

McNally Bharat Engineering Company Limited

Corporate Identity Number (CIN): L45202WB1961PLC025181
Registered Office: Four Mangoe Lane, Kolkata – 700 001, West Bengal, India
Tel: +9133 3014 1212, Fax No: +9133 6628 2277,
E-mail: mbecal@mbecl.co.in | Website: www.mcnallybharat.com

POSTAL BALLOT NOTICE

[Pursuant to Section 110 of the Companies Act, 2013 read with
Companies (Management and Administration) Rules, 2014]

TO
THE MEMBERS

NOTICE is hereby given pursuant to the provisions of Section 110 of the Companies Act, 2013 (“Act”) read with Rule 20 and 22 of Companies (Management and Administration) Rules 2014, as amended from time to time including any statutory modification or re-enactment thereof for the time being in force, Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable laws and regulations, to the members of McNally Bharat Engineering Company Limited that the following special businesses are proposed to be transacted by the members of the Company by passing the resolutions through Postal Ballot or E-Voting. The Explanatory Statement pursuant to Section 102 of the Act setting out the material facts and reasons for the Resolutions is also appended herewith and is being sent to you along with a Postal Ballot Form for your consideration.

The Board of Directors of the Company at their Meeting held on May 30, 2019 has appointed Mr. Atul Kumar Labh, Practicing Company Secretary (FCS – 4848 / CP – 3238) of M/s A. K. Labh & Co., Company Secretaries, Kolkata, as the Scrutinizer for scrutinizing the Postal Ballot and e-voting process in accordance with the Act and the Rules made thereunder in a fair and transparent manner.

Members shall have the option to vote either by Postal Ballot or through e-voting. Members opting to vote by Postal Ballot are requested to read carefully the instructions printed on the Postal Ballot Form and return the same, completed and signed, in the enclosed self-addressed postage prepaid envelope, so as to reach the Scrutinizer on or before the close of working hours on Tuesday, September 03, 2019. The postage on the enclosed self-addressed postage prepaid envelope shall be borne and paid by the Company. Members who opt for e-voting are requested to read carefully the instructions given in the Postal Ballot Form.

Based on the Scrutinizer's Report, the Results of the Postal Ballot and e-voting will be declared on Thursday, September 05, 2019 by 6.00 p.m. at the Registered Office as well as the Corporate Office of the Company. The declared Results, along with the Scrutinizer's Report, will be available forthwith on the Company's corporate website www.mcnallybharat.com under the section “Investors” and will also be forwarded to BSE Limited and National Stock Exchange of India Limited, where the Company's shares are listed. Central Depository Services (India) Limited

(CDSL) is engaged by the Board of Directors of the Company for facilitating e-voting, will also display these Results on its website www.evotingindia.com. The resolutions, if passed, through the Postal Ballot shall be deemed to be passed in an Extra Ordinary General Meeting of the Company on the last date specified by the Company for receipt of duly completed postal ballot forms or e-voting.

SPECIAL BUSINESS

1. RECLASSIFICATION OF THE STATUS OF PROMOTERS' SHAREHOLDING INTO PUBLIC SHAREHOLDING

To consider and, if thought fit, to pass the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Regulation 31A of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 and all other applicable provisions of the companies Act 2013, if any, and subject to necessary approval from BSE Ltd. (BSE) and National Stock Exchange of India Limited (NSE), consent of the members be and is hereby accorded for re-classification of EMC Limited and MKN Investment Pvt Ltd, promoters and/ or persons constituting promoter group of the Company, from ‘Promoter & Promoter Group Category’ to ‘Public Category’.”

“RESOLVED FURTHER THAT the outgoing promoters constituting promoter group i.e. EMC Limited and MKN Investment Pvt Ltd seeking re-classification do not:

- Participate directly or indirectly whatsoever, in any activities of the Company
- Exercise any direct or indirect, control, over the affairs of the Company
- Hold any key managerial position or representations of the Board of Directors in the Company.”

“RESOLVED FURTHER THAT, after such re-classification, EMC Limited and MKN Investment Pvt Ltd shall cease to belong to the ‘Promoter & Promoter Group Category’ of the Company.”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to make application to BSE & NSE along-with all the required documents and to do all deeds, things and acts as may be necessary and expedient to give effect to the resolution in this regard.”

2. APPROVAL AND WAIVER OF EXCESS MANAGERIAL REMUNERATION PAID / PAYABLE TO MR. SRINIVASH SINGH, MANAGING DIRECTOR OF THE COMPANY FOR THE PERIOD OF 3 YEARS W.E.F. DECEMBER 14, 2016

To consider and, if thought fit, to pass the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 196, 197 and 198 read with Schedule V of the Companies Act, 2013 (“the Act”) and other applicable provisions, if any, of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and other approvals as necessary in this regard, , consent of the members of the Company be and is hereby accorded to ratify and confirm waiver of recovery of the excess annual remuneration of Rs. 2,20,00,000/- paid / payable to Mr. Srinivash Singh (DIN: 00789624), Managing Director of the Company for the financial years 2017-18, 2018-19 and

2019-20 being in excess of the limits prescribed under Schedule V of the Act but within the limits as approved by the Members of the Company at their Fifty Fourth Annual General Meeting held on September 20, 2017.”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to take such steps as may be necessary for obtaining necessary approvals, in relation to the above and to settle all matters arising out of and incidental thereto and to sign and execute deeds, applications, documents and writings that may be required, on behalf of the Company and to do all such acts, deeds, matters and things as may be deemed necessary, proper, expedient or incidental for giving effect to this resolution.”

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

Indranil Mitra
Company Secretary
Membership No 20387.

Kolkata, May 30, 2019

NOTES

1. An explanatory statement pursuant to Section 102 of the Companies Act, 2013 (the Act) setting out material facts and reasons for the proposed resolutions is appended herein below.
2. As per Section 110 of the Act, read with Rule 20 & 22 of the Companies (Management and Administration) Rules 2014, as amended from time to time, the Postal Ballot Notice may be served on the members through electronic means, or by registered post/speed post or through courier service. Accordingly, Members who have registered their e-mail IDs with depositories or with the Company are being sent this Postal Ballot Notice by e-mail and the members who have not registered their e-mail IDs will receive Postal Ballot Notice along with the Postal Ballot Form by any of the permitted mode.
3. The Postal Ballot Notice is being sent to all the members whose names appear on the Register of Members / list of Beneficial Owners, as received from National Securities Depository Limited (NSDL) / Central Depository Services (India) Limited (CDSL) as on closure of business hours on Friday, July 26, 2019, i.e. on cut-off date and a person who ceases to be a Member after the said date, should treat this Notice for information purposes only. Voting Rights shall be reckoned on the paid-up value of shares registered in the name of the Members as on July 26, 2019, i.e. on cut-off date. A member cannot exercise his/ her vote by proxy on Postal Ballot.
4. The voting/e-voting period commences on Monday, August 05, 2019 (9:00 AM IST) and ends on Tuesday, September 03, 2019 (5:00 PM IST). During this period, members of the Company holding equity shares either in physical form or in dematerialized form, as on the cut-off date i.e. July 26, 2019 may cast their vote electronically.
5. The voting rights of members shall be in proportion to their share of the paid up equity share capital of the Company as on the cut-off date i.e. July 26, 2019.
6. The members can opt for only one mode of voting i.e. either by physical Postal Ballot Form or e-voting. In case members cast their votes through both the modes, voting done by e-voting shall prevail and votes cast through physical Postal Ballot Form will be treated as invalid.
7. Members who have received Postal Ballot Notice by email and who wish to vote through physical Postal Ballot Form and in case a member is desirous of obtaining a duplicate Postal Ballot Form, he or she may send an email to mbecl@mbecl.co.in or mdpldc@yahoo.com. The Registrar and Transfer Agent/Company shall forward the duplicate Postal Ballot Form along with postage prepaid self-addressed Business Reply Envelope to the member.
8. In compliance with Sections 108 and 110 of the Act and the rules made thereunder, the Company has provided the facility to the members to exercise their votes electronically and vote on the resolution through the e-voting facility provided by CDSL. The instructions for e-voting are given under the section 'Voting by electronic means (e-voting)' below.
9. The documents if any referred to in the Notice and explanatory statement annexed thereto will be available for inspection at the registered office of the Company and copies thereof shall also be made available for inspection in physical or electronic form at the Corporate

Office of the Company between 11:00 A.M. to 1:00 P.M. on all working days i.e Monday to Friday, till September 03, 2019.

10. The Members who do not receive the Postal Ballot Notice and Form may apply to the Company at mbecal@mbecl.co.in to receive the duplicate thereof.
11. The Scrutinizer's decision on the validity of the Postal Ballot shall be final. He will submit his report on the result of the voting by Postal Ballot and e-voting to the Chairman or a person authorised by him in writing on Thursday, September 05, 2019.
12. The Postal Ballot Notice is also placed on the website of the Company www.mcnallybharat.com and on the website of CDSL www.evotingindia.com.

Explanatory Statement pursuant to Section 102 of the Companies Act, 2013:

Item No. 1

EMC Limited and MKN Investment Pvt Ltd have requested the Company to reclassify them from 'Promoter & Promoter Group Category' to 'Public Category' and thus removal of their names from promoter group of McNally Bharat Engineering Company Limited ("the Company"), pursuant to the provisions of Regulation 31A of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015. Under these regulations, the person being not desirous to be classified as the promoter of the company, must submit a request to the company stating the same, which is to be accepted by the company subject to the approval of the shareholders and concerned stock exchanges, where the shares of the Company are listed and continue to be listed.

In reference to the above and taking into consideration the requests of EMC Ltd and MKN Investment Pvt Ltd vide their letter dated May 14, 2018, the Board of Directors of the Company has decided and accepted their request to re-classify them as Public or remove them from the 'Promoter and Promoter Group' of the Company, as they do not

- participate directly or indirectly whatsoever, in any activities of the Company
- exercise any direct or indirect, control, over the affairs of the Company and
- hold any key managerial position or representations of the Board of Directors in the Company and is merely included in promoter group of the Company.

Further, in terms of the provisions of Regulation 31A of the SEBI (Listing Obligation and Disclosure Requirements) Regulations 2015, re-classification of promoters requires the approval of the Members of the Company; therefore, the Board of Directors recommends the special resolution as set-out in the item No. 1 of the Notice for the approval of the members.

None of the Directors or Key Managerial personnel of the Company and/or their relatives are in any way interested or concerned, financially or otherwise, in the said resolution except to the extent of their respective shareholding, if any, in the Company

Item No. 2

The members of the Company at their Fifty Fourth Annual General Meeting (AGM) held on September 20, 2017, appointed Mr. Srinivash Singh (DIN: 00789624) as the Managing Director of the Company for a period of three years with effect from December 14, 2016 and sanctioned, subject to the approval of the Central Government, the remuneration payable to him in accordance with Section 196 and 197 of the Companies Act, 2013 (the Act) read with Schedule V and other applicable provisions of the Act. The members also approved payment of such remuneration to Mr. Singh as minimum remuneration in the event of loss or inadequacy of profit.

Upon obtaining the members' approval in the said AGM, the Company made necessary application to the Central Government for its approval towards waiver of recovery of excess remuneration on account of absence or inadequacy of profit stipulated under Section 197 read with Schedule V to the Companies Act, 2013. The approval of the Central Government was pending. Meanwhile statutory changes were brought in the applicable provisions of the Act vide commencement notification dated September 12, 2018 of the Companies (Amendment) Act, 2017 by the Ministry of Corporate Affairs (MCA) dispensing the requirement of obtaining Central Government's approval for payment of managerial remuneration and necessitating the obtaining of prior approval of banks and/or financial institutions in case of default in payment of dues before obtaining approval of waiver of refund of managerial remuneration. The Company has obtained the approval of the concerned banks and/or financial institutions in respect of payment of managerial remuneration to Mr. Srinivash Singh, as originally approved by the members at their Fifty Fourth AGM held on September 20, 2017.

The Nomination & Remuneration Committee as well as the Board of Directors of the Company at their respective meetings held on November 14, 2018, have proposed to waive the recovery of remuneration amounting to Rs. 2,20,00,000/- per year paid / payable to Mr. Srinivash Singh (DIN: 00789624), Managing Director of the Company for the financial years 2017-18, 2018-19 and 2019-20 in excess of the limits prescribed under Schedule V of the Act.

The Board of Directors solicits approval of the members for waiver of recovery of managerial remuneration as mentioned above paid / payable to Mr. Singh by way of Special Resolution as set out at Item No. 1 of the Notice.

Except Mr. Srinivash Singh (DIN: 00789624), Managing Director of the Company, none of the other directors/key managerial personnel of the Company and their relatives are in any way concerned or interested, financially or otherwise, in the resolution as set out at Item No. 2 of the Notice.

INFORMATION OF PERSONNEL UNDER SECTION II OF PART II OF SCHEDULE V OF THE COMPANIES ACT, 2013.

I. 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

Rs in lacs

	For the financial year ended March 31, 2019	For the financial year ended March 31, 2018	For the financial year ended March 31, 2017
Turnover	176410.21	159218.63	224063.64
Expenses	223010.07	215156.83	279016.96
Loss Before Taxes	(46599.86)	(55938.21)	(54953.32)
Tax Expense	–	13393.30	Current (10812.49) Deferred (38313.29)
Loss After Taxes	(46599.86)	(42544.91)	(5827.53)
Earnings per Equity Share	Rs. (21.97) (Basic), Rs. (21.97) (Diluted)	Rs. (30.17) (Basic), Rs. (30.17) (Diluted)	Rs. (12.30) (Basic), Rs. (12.30) (Diluted)

4. Foreign Investments or collaborations

The Company has the following major foreign subsidiaries:

- MBE Mineral Technologies Pte Ltd: Invested amount is US\$ 5,011,373 (649,459 Equity Shares of S'pore Dollar 10 each)
- MBE Minerals Zambia Ltd: Invested amount is US\$ 10,000 (49,999,996 Equity Shares of ZMK 1 each)
- McNally Bharat Engineering (SA) Proprietary Limited: Investment in 100 Equity Shares of ZAR 20.37 each fully paid.

II. Information about the appointee :**1. Background Details**

Mr. Singh brings in more than four and half decades of experience in successfully managing EPC projects in the country, besides running large manufacturing units. Mr. Singh took over as senior vice president (projects) in the year 1995, in the Company when it wanted to close down its project operations due to continuous loss. Mr. Singh, with his quest to revive the division, took drastic measures and made a turnaround of the project operations within a year's time and was elevated to become a Director in the board of the Company in the year 2000 & Managing Director in the year 2004. The project operation started expanding in turnover and profit continuously under his leadership and crossed Rs. 2,000 Crores in 2010.

Mr. Srinivash Singh has earned his laurels as an entrepreneur in the EPC universe the hard way. With over fortyfive years of hands-on experience in implementation of projects he has developed an uncanny insight into the basic requirements of any project. He inspired the team of Engineers & Technical experts to deliver on time every time.

In this Company, he initiated training at all its levels throughout the year, often inviting the best trainers from reputed Technical Institutes like IIT, IIM, the Indian School of Mines,

Dhanbad, and various Research Institutes under the Central Government. Moreover, he empanelled reputed scientists, professors and experts to make their skills available to the Company at all times.

Mr. Srinivash Singh's engaging personality also helped to make strategic tie-ups with a number of foreign entrepreneurs and experts who were motivated to look at the larger perspective of the gigantic growth in the infrastructure sector in India and arrive at mutually beneficial agreements with MBE, that did not result in outflows greater than the benefits earned, which is often the case. In his earlier tenure as Managing Director of MBE he also successfully negotiated and purchased a number of foreign companies in Hungary, Germany, South Africa and Brazil.

2. Past Remuneration

Mr. Srinivash Singh has drawn the following remuneration from the Company during the past three financial years starting from 2017-18:

Amount (in Rs)

Particulars	2018-19	2017-18	2016-17
Salary	2,19,96,000	2,19,96,000	—
Performance Bonus			—
Contribution to PF and other funds	—	—	—
Perquisites	6,600	6,600	—
Total Remuneration	2,20,02,600	2,20,02,600	—

3. Recognition or awards

Mr. Srinivash Singh is the recipient of awards in domestic and international levels in recognition of Fastest Growing Indian Company Excellence and Excellent Performance & Commitment to the Quality and Excellence of its Services from International Achievers Conference, New Delhi & Global Trade Leaders' Club, Madrid, Spain, respectively on behalf of the Company he represented as Managing Director.

4. Job profile and his suitability

Mr. Singh had earlier turned around the project operations of the Company and had set it in on the path of profitability. With his deep insights on and hands on experience in the EPC sector in which the Company operates, Mr. Singh can be considered as the most suitable person for the position of the Managing Director of the Company.

5. Remuneration proposed

Basic Salary: Rs. 10,00,000 /- per month (in the scale of Rs 10,00,000/- per month to Rs 15,00,000/- per month)

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

Special Allowance: In addition to the salary and performance bonus payable, the Managing

Director shall also be entitled to a Special Allowance of Rs. 5,00,000/- per month, which may be revised by the Board based on his performance.

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 V of the Companies Act, 2013

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 Managing Director 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 197 and 198 of the Companies Act, 2013. In the event of absence or inadequacy of profit during the period, the Managing Director shall be paid the above remuneration as minimum remuneration.

6. Comparative remuneration profile with respect to size of the Company, profile of the position and person

The remuneration proposed is considered to be justified and competitive considering the industry, size of the Company, the responsibilities undertaken and the credentials of the Managing Director.

7. Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any

Except for the remuneration drawn by him from the Company, Mr. Singh has no direct or indirect pecuniary relationship with the Company. Additionally, Mr. Singh has no relationship with any of the managerial personnel of the Company.

III. Other Information :

1. Reasons for Loss or inadequacy of profits:

The volatile financial and commodity markets resulting in high raw material prices, inadequacy of capital, 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 inducted Mr. Srinivash Singh as the Managing Director of the Company who, in the past, had made immense contribution towards the turnaround of the Company. It is expected that Mr. Singh, with his vast knowledge and experience in the EPC sector, shall improve the business efficiency and both financial and operational performance of the Company. The Company has already infused fresh capital by issue of Equity and Preference Share Capital. The Company is further exploring means of infusion of capital.

3. Expected increase in productivity and profits in measureable terms

The Company had order backlogs of Rs 1970 crores which formed old orders. New orders secured after April, 2017 was Rs 1323 crores. Considering the present sign of improvement in overall business environment and pursuant to obtaining certain new orders in present times, the Company is expecting an increase in its revenue and profitability. The Company is also undertaking steps to diversify and focus on highway business.

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

Indranil Mitra
Company Secretary
Membership No 20387.

Kolkata, May 30, 2019