

**ANNEXURE I**  
**FORM NO. MR-3**  
**SECRETARIAL AUDIT REPORT**

**FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH 2018**

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the  
Companies (Appointment and Remuneration of Managerial Personnel) Rules,  
2014]

To,  
The Members  
Bhoruka Aluminium Limited  
(CIN: L27203KA1979PLC003442)  
# No.427E, 2<sup>nd</sup> Floor,  
Hebbal Industrial Area,  
Mysuru, Karnataka  
India – 570016

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Bhoruka Aluminium Limited** (hereinafter called the **Company**). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2018 (“Audit Period”) complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2018 according to the provisions of:

- I. The Companies Act, 2013 (**the Act**) and the Rules made thereunder ***except for the matter listed below Clause VIII.***
- II. The Securities Contracts (Regulation) Act, 1956 (**‘SCRA’**) and the Rules made thereunder;
- III. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder by the Depositories with regard to dematerialisation / rematerialization of securities and reconciliation of records of dematerialised securities with all securities issued by the Company;
- IV. Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; ***except for the matters listed below Clause VIII.***

- V. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (**'SEBI Act'**) to the extent applicable to the Company :-
- a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; [Not Applicable as the Company has not issued any further capital under the regulations during the period under review]
  - d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; [Not Applicable as the Company has not issued any capital under the regulations during the period under review]
  - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; [Not Applicable as the Company has not issued and listed any debt securities during the financial year under review]
  - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; [Not applicable as the Company has not delisted / proposed to delist its equity shares from any Stock Exchange during the financial year under review]
  - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; [Not applicable as the Company has not bought back / proposed to buy-back any of its securities during the financial year under review]
  - i. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- VI. The Management has identified and confirmed the following laws as specifically applicable to the Company
- a. The EPF & Misc. Provisions Act, 1952
  - b. Contract Labour Act
  - c. The Indian Contract Act, 1872
- (Further the management informed me that, there are no manufacturing operations since 1<sup>st</sup> June 2013 after the Company has transferred the Aluminium Extrusion Business division via Slump sale to Bhoruka Extrusions Private Limited an Indian subsidiary of YKK Holding Asia Pte. Ltd., Singapore as part of restructuring in accordance with the approval granted by the Shareholders through postal ballot pursuant to section 293 (1) (a) of the Companies Act 1956, hence there no other laws applicable for this Company).*
- VII. I have also examined compliance with the applicable clauses of the following:
- a. Secretarial Standards issued by The Institute of Company Secretaries of India and as notified by the MCA.
  - b. The Listing Agreements entered into by the Company with the Bombay Stock Exchange Limited (BSE)

VIII. During the Audit Period, under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, Listing Agreements etc. mentioned above **subject to the following observations:**

- a. Non-compliance in the matter of appointment of Whole Time Company Secretary and Chief Financial Officer of the Company as per the sub-section 1 of Section 203 of the Companies Act 2013.
- b. Company had a Wholly Owned Subsidiary (WOS), Bhoruka Aluminium FZE in Hamriyah Free Zone and the reporting Compliances with respect to the Foreign Exchange Management Act, 1999 ("FEMA Act") and the Rules and Regulations made thereunder to the extent of issue of GDR and compliances pursuant to Paragraph 4(3) of Schedule 1 of Notification No. FEMA 20/2000-RB dated 03<sup>rd</sup> May 2000 is not complied in regular quarters.
- c. The setting up of the said WOS requires the compliances (Overseas Direct Investment Compliances) in terms of section 6 of the Foreign Exchange Management Act, 1999, (42 of 1999) read with Notification No. FEMA.120/RB-2004 dated July 7, 2004, (GSR 757 (E) dated November 19, 2004), viz. Foreign Exchange Management (Transfer or Issue of Any Foreign Security) (Amendment) Regulations, 2004, as amended from time to time, however the same is not complied and it's a continued non-compliance since FY 2010-11.
- d. The said WOS was wound-up on 18<sup>th</sup> September, 2014, the compliances (Overseas Direct Investment Compliances) in terms of provisions of the Foreign Exchange Management Act, 1999, (42 of 1999) read with Notification No. FEMA.120/RB-2004 dated July 7, 2004, (GSR 757 (E) dated November 19, 2004), viz. Foreign Exchange Management (Transfer or Issue of Any Foreign Security)(Amendment) Regulations, 2004, as amended from time to time is not complied and it's a continued non-compliance. However, it was informed that, the management of the Company is already in the process to comply with the required norms of the said FEMA Act and its guidelines;

IX. **I further report that**, the Company to the extent of applicable, has, in my opinion, complied with the provisions of the Companies Act, 2013 and the Rules made under that Act and the provisions of Companies Act, 2013 as notified by Ministry of Corporate Affairs and the Memorandum and Articles of Association of the Company.

X. **I further report that:**

- a. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors & Woman Director.
- b. The Company has not appointed Small shareholders' director as given under section 151 of the Companies Act, 2013 read with Rule 7 of the Companies (Appointment and Qualification of Directors) Rules 2014, since the same is not mandatory.
- c. Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance (By Hand Delivery mode), and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- d. The Draft Board Meeting Minutes and Final Board Meeting minutes were delivered to all the Directors by hand delivery mode and proper acknowledgments for the same is maintained at the Company.

- e. Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.
  - f. The Company has obtained all necessary approvals under the various provisions of the Act;
  - g. There was no prosecution initiated and no fines (except for the additional fee paid by the Company for delay in filing of the necessary eForms with the Ministry of Corporate Affairs) or penalties were imposed during the year under review under the Act, SEBI Act, SCRA, Depositories Act, Listing Agreement and Rules, Regulations and Guidelines framed under these Acts against / on the Company, its Directors and Officers.
  - h. The Directors have complied with the disclosure requirements in respect of their eligibility of appointment, their being independent and compliance with the Code of Business Conduct & Ethics for Directors and Management Personnel;
  - i. However, BSE vide its letter dated 22<sup>nd</sup> February, 2018 has issued an order for conducting forensic audit on the affairs of the Company to find out whether the said company is Shell Company or not, on the direction of SEBI/ MCA
- XI. **I further report that**, as informed to me, the Company has responded appropriately to notices received from various statutory / regulatory authorities including initiating actions for corrective measures, wherever found necessary.
- XII. **I further report that**, I have relied on the information and representation made by the Company and its Officers for systems and mechanism formed by the Company for compliances under other applicable Acts, Laws, and Regulations to the Company.
- XIII. **I further report that**, compliance of applicable financial laws including Direct and Indirect Tax laws by the Company has not been reviewed in this Audit since the same has been subject to review by the Statutory Auditors and other designated professionals.
- XIV. **I further report that**, based on review of compliance mechanism established by the Company and on the basis of the Compliance Certificate(s) issued by the Compliance Officer and taken on record by the Board of Directors at their meeting(s), I am of the opinion that there are adequate systems and processes in place in the Company which is commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.
- XV. **I further report that**, during the audit period:
- (a) The members through Postal Ballot, vide resolution passed on 04<sup>th</sup> January 2018 granted their approval for:
    - 1. Approval to Sell, Transfer or convey or assign or otherwise dispose of Land with Building pursuant to Section 180(1) (a) of the Companies Act, 2013 and Rules made there under and Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 to Boruka Fabcons Private Limited, a Related Party
    - 2. Approval to Sell, Lease, Transfer, convey, assign or otherwise dispose of the Company's Agriculture Land pursuant to Section 180(1)(a) of the Companies Act, 2013.

3. Approval for transaction with Boruka Fabcons Private Limited, being a related party for sale of land and building pursuant to Section 188 (1) (b) of the Companies Act, 2013 and Rules made there under and Regulation 23 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**Place of Signing: Mysuru**  
**Date of Signing: 11th June 2018**

For Sunil B.G. & Associates  
Company Secretaries

**Sd/-**

**CS SunilKumar Billavara Govinda**  
FCS No.: 7910  
CP NO.: 8900

This report is to be read with our letter of even date which is annexed as 'Annexure A' and forms an integral part of this report.

To,

The Members  
BhorukaAluminium Limited  
(CIN: L27203KA1979PLC003442)  
# No.427E, 2<sup>nd</sup> Floor,  
Hebbal Industrial Area,  
Mysuru, Karnataka  
India – 570016

Our report of even date is to be read along with this letter.

- a. Maintenance of secretarial record is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
- b. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for our opinion.
- c. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
- d. Where ever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
- e. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
- f. The Secretarial Audit report is neither an assurance as to future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place of Signing: Mysuru  
Date of Signing: 11<sup>th</sup> June 2018

For Sunil B.G. & Associates  
Company Secretaries

**Sd/-**

CS SunilKumar Billavara Govinda  
FCS No: 7910  
CP No: 8900