

Directors

Code of Conduct for Directors

Preamble

Directors are appointed by Shareholders to manage the Company on their behalf and to act for their benefit and in the interests of the Company. Accordingly, Directors have a fiduciary relationship with the Company. Their fiduciary duties arising from such relationship are akin to those of a trustee, and they are expected to display utmost good faith in their dealings on behalf of the Company or with the company. They are also not expected to use any of the Company's assets or information relating to its business, which may come to their control or possession in order to gain any advantage to themselves at the cost of the Company or its shareholders.

In addition to their fiduciary duties, Directors owe a duty of care to the Company not to act negligently in the management of its affairs, the standard of care being that of a prudent and reasonable man looking after his own affairs.

These fiduciary duties and the duty of care, however, are towards the Company comprising the shareholders collectively as a corporate body and not to any shareholder individually.

Code of Conduct

Based on the above principles the Directors of McNally Bharat Engineering Company Limited ("The Company") are expected to observe the following Code of Conduct :-

Disclosure of Interest and Avoidance of Conflict of Interest

A Director has a duty to disclose his direct or indirect interest in relation to any contract or arrangement or proposed contract or arrangement entered into or to be entered into by the Company. For this purpose, he is required to make a general disclosure of interest every year giving a list of companies and firms in which he shall be deemed to be interested indicating his nature of interest, with changes, if any, notified to the Board from time to time. In addition, except with the prior consent of the Board, a Director or a firm in which such Director is a partner or a private company in which such Director is a member or Director shall not enter into any contract with the Company having monetary implications.

Directors shall inform the Board of Directors of the Company before accepting any position of influence or of pecuniary interest including directorship in any other organisation whose business is in direct competition with that of the Company-

1. Investment in Shares of the Company/ Code for prevention of Insider Trading

A Director is required to disclose his investments in the Company and in its holding Company or subsidiary, if any, and changes therein, if any, from time to time.

Directors shall not deal in the Company's securities or a short-term basis. They have to accept that they are not at all times free to deal in the Company's securities and they are bound by the Company's 'Code of Conduct for Prevention of Insider Trading.'

2. Not to make secret profit

A Director shall not make any secret profit out of his position. If a Director receives information on a potential business opportunity in his capacity as a Director of the Company he shall not use that opportunity for his own purpose.

3. Confidentiality

Directors shall keep confidential and not divulge directly or indirectly any information (except what is in the public domain) relating to the Company, its intellectual properties, its business and its customers/ vendors which they have become aware of in the course of their directorship either by knowledge derived in the course of participation in Board Meetings/ Committee Meetings or from papers circulated to them as Director. Directors shall not also make use of such information for any purpose other than for the benefit of the Company.

4. Not to contract individually

A Director shall not act on behalf of the Company with any party or commit himself on behalf of the Company in regard to any arrangement or contract of a binding nature unless specifically authorised by the Board in that behalf.

5. Voting

When a Director exercises his voting right as a shareholder at any general meeting of the Company he is free to vote in his own best interest like any other shareholder. However, when a Director votes as a Director in any Board Meeting or Committee Meeting he does so in his fiduciary capacity and is bound to vote not in his own personal interest but in what he considers to be the best interest of the Company.

6. Employee Directors

A Whole-time Director who is an employee of the Company shall, in addition to the above, be bound by the terms and conditions of his employment with the Company. He has to wholeheartedly devote his time and attention to the affairs and business of the Company within his limit and has to ensure all legal compliances on behalf of the Company in the area of work for which he has been made responsible.

Personnel

Code of Conduct for Personnel

Preamble

Senior Management Personnel comprising employees at the level just below Whole-time Directors and holding positions such as Senior/ Vice President and General Manager from the core executive management team of the Company. Working under the superintendence, control and guidance of the Managing director/ Whole-time Directors, they are responsible for implementation of all management decisions concerning the operations of the Company and for achieving its business objectives. While doing so, they have to uphold and protect the Company's reputation for integrity and fair dealing and to set examples within the Company.

Code of Conduct

Based on the above principles the Senior Management Personnel of McNally Bharat Engineering Co. Ltd. ('The Company') are expected to observe the following Code of Conduct:-

1. Avoidance of Conflict of Interest

Senior Management Personnel having financial, personal or family interest in a vendor, customer or competitor shall make such interest known to their immediate superiors and shall abstain from the decision-making process related to such vendor, customer or competitor. For this purpose 'family' will mean spouse, children, brothers, sisters and parents.

2. Business Integrity and Ethics

Senior Management Personnel shall adhere to the highest standard of integrity and ethics in discharge of their functions. While exercising the authorities and discharging the responsibilities assigned to them they are expected to conduct

themselves in such a manner as to avoid any act which may bring embarrassment to the company.

3. Terms and Conditions of Employment and Legal Compliance

Senior Management personnel shall strictly comply with the terms and conditions of their employment with the Company including the Rules and Regulations as applicable to them in accordance with the Company's HR policy as in force from time to time. They shall provide the necessary support to the Managing Director and Whole-time Directors in ensuring that all national and local laws, regulations and customs in the areas falling within their respective limit are complied with.

4. Investment in Shares of the Company/ Code for prevention of Insider Trading

Senior Management personnel shall not deal in the Company's securities on a short term basis. They have also to accept that they are not free to deal in the Company's securities at all times and they are bound by the Company's 'Code of Conduct for prevention of Insider Trading' which shall be deemed to be a part of this 'Code of Conduct'.

5. Not to make secret profit

Senior Management personnel shall not make any secret profit out of their position. If they receive information on a potential business opportunity in their official capacity they shall not use that opportunity for their own purpose.

6. Confidentiality

Senior Management personnel shall keep confidential and not divulge directly or indirectly any information (except what is in the public domain) relating to the company, its intellectual properties including technology and business processes, its business and its customers/ vendors which they have become aware of in the course of their employment with the Company. They shall not also make use of such information for any purpose other than for the benefit of the Company.