



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 by 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 14.01.2013. 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, Shri Ajay Kumar Chandak, Practicing Chartered Accountant, 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 19.01.2013 at 11:00 A.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.

The Company proposes to provide voting on the Resolution through the Postal Ballot mode only and not through electronic mode. The Postal Ballot would be conducted in accordance with the provisions of the Companies (Passing of the Resolution by Postal Ballot) Rules, 2011.

SPECIAL BUSINESS:

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

"RESOLVED THAT pursuant to section 16 and 94 and other applicable provisions, if any, of the Companies Act, 1956, consent be and is hereby accorded to alter the Authorised Share Capital of the Company from Rs. 40,00,00,000/- (Rupees Forty Crores Only) divided into 4,00,00,000 (Four Crores) equity shares of Rs. 10/- (Rupees Ten Only) each to Rs. 160,00,00,000/- (Rupees One Hundred and Sixty Crores Only) divided into 4,00,00,000 (Four Crores) equity shares of Rs. 10/- (Rupees Ten Only) each and creation of additional 1,20,00,000 (One Crore Twenty Lakhs) Non-Convertible Redeemable Preference Shares of Rs. 100/- (Rupees One Hundred Only) each and consequently the Clause 5 of the Memorandum of the Association of the Company be and is hereby altered by substituting the following new clause:

"5. The Share Capital of the Company is Rs. 160,00,00,000/- (Rupees One Hundred and Sixty Crores Only) divided into 4,00,00,000 (Four Crores) equity shares of Rs. 10/- (Rupees Ten Only) each and 1,20,00,000 (One Crore Twenty Lakhs) Non-Convertible Redeemable Preference Shares of Rs. 100/- (Rupees One Hundred Only) each. The Company shall have power to increase or reduce the share capital from time to time as it



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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 for the purpose of giving effect to this resolution, the Board of Directors of the Company be and is hereby authorised to take all such steps and actions and give such directions and delegate such authorities, as it may in its absolute discretion, deem appropriate."

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

"RESOLVED THAT pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the existing Article 4 of the Articles of Association of the Company be and is hereby altered by substituting with the following new Article.

"4. The Share Capital of the Company is Rs. 1,60,00,00,000/- (Rupees One Hundred and Sixty Crores Only) divided into 4,00,00,000 (Four Crores) equity shares of Rs. 10/- (Rupees Ten Only) each and 1,20,00,000 (One Crore Twenty Lakhs) Non-Convertible Redeemable Preference Shares of Rs.100/- (Rupees One Hundred Only) each".

"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors of the Company be and is hereby authorised to take all such steps and actions and give such directions and delegate such authorities, as it may in its absolute discretion, deem appropriate."

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

"RESOLVED THAT pursuant to Sections 80, 81 and all other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification(s) or re-enactment thereof for the time being in force and as may be enacted from time to time) and in accordance with the provisions of the Memorandum and the Articles of Association of the Company, the rules/regulations/ guidelines, if any, prescribed by the Securities and Exchange Board of India and/or any other regulatory authority, the Listing Agreement entered into by the Company with the Stock Exchanges where the Equity Shares of the Company are listed and subject to the consent of all concerned authorities, if and to the extent necessary and such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed under applicable laws or imposed while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors of the Company and/or a Committee constituted/to be constituted by the Board of Directors to exercise its powers conferred by this Resolution and the powers conferred by the Board of Directors from time to time (hereinafter referred to as "**the Committee**") at its absolute discretion, the consent of the Company be accorded to the Board to offer/issue/allot, in the course of offering of Non-Convertible Redeemable Preference Shares ("**Preference Shares**") of the face value of Rs.100/- (Rupees One Hundred Only) each, of an aggregate amount not exceeding Rs.120,00,00,000/- (Rupees One Hundred Twenty Crores Only) to Strategic Investors, Domestic or International Investors, Institutional Buyers, Mutual Funds, Banks, NBFCs, HNIs, Insurance Companies, FIIs, NRIs and other Corporate Bodies etc. subject to necessary provisions and approvals as the Board/Committee may at its absolute discretion think fit, in one or more modes or combinations thereof and in one or more tranches and on such terms and conditions including the rate of dividend, mode of payment of dividend, amount of premium, if any, on redemption, redemption period, manner of redemption and matters incidental thereto as may be decided by the Board/Committee."

"RESOLVED FURTHER THAT such of these Preference Shares to be issued as are not subscribed for may be disposed of by the Board/Committee thereof to such persons and in such manner and on such terms as the



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Board/Committee in its absolute discretion think most beneficial to the Company including offering or placing them with one or more of Banks, NBFCs, HNIs, Financial Institutions, Investment Institutions, Mutual Funds, Bodies Corporate, such other persons or otherwise as the Board/Committee thereof may in its absolute discretion decide."

"RESOLVED FURTHER THAT the Board of Directors /a Committee of Directors/ persons authorized by the Board be and are hereby authorized on behalf of the Company to do all such acts, deeds and things which they may consider proper and desirable and settle any question, difficulties or doubts that may arise in regard to the offer, issue, allotment and utilisation of the proceeds of the issue and Board/Committee be authorised further to do all such acts, deeds, matters and things and to finalise and execute all documents and writings as may be necessary, proper, desirable or expedient as it may deem fit and to make and accept any modifications in the proposal as may be considered necessary or as may be required by the relevant Authorities."

By Order of the Board

For McNally Bharat Engineering Company Limited

Sd/-

Sukanta Chattopadhyay

VP – Commercial & Company Secretary

Place : Kolkata

Date : December 4, 2012

Notes

1. Explanatory Statement pursuant to Section 173(2) and 192A of the Companies Act, 1956 setting out the material facts pertaining to the Resolution are annexed hereto alongwith a Postal Ballot Form for your consideration.
2. The Board of Directors of the Company has appointed Shri Ajay Kumar Chandak, a Practicing Chartered Accountant, 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 to be 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 14.01.2013.
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.



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EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) AND 192A OF THE COMPANIES ACT, 1956

ITEM NO. 1 & 2

In order to generate the long term funds by issue of Redeemable Preference Shares to the Strategic Investors, Domestic/International Investors, Institutional Buyers, Mutual Funds, Banks, NBFCs, HNIs, Insurance Companies, FIs, NRIs and other Corporate Bodies, etc. subject to necessary provisions and approvals, the Board of Directors in their meeting held on 4th December, 2012 have decided to increase the existing Authorized Share Capital of the Company from Rs. 40,00,00,000/- (Rupees Forty Crores Only) divided into 4,00,00,000 (Four Crores) equity shares of Rs. 10/- (Rupees Ten Only) each to Rs. 160,00,00,000/- (Rupees One Hundred and Sixty Crores Only) divided into 4,00,00,000 (Four Crores) equity shares of Rs. 10/- (Rupees Ten Only) each and creation of additional 1,20,00,000 (One Crore Twenty Lakhs) Non-Convertible Redeemable Preference Shares of Rs. 100/- (Rupees One Hundred Only) each.

The aforesaid increase in the Authorized Share Capital will require the amendment of the Capital Clause of the Memorandum of Association and the Articles of Association of the Company. Thus the Ordinary Resolution proposed for alteration of Clause 5 of the Memorandum of Association of the Company and Special Resolution for alteration in Article 4 of the Articles of Association of the Company is required to enable the above proposal to be implemented. Hence the resolution No. 1 and 2 is placed for consideration of the shareholders.

A copy of the Memorandum and Articles of Association is available for inspection by the shareholders during office hours at the Registered Office of the Company on any working day during the business hours up to the date of the meeting.

The Board of Directors accordingly recommends the passing of resolution nos. 1 and 2 as an Ordinary Resolution and Special Resolution respectively.

The Directors of the Company may be deemed to be concerned or interested in this Resolution to the extent any Preference Shares may be offered to and/or subscribed for by them or any Company or Body Corporate of which they are Directors or shareholders. Save as aforesaid, none of the Directors of the Company are, in any way, concerned or interested in this Resolution.

ITEM NO. 3

With a view to enhance its net worth, improve debt-equity ratio and to meet its working capital and other requirements, the Company proposes to raise finance, at appropriate times as the Board/Committee may decide, by issue of Non-convertible Redeemable Preference Shares, for an amount not exceeding Rs. 120,00,00,000/- (Rupees One Hundred Twenty Crores Only), in one or more tranches, to the Strategic Investors, Domestic/International Investors, Institutional Buyers, Mutual Funds, Banks, NBFCs, HNIs, Insurance Companies, FIs, NRIs and other Corporate Bodies, etc. subject to necessary provisions and approvals of the shareholders of the Company.

The Board of Directors of the Company have considered it expedient to make the issue of aforementioned Preference Shares on a private placement and/ or preferential basis to ensure full subscription, to minimize the cost of issue and raise the required funds in the shortest time. However, such Preference Shares shall not be listed on any Stock Exchanges.

The detailed terms and conditions including price, dividend, redemption period, etc., will be decided by the Board/Committee with regard to the prevailing market conditions and applicable regulations/guidelines, at the time of issue.

Since the Preference Shares, are likely to be issued/offered to the Strategic Investors, Domestic/International Investors, Institutional Buyers, Mutual Funds, Banks, NBFCs, HNIs, Insurance Companies, FIs, NRIs and other Corporate Bodies, the consent of the Shareholders is being sought by a Special Resolution in terms of Sections 80 and 81 of the Companies Act, 1956.

The Board recommends the passing of the Resolution as a Special Resolution.

The Directors of the Company may be deemed to be concerned or interested in this Resolution to the extent any Preference Shares may be offered to and/or subscribed for by them or any Company or Body Corporate of which they are directors or shareholders. Save as aforesaid, none of the Directors of the Company are, in any way, concerned or interested in this Resolution.

By Order of the Board

For McNally Bharat Engineering Company Limited

Sd/-

Sukanta Chattopadhyay

VP – Commercial & Company Secretary

Place : Kolkata

Date : December 4, 2012