

BHORUKA ALUMINIUM LIMITED

POLICY ON RELATED PARTY TRANSACTIONS

PREFACE:

Bhoruka Aluminium Limited ("the Company") has adopted the following policy and procedures with regard to Related Party Transactions at their Meeting held on **13th February, 2015**, considering amendment to the Clause 49 of the Listing Agreement effective October 1, 2014.

Pursuant to the enactment of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, this amended policy was adopted in the meeting of the Board of Directors on **12th February 2016**.

OBJECTIVE:

The Objective of this Policy is to ensure that all Related Party Transactions ("RPT") entered into by the Company are reviewed and approved by the Audit and Risk Management Committee ("the Committee"), in line with the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015

This Policy is also intended to ensure the proper approval and reporting of transactions between the Company and any 'Related Party' as defined in SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015.

GENERAL PRINCIPLE:

The Board Members are expected to strive to perform their duties according to the highest standards of honesty, integrity, accountability, confidentiality and independence.

DEFINITION:

Board: Means Board of Directors of the Company.

Control: Control shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

Body Corporate: "Body Corporate" means an entity as defined in Section 2(11) of the Companies Act, 2013.

Subsidiary: "Subsidiary" means a company as defined in Section 2(87) of the Companies Act, 2013

Audit Committee Means: Audit Committee of the Board of Directors of the Company constituted under the provisions of the Listing Agreement and Section 177 of the Companies Act, 2013.

Key Managerial Personnel: Means key managerial personnel, as defined under the Companies Act, 2013 from time to time and presently, means :-

- Chief Executive Officer or the Managing Director or the Manager;
- Company Secretary;
- Whole Time Director;
- Chief Financial Officer

Material Related Party Transaction: Means a transaction with a Related Party if the transaction/ transactions to be entered into individually or taken together with previous transactions during a Financial Year, exceeds ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

Explanation: "Turnover" means the aggregate value of the realization of amount made from the sale, supply or distribution of goods or on account of services rendered, or both, by the Company during a Financial Year.

Related Party Transaction: Means a transfer of resources, services or obligations between a company and a Related Party, regardless of whether a price is charged or not and a "transaction" with a related party shall be construed to include a single transaction or a group of transactions in a contract:

Provided that this definition shall not be applicable for the units issued by mutual funds which are listed on a recognized stock exchange(s);

Explanation: A "transaction" with a related party shall be construed to include single transaction or a group of transactions in a contract.

Related Party: means a related party as defined under sub-section (76) of section 2 of the Companies Act, 2013 or under the applicable accounting standards:

Relative: means relative as defined under sub-section (77) of section 2 of the Companies Act, 2013 and rules prescribed there under and includes anyone who is related to another, if –

- a. They are members of a Hindu undivided family;
- b. They are husband and wife;
- c. Father (including step-father);
- d. Mother (including step-mother);
- e. Son (including step-son);
- f. Son's wife;
- g. Daughter;
- h. Daughter's husband;
- i. Brother (including step-brother); or
- j. Sister (including step-sister).

Senior Management: Means personnel of the Company who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive directors, including the functional heads.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the Listing Agreement, Securities Contract Regulation Act or any other applicable law or regulation.

POLICY:

All Related Party Transactions (RPTs) must be reported to the Committee and referred for approval by the Committee in accordance with this Policy.

Identification of Potential RPTs Key Managerial Personnel and Senior Management on quarterly basis shall report to the Committee any potential RPT for its approval.

REVIEW AND APPROVAL OF RELATED PARTY TRANSACTIONS:

To review RPTs, the Committee will be provided with all relevant material information of the Related Party Transaction, including the terms of the transaction, parties with whom transactions are being entered into and other relevant matters.

COMPLIANCE RELATED TO RELATED PARTY TRANSACTIONS:

All RPTs shall require prior approval of the Committee. However, the Committee may grant omnibus approval for RPTs proposed to be entered into by the Company, subject to the following conditions:

1. The Audit Committee shall lay down the criteria for granting the omnibus approval in line with the Related Party Transactions of the company and such approval shall be applicable in respect of transactions which are repetitive in nature.
2. The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the company;
3. The omnibus approval shall specify
 - i. the name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into,
 - ii. the indicative base price / current contracted price and the formula for variation in the price if any and
 - iii. such other conditions as the Audit Committee may deem fit;

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Provided that where the need for Related Party Transaction cannot be foreseen and aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs.1 crore per transaction

4. Audit Committee shall review, on a quarterly basis, the details of RPTs entered into by the company pursuant to each of the omnibus approval given.
5. Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.
6. The Board shall approve such Related Party Transactions as are required to be approved under Companies Act, 2013 and /or listing regulations and /or transactions referred to it by the Audit Committee.
7. All Material Related Party Transactions shall require approval of shareholders of the Company through ordinary resolution (unless it is exempted pursuant to the provisions of listing regulations) and the Related Parties shall abstain from voting on such resolution(s).
8. All Related Party Transactions (other than Material Related Party Transactions) pursuant to section 188 of the Companies Act, 2013 which are not in the ordinary course of business or not an Arms' length transaction and cross the threshold limits prescribed under Companies Act, 2013 shall also require the approval of shareholders of the Company through ordinary resolution and the Related Parties shall abstain from voting on such resolution(s).
9. The approval mechanism for Related Party Transactions shall be as stipulated in the provisions of listing agreement and/or Companies Act, 2013 and as amended from time to time.

The Committee will consider the following factors, among others, to the extent relevant to the RPT:-

Whether the terms of the RPT are fair and on arm's length basis to the Company and
Whether such approval is in the interest of the Company;

ARM'S LENGTH TRANSACTIONS:

"Arms' Length Transaction" means a transaction between two related parties that is conducted as if they were unrelated.

Whether the Related Party Transaction would affect the independence of an independent director. Such omnibus approval shall specify (i) the name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into, (ii) the indicative base price/ current contracted price and the formula for variation in the price, if any and (iii) such other conditions as the Committee may deem

fit on case to case basis; Provided that, where the need for RPT cannot be foreseen and aforesaid details are not available, the Committee may grant omnibus approval for such transactions, subject to their value not exceeding **Rs.1 crore** per transaction.

ORDINARY COURSE OF BUSINESS:

“Ordinary course of business” means the usual transactions, customs and practices undertaken by the Company to conduct its business operations and activities and includes all such activities which the Company can undertake as per Memorandum & Articles of Association.

The Committee shall review, at least on a quarterly basis, the details of RPTs entered into by the Company, pursuant to each of the omnibus approval given.

Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

Any member of the Committee who has a potential interest in any RPT will abstain from discussion and voting on the approval of the RPT.

The Audit Committee will have the discretion to recommend / refer any matter relating to the Related Party Transaction to the Board for the approval.

Further, all Material Related Party Transactions shall require approval of the shareholders of the Company, through ordinary resolution and the Related Party/ies shall abstain from voting on such resolutions.

The Policy shall not be applicable, if the Company enters into or proposes to enter in to any transaction/s with its wholly owned subsidiary, if any, whose accounts are consolidated with the Company and placed before the shareholders at the general meeting for approval.

For the purpose of this Policy, all entities falling under the definition of ‘Related Party’ shall abstain from voting irrespective of whether the entity is a party to the particular transaction or not.

REVIEW OF POLICY:

The Board of Directors shall review the Policy from time to time and shall have right to amend/ alter/ modify this Policy as may be required in accordance with the changes in the laws, rules and regulations or otherwise.