

31st March, 2015

Ms. Nandini Khaitan

Dear Madam,

Sub : Your appointment as an Additional Director as well as an Independent Woman Director of the Company pursuant to Section 149 of the Companies Act, 2013

We are pleased to inform you that the Board of Directors of the Company at its meeting held on 30th March, 2015, have appointed you as an Additional Director as well as an Independent woman Director of the Company with effect from 30th March, 2015, in terms of Section 149 of the Companies Act, 2013 ('the Act'), subject to approval of the Members in the ensuing General Meeting.

We invite your kind attention to Schedule IV to the Act ('the Schedule') which lays down the Code for Independent Directors (a copy of the same is attached hereto for your ready reference as Annexure A). The Code prescribes for; inter alia, the guidelines of professional conduct, role and functions and duties of Independent Directors, which are mandatory.

In compliance with the Schedule we submit as under:

- (a) Term of appointment : Subject to approval of the Members in the ensuing General Meeting of the Company, a period of five consecutive years commencing from 30th March, 2015 or up to the date of the 56th Annual General Meeting of the Company whichever will be earlier.
- (b) The expectation of the Board : You are expected to impart impartial judgment in every matter of consideration, decision and evaluation to be taken up by the Board or any Committee thereof of which you may be a Member, in the best interest of the Company. Your prudent and knowledgeable guidance will be of immense value to the Board. Your presence and expression of opinion in every Meeting of the Board as well as the Committee thereof, as applicable, will immensely benefit the Company.

(c) Fiduciary duties and accompanying liabilities :

In view of the duties and role and functions under the Schedule read with the duties specified under Section 166 of the Act (a copy of which is attached hereto for your ready reference as Annexure B), you are expected to wisely take care of the faith and confidence reposed on you by the Members of the Company as well as the Board of Directors. The proceedings of the Board in which you will naturally take part and/or be well aware of, needless to say, will call for your confidential consideration and protection as well.

So far as your liabilities are concerned, according to Section 149 (12) of the Act, you will be held liable only in respect of such acts of omission or commission by the Company which will occur with your knowledge, attributable through Board processes and consent or connivance . You may also be held liable in such cases where you will not act diligently.

(d) Provision for Directors and Officers Insurance : You will be covered under Officer's Liability Insurance Policy.

(e) Code of Business Ethics that the Company expects its Directors and employees to follow: Upholding the utmost business interest of the Company. Should not be indulged in any step or action or abstain from any positive attitude - which may jeopardise the interests of the Company, the society or community at large. In the pursuit of profit the Company shall not knowingly cause any injustice to anybody. Abiding by the law in letter and spirit shall be the most important factor in every business decision.

(f) List of actions what a Director should not do while functioning as such in the Company : The best guidance in this respect is available in the Act read with the Listing Agreement and SEBI Regulations. However, for ready reference your special attention is being drawn to the following matters:

- i) Any price sensitive information i.e., which, if disclosed, may influence the market price of the Shares of the Company, that may come to your knowledge, should not be disclosed to anybody until it is disclosed by the Company to the Stock Exchange.
- ii) During the period of possessing price sensitive information and until it is disclosed to the Stock Exchange by the Company, any transaction in the Shares of the Company should not be made, as that may be considered as 'insider trading ' which is prohibited by Section 195 of the Act read

with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992.

- iii) You should not absent yourself from all the Meetings of the Board of Directors held during a period of twelve months with or without seeking leave of absence of the Board. Otherwise, this will lead to your vacation of Office in terms of Section 167 of the Act.
 - iv) If the Board considers any contract or arrangement and you are interested therein in any way, you should not participate in the Board Meeting during the period of such consideration according to Section 184 of the Act.
- h) Remuneration, mentioning periodic fees, reimbursement of expenses for participation in the Board and other meetings and profit related commission : Fee for attending Board Meeting and Committee thereof as determined by the Board is paid to every Director present at the Meeting. Reimbursement of expense for participation in the Board and other meetings is made by the Company on actual basis.

The Board takes this opportunity to welcome you as a Director of the Company in terms of Section 149 of the Act and look forward to your valuable and independent opinion in every matter that the Board will take up for consideration.

A copy of this letter may please be signed and returned to as a token of your acceptance.

Thanking you,

Yours faithfully,

For McNally Bharat Engineering Company Limited

Sd/-

Aditya Khaitan
Chairman

Encl.

1. A copy of Schedule IV to the Act: **Annexure - A**
2. The extract of Section 166 of the Act : **Annexure - B**