

GOLKONDA ALUMINIUM EXTRUSIONS LIMITED
(Formerly known as Alumeco India Extrusion Limited)

CIN: L74999DL1988PLC330668

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ANNEXURE - III

REPORT OF THE AUDIT COMMITTEE OF GOLKONDA ALUMINIUM EXTRUSIONS LIMITED ("THE COMPANY")

The Board of Directors of **GOLKONDA ALUMINIUM EXTRUSIONS LIMITED** ("the Company") by a resolution passed on Monday, 29th January, 2018 has approved the proposed Reduction of Share Capital of the Company under Section 66, Section 55 and Section 52 of the Companies Act, 2013 read along with National Company Law Tribunal (Procedure for Reduction of Share Capital of Company) Rules, 2016, subject to the approval of shareholders and Hon'ble National Company Law Tribunal of appropriate jurisdiction.

The Audit Committee, at its meeting held on Monday, 19th March, 2018 at 02:30 P.M., has considered the Draft Scheme under Section 66, Section 55 and Section 52 of the Companies Act, 2013 involving Reduction of Share Capital to the extent of 70% of the Paid-up Equity Share Capital and 55% of the Preference Share Capital of the Company on proportionate basis and remaining Accumulated Losses would be reduced from Securities Premium Reserve. Further, in terms of SEBI Circular CFD/DIL3/CIR/2017/21 dated March 10, 2017, a report from the Audit Committee recommending the Draft Scheme for Reduction of Share Capital is required to be accompanied with. The following are observations made by the members of the Committee after due deliberations on the Scheme are as follows:

- The Company has Accumulated Losses of Rs.10,69,69,089/- (Rupees Ten Crores Sixty Nine Lacs Sixty Nine Thousands and Eighty Nine Only) as per the last provisional financial i.e. as on 28th February, 2018 which shall be written off against 70% the Paid-up Equity Share Capital and 55% of the Preference Share Capital of the Company on proportionate basis and remaining Accumulated Losses would be reduced from Securities Premium Reserve of the Company.
- It is to be noted that, mere infusion of further funds into the Company will not benefit any existing shareholder even if the Company registers profits in coming years, as no dividend can be paid out of profits, unless accumulated losses are wiped out. Under the proposed Draft Scheme for Reduction of Share Capital, the Accumulated Losses shall be reduced to the extent of reduced capital. If the Scheme is approved by SEBI, Hon'ble National Company Law Tribunal of appropriate jurisdiction and other authorities as may be applicable, the Company will present a better and a more true financial position which would benefit both the Company and the shareholders in particular as their holding will yield better results and value.
- Since the shareholders' funds of the Company comprising share capital does not reflect the true position of the Company due to accumulated losses, hence, the Draft Scheme provides for the reduction of share capital of the Company, in the following manner:



The Paid-up Equity Share Capital of the Company shall stand reduced from Rs.12,39,71,130/- (Rupees Twelve Crores Thirty Nine Lacs Seventy One Thousands One Hundred and Thirty Only) divided into 1,23,97,113 (One Crore Twenty Three Lacs Ninety Seven Thousands One Hundred and Thirteen) Equity Shares of Rs. 10/- (Rupees Ten Only) each to Rs.3,71,91,340/- (Rupees Three Crore Seventy One Lacs Ninety One Thousands Three Hundred and Forty Only) divided into 37,19,134 (Thirty Seven Lacs Nineteen Thousands One Hundred and Thirty Four) Equity Shares of Rs. 10/- (Rupees Ten Only) each. The aforesaid reduction of paid up equity share capital shall be effected by cancelling 70% holding of equity shareholders of the Company.

The Preference Share Capital of the Company shall stand reduced from Rs.3,42,40,000/- (Rupees Three Crores Forty Two Lacs and Forty Thousands Only) divided into 34,24,000 (Thirty Four Lacs Twenty Four Thousands) Preference Shares of Rs. 10/- (Rupees Ten Only) each to Rs. 1,54,08,000/- (Rupees One Crores Fifty Four Lacs and Eight Thousands Only) divided into 15,40,800 (Fifteen Lacs Forty Thousands and Eight Hundred) Preference Shares of Rs. 10/- (Rupees Ten Only) each. The aforesaid reduction of paid up preference share capital shall be effected by cancelling 55% holding of preference shareholders of the Company.

The remaining accumulated losses would be adjusted against the Securities Premium Reserves and accordingly Securities Premium Reserve would be reduced from Rs.19,97,175/- (Rupees Nineteen Lacs Ninety Seven Thousands One Hundred and Seventy Five Only) to Rs.6,39,876/- (Rupees Six Lacs Thirty Nine Thousands Eight Hundred and Seventy Seven Only).

Since the Draft Scheme encourages bringing the true financial position of the Company, hence, the committee recommends the scheme to the Board for its approval and necessary action.

By and on behalf of the Audit Committee
For Golkonda Aluminium Extrusions Limited


(Pradeep Kumar Jain)
Chairman
Audit Committee
DIN: 03076604



Date: 19th March, 2018
Place: New Delhi