performance Bonus: Payable annually, for each financial year, as may be determined by the Board.

Reimbursement: In addition to the salary and performance bonus payable, the Whole Time Director shall also be entitled to reimbursement of Rs. 522,000/- per month, increased from Rs. 486,000 with effect from April 1, 2011, in the scale of Rs.400,000/- to Rs.1,000,000/-.

Variable Pay and Other Benefits: As may be determined by the Board of Directors from time to time.

All the perquisites shall be limited to the ceiling as laid down in Schedule XIII of the Companies Act, 1956

Provided that –

- 1) For the purpose of calculating the above ceiling, perquisites and allowances shall be evaluated as per Income Tax Rules, wherever applicable. In the absence of such Rules, perquisites and allowances shall be evaluated at actual cost.
- 2) The Company's contributions to the Provident Fund Scheme and the Superannuation Fund Scheme in accordance with the Company's rules and regulations in force from time to time, shall not be included in the computation of the ceiling on perquisites to the extent these, either singly or put together, are not taxable, under Income Tax Act, 1961.
- 3) The Company's contributions to the Gratuity Fund in accordance with the Rules of the Company shall not be included in the computation of ceiling on perquisites.
- 4) Encashment of leave at the end of the tenure shall not be included in the computation of limits for the remuneration or perquisites/allowances aforesaid.
- 5) Provision for the use of the Company's car for official duties and telephone at residence (including payment for local calls and long distance calls) shall not be included in the computation of ceiling of perquisites.
- 6) The total remuneration payable to the Whole Time Director & Chief Operating Officer by way of Salary, performance bonus and perquisites shall not exceed 5%, and along with other Whole Time Directors, if, any, 10% of the entire profit of the Company, calculated in accordance with Sections 198 and 309 of the Companies Act, 1956. In the event of absence or inadequacy of profit during the period, the Whole Time Director & Chief Operating Officer shall be paid the above remuneration as minimum remuneration.

The financial payouts as to be made to Mr. Prasanta Kumar Chandra may be treated as his financial interest in the proposed resolution. Mr. Prasanta Kumar Chandra holds 1,000 shares of the Company. Apart from Mr. Prasanta Kumar Chandra in his personal capacity no other director or relative of such director or any other key managerial personnel of the Company are interested or concerned in the proposed resolution in any manner.

The above statement may be treated as an abstract, u/s 302 of the Companies Act, 1956, on the terms and conditions for appointment and remuneration payable to Mr. P.K. Chandra.

Information required to be given as per Part-II of Schedule-XIII to the Companies Act, 1956

INFORMATION ABOUT THE APPOINTEE

1. Background Details :

Mr. Prasanta Kumar Chandra is a Mechanical Engineer, a Cost Accountant and has done his Post-graduation in Marketing Management. He has a brilliant academic record to his credit. He was 1977 batch all-branch topper in engineering from Bengal Engineering College, Shibpore. Later he secured All India First Rank in ICWAI final examination in 1984.

He has approximately 30 years of experience in various Multi-National and professionally managed Companies located at Kolkata, Mumbai and Jakarta (Indonesia) in the field of Design & Engineering, Manufacturing, Project Management, Operations Management and Corporate Planning.

He has been associated with various Institutes like the Institute of Cost & Works Accountants - India and the Mumbai University Master of Management Science Programme as a part-time Faculty Member on Finance Management, Management Accounting, Operations Management, Project Management etc. He has also acted as a UNDP Consultant at Dhaka for conducting a training programme at Institute of Cost & Management Accountants Bangladesh for management subjects, including Project Cost Control.

2. Past Remuneration :

(Figures in Rs.)

Period	Salary		Perquisites & Allowances	Commission bonus and performance linked incentive	Others includingretirals	Total
	From	To				
April 1, 2011	March 31, 2012	11,129,400.00	10,800.00	1,600,000.00	1,061,400.00	13,801,600.00
April 1, 2012	March 31, 2013	11,705,400.00	0	2,600,000.00	1,127,100.00	15,432,500.00

3. Job profile and their suitability :

Mr. P.K. Chandra, as the Whole Time Director & Chief Operating Officer, is responsible for overall project management of the Company under the supervision of the Executive Chairman and the Board of Directors of the Company. Considering his background, experience and qualification Mr. P.K. Chandra is most suitable to perform his duties.

4. Remuneration Proposed :

As mentioned in the Resolution and Explanatory Statement.

5. Comparative Remuneration, Profile with respect to industry :

The proposed remuneration is commensurate with the remuneration package of the senior management executive in the similar companies as well as industrial norms, function of the Whole Time Director & Chief Operating Officer, magnitude of the company, nature and extent of operation.

6. Pecuniary Relationship :

Apart from receiving the aforesaid remuneration Mr. P.K. Chandra has no pecuniary relationship with the Company. He is not related to any other managerial personnel of the Company.

ITEM NO. 3

Mr. Prabir Kumar Ghosh was appointed on September 23, 2011, as the Whole Time Director & Group Chief Financial Officer of the Company by the Members of the Company for a period of 5 years on the following terms and conditions and remuneration package as described hereunder:

Salary: Rs.290,000/- per month, in the scale of Rs.150,000/- to Rs.750,000/-, with authority to the Board of Directors to revise the same from time to time and give such annual increment/increase.

Performance Bonus: Payable annually, for each financial year, as may be determined by the Board.

Reimbursement: In addition to the salary and performance bonus payable, the Whole Time Director & Group Chief Financial Officer shall also be entitled to reimbursement of Rs.522,000/- per month in the scale of Rs.400,000/- to Rs.1,000,000/-.

Variable Pay and Other Benefits: As may be determined by the Board of Directors from time to time.

All the perquisites shall be limited to the ceiling as laid down in Schedule XIII of the Companies Act, 1956.

Provided that –

- 1) For the purpose of calculating the above ceiling, perquisites and allowances shall be evaluated as per Income Tax Rules, wherever applicable. In the absence of such Rules, perquisites and allowances shall be evaluated at actual cost.
- 2) The Company's contributions to the Provident Fund Scheme and the Superannuation Fund Scheme in accordance with the Company's rules and regulations in force from time to time, shall not be included in the computation of the ceiling on perquisites to the extent these, either singly or put together, are not taxable, under Income Tax Act, 1961.
- 3) The Company's contributions to the Gratuity Fund in accordance with the Rules of the Company shall not be included in the computation of ceiling on perquisites.
- 4) Encashment of leave at the end of the tenure shall not be included in the computation of limits for the remuneration or perquisites/allowances aforesaid.
- 5) Provision for the use of the Company's car for official duties and telephone at residence (including payment for local calls and long distance calls) shall not be included in the computation of ceiling of perquisites.
- 6) The total remuneration payable to the Whole Time Director & Group Chief Financial Officer by way of Salary, performance bonus and perquisites shall not exceed 5%, and along with other Whole Time Directors, if, any, 10% of the entire profit of the Company, calculated in accordance with Sections 198 and 309 of the Companies Act, 1956. In the event of absence or inadequacy of profit during the period, the Whole Time Director & Group Chief Financial Officer shall be paid the above remuneration as minimum remuneration.

The financial payouts as to be made to Mr. Prabir Kumar Ghosh may be treated as his financial interest in the proposed resolution. Mr. Prabir Kumar Ghosh holds 1,750 shares of the Company. Apart from Mr. Prabir Kumar Ghosh in his personal capacity no other director or relative of such director or any other key managerial personnel of the Company are interested or concerned in the proposed resolution in any manner.

The above statement may be treated as an abstract, u/s 302 of the Companies Act, 1956, on the terms and conditions for appointment and remuneration payable to Mr. Prabir Kumar Ghosh.

Information required to be given as per Part-II of Schedule-XIII to the Companies Act, 1956

INFORMATION ABOUT THE APPOINTEE:

1. Background Details :

Mr. Prabir Kumar Ghosh is a qualified Chartered Accountant (trained in Price Waterhouse) with over 25 years of experience in the areas of Financial Policies and Systems, Corporate Finance, Treasury Management, Manufacturing Accounting, International Finance including GDR, ECB & Suppliers credit, Taxation, Commercial Function including export, import, purchase, exim matters, handling and leading techno-commercial team for large projects, information system development, General Management, Industrial relations and Corporate Strategy. Till 1998 he was Sr Vice-President (Treasury), heading financial & commercial functions of India Foils Limited. Between 1999-2001 he served as President in IFB Agro Industries Ltd., having businesses in distillery, Liquor, marine processing and export. Since November 2001, he is working as Chief Financial Officer in MBE. He has played a crucial role in re-engineering process and repositioning of the Company to its current form.

He is serving as an active member in different committees and sub-committees (both in Eastern India and at national level) of CII, Bengal Chamber, and Indian Chamber. Mr. Ghosh also is a visiting guest faculty of Globsyn Business School.

2. Past Remuneration :

(Figures in Rs.)

Period	Salary		Perquisites & Allowances	Commission bonus and performance linked incentive	Others includingretirals	Total
	From	To				
April 1, 2011	March 31, 2012	11,129,400.00	1,40,487.00	1,600,000.00	1,061,400.00	13,931,287.00
April 1, 2012	March 31, 2013	11,765,241.00	6,060.00	2,600,000.00	1,142,100.04	15,513,401.04

3. Job profile and their suitability :

Mr. Prabir Kumar Ghosh, as the Whole Time Director & Group Chief Financial Officer, is responsible for overall Financial Management of the Company as well as the Group Companies under the supervision of the Executive Chairman and the Board of Directors of the Company. Considering his background, experience and qualification, Mr. P.K. Ghosh is most suitable to perform his duties.

4. Remuneration Proposed :

As mentioned in the Resolution and Explanatory Statement.

5. Comparative Remuneration, Profile with respect to industry :

The proposed remuneration is commensurate with the remuneration package of the senior management executive in the similar companies as well as industrial norms, function of the Whole Time Director & Group Chief Financial Officer, magnitude of the company, nature and extent of operation.

6. Pecuniary Relationship :

Apart from receiving the aforesaid remuneration Mr. Prabir Kumar Ghosh has no pecuniary relationship with the Company. He is not related to any other managerial personnel of the Company.

GENERAL INFORMATION:

1. Nature of Industry

Engineering, Procurement and Construction (EPC) line of activities.

2. Date of commencement of commercial production

This is an active Company and is in operation since 1961.

3. Financial Performance based on given indicators

For the financial year ended March 31, 2013 –

Turnover	:	Rs. 218,324.78 lacs
Expenses	:	Rs. 213,393.42 lacs
Profit Before Taxes	:	Rs. 5,662.09 lacs
Tax Expense	:	Rs. 1,799.28 lacs
Profit After Taxes	:	Rs. 3,862.81 lacs
Earnings per Equity Share	:	Rs. 12.40 (Basic & Diluted)

4. Export Performance

(Rs. '000)

Particulars	2012-13	2011-12
Export on FOR Work Basis	153,927	928,039

5. Foreign Investments or collaborations

The Company has the following major foreign subsidiaries:

- a. MBE Mineral Technologies Pte Ltd: Invested amount is US\$ 5,011,373 (649,459 Equity Shares of S'pore Dollar 10 each)
- b. MBE Minerals Zambia Ltd: Invested amount is US\$ 10,000 (49,999,996 Equity Shares of ZMK 1 each)

OTHER INFORMATION:

1. Reasons for Loss or inadequacy of profits

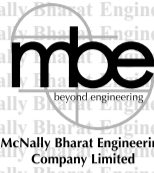
The volatile financial and commodity markets resulting in high raw material prices, severe financial crunch in the market along with high interest cost of borrowings and the general inflationary pressure combined to exert intense pressure on the financial performance of the Company thus raising the probability of inadequacy of profits.

2. Steps taken or proposed to be taken for improvement

The Company has taken various measures to maintain efficient debtor collection cycles and reducing cost overheads as well as for further inflow of capital through issuance of Preference shares. This will help the company to have a better operating cash flow and paying out some high interest bearing debts including bank borrowings. By this process, the Company expects to reduce its current levels of credit availed thus generating savings due to lower levels of servicing fixed-interest bearing financial obligations. To broad base its target market; the Company has successfully started its entry into construction into Oil & Gas sector, overseas projects, EPC projects in Cement sector and large infrastructure projects.

3. Expected increase in productivity and profits in measureable terms

The Company has a large Order Book (approx Rs.7,000 crores) in spite of slowdown in the industrial sector. It has received several high value orders from reputed clients (both Government and Private Sector). The Company expects to have a higher growth in its turnover for the financial year 2013-14 compared to the previous financial year. This is evidenced by the growth of the first quarter total income to Rs. 447.08 Crores during the FY 2013-14 compared to the first quarter total income of Rs. 430.67 Crores during the previous financial year. The Company maintains 7% to 8% EBIDTA on an average for its projects and it expects a similar margin in the future. Combining it with in-house expertise in Engineering, Procurement and construction for timely execution of projects and efficient Contract and Financial Management, the Company expects to increase both its cash flows and profitability.



McNally Bharat Engineering Company Limited

Registered Office : 4, Mangoe Lane, Kolkata - 700 001

POSTAL BALLOT FORM

Sl. No.

1. Name & Registered Address of the sole/first named Shareholder (in block letters)

2. Name of the Joint Holder(s) if any

3. Registered Folio No./ DP ID/Client ID

4. No. of shares held

I/We hereby exercise my/our vote in respect of the **Special Resolutions** to be passed through Postal Ballot for the business stated in the enclosed Notice dated November 13, 2013 of the Company by sending my/our assent or dissent to the said Resolution by placing a tick (✓) mark at the appropriate box below :-

Item No.	Items	No. of Shares	I/We assent to the Resolution (FOR)	I/We dissent to the Resolution (AGAINST)
1	Special Resolution for approval of remuneration of Mr. Deepak Khaitan, Executive Chairman, in case of inadequacy of profit in any financial year computed in accordance with the applicable provisions of Schedule XIII to the Companies Act, 1956, and subject to the approval of the Central Government wherever required.			
2	Special Resolution for approval of remuneration of Mr. Prasanta Kumar Chandra, Whole Time Director & Chief Operating Officer, in case of inadequacy of profit in any financial year computed in accordance with the applicable provisions of Schedule XIII to the Companies Act, 1956, and subject to the approval of the Central Government wherever required.			
3	Special Resolution for approval of remuneration of Mr. Prabir Kumar Ghosh, Whole Time Director & Group Chief Financial Officer, in case of inadequacy of profit in any financial year computed in accordance with the applicable provisions of Schedule XIII to the Companies Act, 1956, and subject to the approval of the Central Government wherever required.			

Place :

Date :

Signature of the Shareholder

Note:

- Please read carefully the instructions overleaf before exercising your vote.
- Please note that the last date for receipt of Postal Ballot Forms by the Scrutinizer is Monday, December 23, 2013, before the close of business hours.



INSTRUCTIONS

1. The shareholders are requested to exercise their voting rights by using the attached Postal Ballot Form Only.
2. A shareholder desiring to exercise vote by Postal Ballot may complete this Postal Ballot Form and send it to the Scrutinizer in the attached self-addressed, pre-paid postage envelopes. However, envelopes containing Postal Ballots, if deposited in person or sent by courier/ registered post at the expense of the registered shareholder will also be accepted.
3. The self-addressed, pre-paid postage envelope bears the address of the Scrutinizer appointed by the Board of Directors of the Company.
4. There shall be one Postal Ballot Form for every Folio/ Client ID irrespective of the number of joint holders. A proxy shall not exercise the Postal Ballot. No other form or photocopy of the form is permitted. Postal Ballot Form and self addressed, prepaid postage envelopes are enclosed.
5. Only a shareholder who is entitled to vote is entitled to exercise his/her vote through Postal Ballot. The Voting rights of every shareholder shall be reckoned on the basis of the paid-up value of the shares registered in the name(s) of the shareholder(s) on the date of notice. The date of dispatch of notice will be announced through advertisement in newspaper(s) and any recipient of this notice who has no voting rights as on the aforesaid date should treat the same as intimation only.
6. The form should be completed and signed by the shareholder as per the specimen signature registered with the Company. In case of joint holding, this form should be completed and signed (as per specimen signature signed by the Company) by the first named Shareholder and in his absence, by the next name Shareholder. Unsigned/ Incomplete Postal Ballot forms will be rejected.
7. Postal Ballot Form signed in the representative capacity must be accompanied by the requisite certified true copy of Power of Attorney/ Resolution of Board of Directors. If the same is / are already registered with the Company, please quote the registration number.
8. Duly completed Postal Ballot Form(s) should reach the Scrutinizer not later than the close of working hours on December 23, 2013. Postal Ballot Form(s) received after this date will be strictly treated as if the reply from such shareholder has not been received.
9. The Scrutinizer's decision on the validity of the Postal Ballot will be final.
10. The results of the Postal Ballot will be announced on Friday, December 27, 2013, by 4:00 P.M. at the Corporate Office of the Company at Ecospace Campus, 2B, 11F/12 (Old Plot No. AA/Block 3), New Town, Rajarhat, North 24 Parganas, Kolkata 700156 and also be published in the newspaper.
11. The date of declaration of the Postal Ballot Result will be taken to be the date of passing of resolutions proposed by this notice.
12. Shareholders are requested not to send any other paper along with the Postal Ballot form. They are also requested not to write anything on the Postal Ballot Form except giving their assent or dissent and putting their signature.