

BHARAT BHARI UDYOG NIGAM LIMITED

REPORT ON CORPORATE GOVERNANCE

1. Company's philosophy on Guidelines on Corporate Governance:

The Company's philosophy on Corporate Governance is aimed at:

- (a) Enhancing long-term stakeholder value and Company's wealth generating capacity through-
 - Assisting top management in taking sound business decisions;
 - Prudent financial management.
- (b) Achieving transparency and professionalism in all decisions and activities of the Company.
- (c) Adhering to the disclosure compliances.
- (d) Achieving excellence in Corporate Governance by-
 - conforming to the prevalent guidelines on Corporate Governance and excelling in, wherever possible;
 - reviewing periodically the existing systems and controls for further improvements;
 - setting high ethical standards in conduct of business
 - complying with laws and regulations
 - strategic guidance and effective monitoring by the Board.

2. BOARD OF DIRECTORS:

2.1 Composition:

The Company is a 'Government company' within the meaning of Section 617 of the Companies Act, 1956. All Directors on the Board of the Company (functional, official or non-official) are appointed by the President of India (viz. Central Government).

As on 31.03.2011, the number of Directors on the Board of the Company was 5 (five), of which three were functional Directors viz., Chairman & Managing Director (on additional charge basis); Director (Finance); and Director (Technical); and two were Government officials (nominee Directors).

Government of India, Ministry of Heavy Industries & Public Enterprises, Department of Heavy Industry (in short "DHI") vide Order dated 14.07.2010 has advised of the decision to reconstitute the Board in the manner therein stated. As per the Order, the strength of the Board shall be 8 (eight) Directors - three functional Directors (including Chairman & Managing Director); two Government Nominee Directors and three Independent (non-official part-time Directors). However, appointment of Independent Directors on the Board is under consideration of the Central Government viz. DHI.

(2)

The composition of the Board and the number of other Directorships and Membership/ Chairmanship held by the Directors in the committees of various companies as on 31.03.2011 are given below:

Name of Directors	Category of Directorship	No. of other Boards in which a member or Chairperson	Committee membership held in other companies*	
			as Member	as Chairman
1. Shri Saibal Baul (w.e.f. 01.11.2010)	Chairman & Managing Director (Functional Director)	2	Nil	Nil
2. Shri Swapan Kumar Das	Director (Finance) (Functional Director)	2	Nil	Nil
3. Shri Neeraj Mishra	Director (Technical) (Functional Director)	2	Nil	Nil
4. Shri Ambuj Sharma	Government Nominee	4	Nil	Nil
5. Shri R. Asokan	Government Nominee	5	1	Nil
6. Shri Ranjit Sinha (upto 14.07.2010)	Non-executive Director	Nil	Nil	Nil
7. Shri Saibal Baul (upto 04.09.2010)	Non-executive Director	2	Nil	Nil
8. Shri Sunil Kumar Rishi (upto 04.09.2010)	Non-executive Director	1	Nil	Nil

* Represents Membership/Chairmanship of Audit Committee, Investors' Grievance Committee and Remuneration Committee.

Note: Pursuant to orders of DHI, Shri Sinha, Shri Baul and Shri Rishi ceased to be ex-officio (non-executive) Directors. However, Shri Baul has been subsequently given additional charge as Chairman & Managing Director.

2.2 BOARD MEETINGS:

Dates of Board meetings are fixed in advance. The meetings are governed by structured agenda and agenda notes/papers backed by comprehensive background information are circulated to Directors seven days prior to the meeting. Where it is not practical to attach or send the relevant background information as part of the agenda notes/papers, the same are tabled at the meeting.

Meetings and attendance:

During the financial year ended 31.03.2011, 4 (four) meetings of the Board of Directors were held - on 25.06.2010; 04.09.2010; 23.12.2010; and 29.03.2011.

Attendance of Directors at Board meetings and at the Annual General Meeting (AGM):-

Names of Directors	No. of meetings Attended	Attendance at the last AGM held on 10.12.2010
Shri Pramod Kumar	2	Yes
Shri Swapan Kumar Das	4	Yes
Shri Neeraj Mishra	3	Yes
Shri Ambuj Sharma	4	No
Shri R. Asokan	4	No
Shri Ranjit Sinha	Nil	No
Shri Saibal Baul	4	Yes
Shri Sunil Kumar Rishi	1	Yes

3. AUDIT COMMITTEE:

The Board of Directors has an Audit Committee (which is awaiting reconstitution in accordance with the Guidelines). Details of the Audit Committee are as under:

(a) Role:

To cover the matters specified under paragraph 4.2 of the Guidelines. The Committee acts as a link between the Management, the Statutory & Internal Auditors and the Board of Directors and assesses financial reporting system.

(b) Composition of the Audit Committee:

The Audit Committee (as discontinued for part of the year) comprised of Shri R. Asokan, Shri Saibal Baul and Shri Sunil Kumar Rishi. Shri Asokan was the Chairman of the Committee. All the members were non-executive Directors. Shri S. K. Das, Director (Finance) attended the meetings of the Committee. The Company Secretary acted as the Secretary of the Committee.

The Audit Committee is currently awaiting reconstitution.

(c) Attendance of each Member:

During financial year ended 31.03.2011, the Audit Committee held only 1 (one) meeting - on 25.06.2010. All the members as stated above attended the meeting.

4. REMUNERATION COMMITTEE:

There is no such Committee in view of the Guidelines stipulating that such Committee should be headed by an Independent Director. Further, the remuneration of executives and non-unionised supervisors are fixed in accordance with the Guidelines issued in this behalf by Government of India, Department of Public Enterprises (in short "DPE").

5. CODE OF CONDUCT:

Board has laid down the Code of Business Conduct and Ethics for the Board Members and the Senior Management for maintaining standards and ensuring compliance with legal requirements. The same is posted on the website of the Company.

6. GENERAL BODY MEETINGS:**Details of the last three Annual General Meetings**

Financial year	Date and Time	Venue	Special resolution(s) passed, if any
2009-10	10.12.2010 at 11.30 A.M.	Registered Office at 26, Raja Santosh Road, Alipore, Kolkata	Nil
2008-09	10.11.2009 at 2.00 P.M.	-As above-	Nil
2007-08	26.11.2008 At 2.30 P.M.	-As above-	Yes; for reduction of share capital

The Annual General Meeting for the current year viz. ended on 31.03.2011 will be held at the Registered Office of the Company on 23.09.2011 at 12 noon.

7. DISCLOSURES

- i) Materially significant related party transactions that may have potential conflict with the interests of the Company at large - there is no such transaction. However, the disclosure as required under AS-18 has been incorporated in 'Notes to the Accounts'.
- ii) Details of non-compliance by the Company, penalties, strictures imposed on the Company by any statutory authority on any matter related to any guidelines issued by the Government, during the last three years - none.
- iii) Whistle Blower policy and affirmation that no personnel has been denied access to the Audit Committee - the Company does not have a Whistle Blower policy for the time being. However, no personnel have been denied access to the Audit Committee.

- iv) Details of compliance with the requirements of these Guidelines – The Company has generally complied with the requirements of the Guidelines. Regarding appointment of required number of Independent Directors on the Board – the matter has been taken up with DHI.
- v) Details of Presidential Directives issued by the Central Government and their compliance during the year and also in the last three years – no Presidential Directive was issued during the year.
- vi) Items of expenditure debited in the books of account, which are not for the purposes of business – there is no such item of expenditure.
- vii) Expenses incurred which are personal in nature and incurred for the Board of Directors and Top Management – none.

8. MEANS OF COMMUNICATION

The shares issued by the Company are not listed on any stock exchange. Hence, quarterly results are not published in newspapers. However, annual audited financial results are displayed on the website of the Company (www.bbunl.com).

Address for correspondence:

Bharat Bhari Udyog Nigam Ltd.
26, Raja Santosh Road,
Alipore, Kolkata – 700 027.

9. AUDIT QUALIFICATIONS

The Company will endeavour to maintain a regime of unqualified financial statements.

10. TRAINING OF BOARD MEMBERS

The need to train Board members in the business model of the Company has not been felt till now. However, this will be considered at an appropriate time in future.

11. WHISTLE BLOWER POLICY

Establishing a mechanism for employees will be considered in future. However, the Company encourages an open door policy where employees have access to its Head of the Functions.

12. COMPLIANCE CERTIFICATE

This report duly complies with the requirements of “Guidelines on Corporate Governance for Central Public Sector Enterprises”. Quarterly reports on compliance with Corporate Governance prescribed by DPE are sent to Administrative Ministry regularly.

(6)

The certificate obtained from Statutory Auditors of the Company regarding compliance of the aforesaid Guidelines on Corporate Governance has been annexed to the Report.

For & on behalf of the Board of Directors,

Kolkata,
16th September, 2011.

Sd/-
(S. Baul)
Chairman & Managing Director

The Members,
Bharat Bhari Udyog Nigam Ltd.
26, Raja Santosh Road
Alipore, Kolkata – 700 027.

We have examined the compliance of the Corporate Governance by Bharat Bhari Udyog Nigam Limited (hereinafter referred as 'the Company') for the year ended on 31st March, 2011 as stipulated in "Guidelines on Corporate Governance for Central Public Sector Enterprises 2010" issued by the Government of India, Ministry of Heavy and Public Enterprises, Department of Public Enterprises and annexes mentioned there under (hereinafter referred to as 'the Guidelines').

The compliance of conditions of corporate governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of corporate governance as stipulated in the Guidelines. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we hereby certify that the Company has complied with the conditions of corporate governance as stipulated in the abovementioned Guidelines.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency of the effectiveness with which the Management has conducted the affairs of the Company.

Place : Kolkata
Date : 15 September, 2011

Signature: