

THE MINUTES OF THE PROCEEDINGS OF THE FIRST MEETING OF THE AUDIT COMMITTEE OF MADHAV COPPER LIMITED FOR FINANCIAL YEAR 2018-19 HELD ON MONDAY, 28TH MAY, 2018 AT 01:00 P.M. AT THE REGISTERED OFFICE OF THE COMPANY SITUATED AT PLOT NO. 2107/D, OFFICE NO. 203, 2ND FLOOR, D & I EXCELUS, WAGHAWADI ROAD, BHAVNAGAR - 364001

Following members were present:

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| 1. Shri Manish Makodia | Chairman |
| 2. Shri Chaitanya Doshi | Member |
| 3. Shri Nilesh Patel | Member |

In attendance of:

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| 1. Mr. Kamlesh Solanki | Chief Financial Officer |
| 2. Mr. Kush Bhatt | Company Secretary & Compliance Officer |

Invitees:

1. Statutory Auditor
2. Internal Auditor
3. Mr. Rohit Chaunan – Managing Director

1. CHAIRMAN

Mr. Manish Makodia was elected as the Chairman of the meeting. He took the chair and welcomed the members present to the meeting of the committee and declared that the required quorum is present and the agenda could be taken up for discussion.

2. MINUTES OF PREVIOUS COMMITTEE MEETING

Minutes of the previous meeting held on 24th March, 2018 were placed before the committee and the same is signed by the Chairman.

3. TO REVIEW THE PERFORMANCE OF THE COMPANY AS AT THE END OF HALF YEAR / YEAR ENDED ON 31.03.2018 ALONG WITH
(1) REPORT OF AUDITORS UNDER REGULATION 33(3)(D) OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015.
(2) CEO / CFO CERTIFICATION AS REQUIRED UNDER REGULATION 17(8) OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015:

The members of the committee reviewed the Audited Accounts for the year ended 31st March, 2018 with particular reference to the following matters as suggested under The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 viz:

- a. Matters required to be included in Director's Responsibility Statement in the Board's Report in terms of Sub Section (5) of Section 134 of the Companies Act, 2013.
- b. Changes, if any, in accounting policies and practices and reasons for the same.
- c. Major accounting entries involving estimates based on the exercise of judgment by management.
- d. Significant adjustments made in the financial statements arising out of audit findings.
- e. Compliance with listing and other legal requirements relating to financial statements
- f. Disclosure of any related party transactions
- g. Qualifications, if any, in the draft audit report.

Further, in terms of Regulation 33(3) (d) of the Regulations, the Audited Financial Results for the fourth half year / year ended on 31st March, 2018 are furnished herewith in the prescribed format along with report of Auditors' thereon.

Moreover, in accordance with the provisions of Regulation 17(8) of the Regulations, while placing the financial results before the Board, Shri Rohit Chauhan, Managing Director and Shri Kamlesh Solanki, CFO tabled a certificate to the effect that the said furnished the Audited Financial Results for the fourth quarter / year ended on 31st March, 2018 do not contain any false or misleading statement or figures and do not omit any material fact which makes the statements or figures contained therein misleading.

Further, pursuant to existing Regulation 17(8) of the Regulations, Shri Rohit Chauhan, Managing Director and Shri Kamlesh Solanki, CFO tabled a certificate to the correctness of the financial statements and the cash flow statement for the year ended on 31.03.2018.

The Directors discussed the same at length and recommend to the Board of Directors for their adoption.

"RESOLVED THAT the Committee hereby recommends to the Board of Directors for their approval the Profit and Loss Account for the year ended on 31st March, 2018, and Balance Sheet as at that date together with notes thereto and the Cash Flow Statement for the year ended on 31st March, 2018.

RESOLVED THAT the draft of the Audited Financial Results for the half year ended on 31st March, 2018, together with draft Auditors' Report thereon, prepared pursuant to Regulation 33(3)(d) of the Regulations, to be published in the newspapers and placed before the Committee be and is hereby reviewed and recommended to the Board of Directors."

4. ISSUE OF BONUS SHARES

The Committee examined financial position of the Company and observed that the Company is having adequate reserves and security premium as on 31.03.2018. While proposing for the Bonus issue, the Committee deliberated on various factors viz., reserves and benefits of members of the Company etc. The Committee proposed to recommend to issue Bonus Shares in the

proportion of 2 (Two) new equity share of the Company for every 1 (one) existing equity share of the Company held by the members as on the record date by way of capitalization of Securities Premium Account and free reserves.

After due discussion, following resolution was passed:

"RESOLVED THAT pursuant to Section 63 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013, read with Rule 14 of the Companies (Share Capital & Debentures) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and subject to regulations and guidelines issued by Securities and Exchange Board of India (SEBI) including SEBI (Issue of Capital and Disclosure Requirement) Regulations, 2009 (as amended from time to time) and such other approvals, permissions and sanctions as may be necessary and such terms, conditions, alterations, modifications, changes and variations as may be specified while according such approvals the committee do recommend the Board to capitalize ₹ 4,10,72,000/- (Rupees Four Crores Ten Lakh Seventy Two Thousand only) out of Security Premium and free reserves of the Company and transfer to Share Capital Account towards issuance and allotment of Equity shares not exceeding 41,07,200 (Forty One Lakh Seven Thousand Two Hundred) Equity shares of ₹ 10/- (Rupees Ten Only) each, as bonus shares credited as fully paid-up, to members of the Company holding Equity shares of ₹ 10/- (Rupees Ten Only) each whose names stand in the Register of Members of the Company as on record date, in that behalf in the proportion of 2 (Two) new fully paid-up Equity shares of ₹ 10/- (Rupees Ten Only) each for every 1 (One) existing Equity Share of ₹ 10/- (Rupees Ten Only) each, held as on the record date and that the bonus shares so issued and allotted be treated for all purposes as an increase of the nominal amount of the Equity Capital of the Company held by each such member/person and not as income."

5. REVIEW OF SIGNIFICANT RELATED PARTY TRANSACTIONS:

The Committee reviewed details of related parties transactions entered into during the fourth quarter ended on 31st March, 2018 and on 17th May, 2018.

The Chairman stated that pursuant to Pursuant to Section 177(4) of the Companies Act, 2013 and Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR-2015), the Audit Committee has to approve related party transactions.

The Chairman tabled related party transactions occurred during 2017-18 and on 17th May, 2018.

Name of related party	Nature of relationship	Duration of Contract	Salient terms	Amount in INR
<u>Nature of Contract</u>				
1. Madhav Steels (S.B.D.) - Purchase for factory Building Expansion	Associate Concern	Not Applicable	Purchased MS Plate for factory flooring at arm's length price	6,72,783
2. Madhav Steels (S.B.D.) - Office rent	Associate Concern	Jan, 2015 - On going	Not Applicable	84,960

3. Madhav Metcast Pvt. Ltd. Sales (17/05/2018)	Associate Concern	Not Applicable	Sold machinery fabricated waste at arm's length price	3,61,458
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The Chairman further stated that in all above contracts / arrangements, Mr. Divya Monpara, Director of the Company is considered to be interested and Mr. Nilesh Patel is considered to be interested in transaction no. 3 (i.e., with Madhav Metcast Pvt. Ltd.) only.

It was further explained that that pursuant to Regulation 23(1) of the SEBI LODR-2015, a transaction with a related party shall be considered material 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. Considering the total turnover of the Company for the FY ended on 31.03.2018, none of the related party transactions with individual party falls in the category of "material related party transaction".

The Committee took note of the same and discussed at length the nature and duration as well as terms and conditions governing the aforesaid contracts / arrangements. The Committee also discussed on manner of determining the pricing and other commercial terms and thereafter accorded its consent to the above contracts by passing the following resolution:

"RESOLVED THAT pursuant to Section 177(4) of the Companies Act, 2013 and Regulation 23 of The SEBI (Listing Obligations And Disclosure Requirements) Regulations, 2015, the approval of the Audit Committee be and is hereby accorded to the Company for continuing Contracts / Arrangements with related parties in which directors are interested, for the period commencing from concluding of this meeting till the date of the next meeting, the details whereof are furnished herein below:

1. Madhav Metacast Pvt. Ltd. - Associate Concern – The Company has purchased MS Plate for flooring for factory building from Madhav Metacast Pvt. Ltd.
2. Madhav Steels (S.B.D.) – Associate Concern – The Company has paid Office rent to Madhav Steels (S.B.D.) for the FY 2017-18.
3. Madhav Metcast Pvt. Ltd. - Associate Concern – The Company has sold machinery fabricated waste to Madhav Metcast Pvt. Ltd.

Further, all above transaction were on arm's length basis.

6. TO REVIEW THE ANNUAL BUDGET FOR FY 2018-19 INCLUDING CAPITAL EXPENDITURE, IF ANY:

The Committee reviewed and discussed Annual Budget for FY 2018-19 including Revenue Budget and Capital Budget for the year.

7. TAKING NOTE OF THE STATUS OF ASSESSMENT COMPLETED AND NOTICES, IF ANY RECEIVED FROM STATUTORY AUTHORITIES AND STATUS OF PENDING LEGAL MATTERS INCLUDING INSURANCE CLAIMS, IF ANY AT THE END OF THE FOURTH QUARTER ENDED ON 31.03.2018:

The Committee took note of the status of Sales Tax / Vat Assessment, Status of Income Tax Assessment, Status of Central Excise / Service Tax matters, Status of Pending legal cases in respect of Debtors / Creditors / Employees and other recoveries and status of insurance claims.

The Committee also took note of Inter Corporate Loan/ Investments, secured loan from banks/ Financial Institutions. There were nil significant adjustments in the financial statements arising out of audit findings.

8. (a) TO RATIFY APPOINTMENT OF STATUTORY AUDITORS FOR THE F.Y. 2018-19 AND TO DETERMINE FEES PAYABLE TO AUDITORS FOR THE F.Y. ENDED ON 31/03/2019.

The committee noted that M/s. Nirav Patel & Co., Chartered Accountants, Bhavnagar having ICAI Firm Registration 134617W have conveyed their eligibility to continue to act as Auditors of the company to hold office from the conclusion of this Annual General Meeting till the conclusion of the 10th Annual General Meeting of the Company to be held in the year 2022.

The committee deliberated on the same and the following resolution was passed:

“RESOLVED THAT pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 (the Act) and the Companies (Audit and Auditors) Rules, 2014, (the Rules), (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the committee recommends ratification of the appointment of M/s. Nirav Patel & Co., Chartered Accountants, Bhavnagar having ICAI Firm Registration 134617W, as Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the 10th Annual General Meeting of the Company to be held in the year 2022 on such remuneration as may be agreed upon by the Board of Directors and the Auditors.

RESOLVED THAT M/s. Nirav Patel & Co., Chartered Accountants, be and are hereby appointed as Tax Auditors for financial year 2018-19 at remuneration as may be mutually decided with the auditors.”

(b) TO APPOINT M/S. S. K. RAJANI & CO., COST ACCOUNTANTS AS COST AUDITORS FOR F.Y. 2018-19.

It was informed that in view of Companies (Cost Records and Audit) Rules, 2014 [GSR 425(E)] dated 30.6.2014 as amended by Companies (Cost Records and Audit) Amendment Rules, 2014 [GSR 01(E)] dated 31st December, 2014 issued by Ministry of Corporate Affairs (MCA), whereby the Company is required to arrange for audit of its cost records for the F.Y. 2018-19.

In the said connection, it was proposed to make appointment of M/s. S. K. Rajani & Co., Cost Accountants for conducting cost audit for the Financial Year ended 31st March 2019. M/s. S. K. Rajani & Co., have confirmed their

eligibility under section 141(3)(g) and 148(3) of the Companies Act, 2013 to be appointed as Cost Auditors. After due discussion, the following resolution was passed:

“RESOLVED THAT pursuant to provision of Section 148(3) of the Companies Act, 2013 read with Rule 4 of Companies (Audit & Auditors) Rules, 2014, the Committee recommends appointment M/s. S. K. Rajani & Co., Cost Accountants, Bhavnagar as Cost Auditors for FY 2018-19 at remuneration as may be approved by the shareholders.”

The Committee took note of the same.

(c) TO APPOINT M/S. KASHYAP SHAH & CO., AS SECRETARIAL AUDITORS TO CARRY OUT SECRETARIAL AUDIT FOR F.Y. 2017-18.

The committee decided to recommend appointment of M/s. Kashyap Shah & Co., Practising Company Secretaries to conduct Secretarial Audit for the Financial Year 2017-18 and submit Secretarial Audit Report.

The following resolution was passed:

“RESOLVED THAT pursuant to the provisions of sec. 204 (1) of the Companies Act, 2013, the committee recommends appointment of M/s. Kashyap Shah & Co., Company Secretaries as Secretarial Auditors of the Company to conduct the Audit for the Financial Year 2017-18.”

8. TAKING NOTE OF INTERNAL AUDIT REPORT & REVIEW OF ADEQUACY OF INTERNAL CONTROL SYSTEM.

The Committee discussed internal audit report for the year ended on 31/03/2018 and discussed adequacy of internal control system.

VOTE OF THANKS

There being no other business to transact, the meeting was concluded with the Vote of thanks to the Chair at 02:00 P.M.

Date:

Place: Bhavnagar


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CHAIRMAN
AUDIT COMMITTEE