

## **Annual Report 2015-2016**



**AMD Industries Limited**



## OUR VISION

To take on high growth track by establishing a strong and a supportive link in the total supply chain management of our associates.

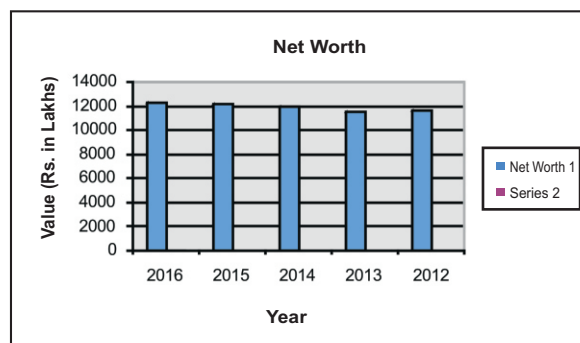
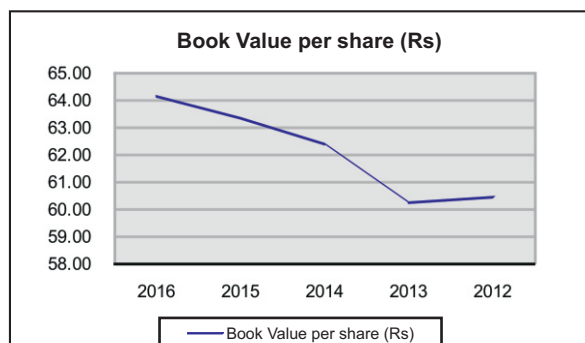
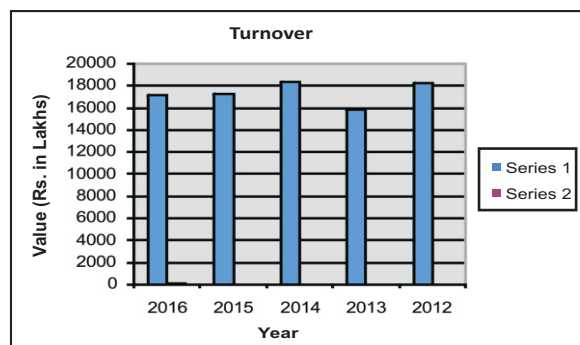
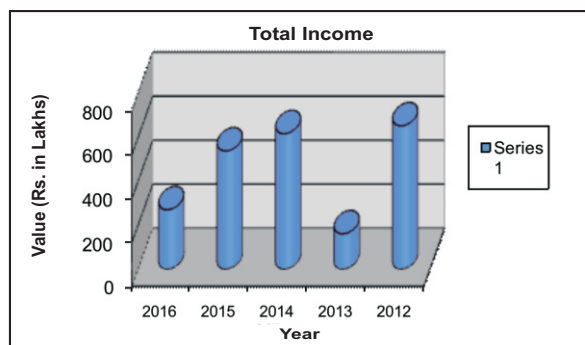
## QUALITY POLICY

We at AMD are committed to control and improve quality, cost and delivery performance through continual improvement of the quality management. We shall increase our market share year after year through improving customer satisfaction.

## FINANCIAL INDICATORS FOR PAST 5 YEARS

(RS. IN LAKHS)

PARTICULARS	YEAR ENDED 31ST MARCH				
	2016	2015	2014	2013	2012
TOTAL INCOME	17126.52	17217.84	18344.11	15826.37	18269.84
PBDIT	2579.33	2781.56	2845.76	1838.22	2872.88
PBT	438.34	686.83	929.67	226.15	1036.88
Provision for taxation					
Current	230	260	280	117.05	330
Deferred	-74.93	-76.77	62.74	-31.65	24.03
PAT	268.93	536.54	614.6	159.03	650.32
Cash Profit <sup>^</sup>	1457.33	1671.06	1487.64	986.93	1412.85
Fixed Assets					
Gross Block including Capital WIP	17,038.47	16,004.82	15,485.30	13793.77	12829.16
Net Block	9,196.89	9,515.92	8,771.09	8692.73	8548.77
Equity Share Capital	1916.67	1916.67	1916.67	1916.67	1916.67
Reverses & Surplus	10377.15	10224.19	10044.22	9630.1	9671.55
Networth	12293.82	12140.86	11960.89	11546.77	11588.22
EPS (Rs.) (Annualized)	1.4	2.8	3.21	0.83	3.39
Cash EPS (Rs.) (Annualized)	7.60	8.72	7.76	5.15	7.37
Book Value per share (Rs)	64.14	63.34	62.4	60.24	60.46
<sup>^</sup> Net of Deferred Tax Liability					





## CORPORATE INFORMATION

### BOARD OF DIRECTORS

Ashok Gupta	- Chairman w.e.f 30.06.2016
Adit Gupta	- Managing Director
Mahipal	- Independent Director
Prabhat Krishna	- Independent Director
Shubha Singh	- Independent Director

### KEY MANAGERIAL PERSONNEL

Adit Gupta	- Managing Director
P. K. Mukhopadhyay	- Chief Financial Officer
Radha Garg	- Company Secretary & Compliance Officer w.e.f 26.05.2016

### REGISTERED OFFICE

18, Pusa Road, 1st Floor, Karol Bagh, New Delhi-110 005  
Tel.: 91-11-46830202 Fax : 91-11-28753591  
Email : amdgroup@amdindustries.com  
Url : www.amdindustries.com  
CIN : L28122DL1983PLC017141

### MANUFACTURING UNITS

- 1) C-4 & C-5, Site 3, Meerut Road, Indl. Area, Ghaziabad, Uttar Pradesh
- 2) SP-32, RIICO Ind. Area, Neemrana, Rajasthan

### BANKERS

State Bank of India  
Punjab National Bank  
Union Bank of India  
Kotak Mahindra Bank  
State Bank of Bikaner & Jaipur

### INTERNAL AUDITORS

B.L. Khandelwal & Co.  
Chartered Accountants  
1, Doctor's Lane, Gole Market  
New Delhi-110 001

### STATUTORY AUDITORS

Suresh & Associates,  
Chartered Accountants,  
3A, Bigjos Tower, Netaji Subhash Place,  
Pitam Pura, Delhi - 110 034

### SECRETARIAL AUDITORS

M/s AGG & Associates  
Company Secretaries  
21/16, 2<sup>nd</sup> Floor, West Patel Nagar  
New Delhi - 110008

### REGISTRAR & SHARE TRANSFER AGENTS

#### Head Office:

Bighshare Services Pvt. Ltd.  
E-2/3, Ansa Industrial Estate,  
Saki Vihar Road, Saki Naka, Mumbai - 400 072  
Tel. : +91-22-28470652 Fax: +91-22-28525207

#### Branch Office

4-E/8, First Floor, Jhandewalan Ext., New Delhi-110055  
Tel. : 011-23522373

## CONTENTS

AMD Industries Limited	Page No.
Boards' Report	2
Management Discussion & Analysis	18
Report on Corporate Governance	19
CEO/CFO Certificate under Regulation 17(8)	25
Auditors' Certificate on Corporate Governance	25
Independent Auditors' Report	26
Balance Sheet	30
Statement of Profit & Loss	31
Cash Flow Statement	32
Notes Forming Part of Financial Statements	34

## BOARDS' REPORT

### Dear Shareholders,

Your Directors are pleased to present the 33<sup>rd</sup> Annual Report together with audited accounts for the financial year ended 31<sup>st</sup> March 2016.

### Financial Results

The financial performance of the Company for the financial year ended 31<sup>st</sup> March, 2016 is summarized below:

(Rs. in Lakhs)

Particulars	Financial Year 2015-16	Financial Year 2014-15
Revenue from Operations (net of excise duty)	17126.52	17170.58
Other Income	33.33	47.26
<b>Total</b>	<b>17159.85</b>	<b>17217.84</b>
Profit from operations before Financial Costs, Depreciation, Exceptional Items & Tax Expenses	2557.24	2614.36
Financial Costs	952.59	960.20
Profit before Depreciation, Exceptional Item & Taxation	1604.65	1654.16
Depreciation	1188.40	1134.53
Profit before Exceptional Items and Tax Expenses	416.24	519.63
Exceptional Items	22.09	167.20
Profit before Tax	438.34	686.83
Less: Tax Expenses	169.40	150.29
<b>Net Profit for the year / Amount available for Appropriation</b>	<b>268.93</b>	<b>536.54</b>
<b>Appropriations:</b>		
General Reserve	Nil	Nil
Dividend on Equity Shares	95.83	172.50
Tax on Dividend	20.14	34.49
Balance Carried to Balance Sheet	152.96	329.55
<b>TOTAL</b>	<b>268.93</b>	<b>536.54</b>

### Operations

During the year under review your Company registered total revenue of Rs. 17126.52 lakh as compared to previous year's revenue of Rs. 17,217.84 lakhs a minor de-growth of 0.53% over the previous year. The Net Profit is at Rs.268.93 lakh as compared to Rs.536.54 lakh in the previous year, a decrease of 49% from previous year.

### Packaging business

During the year under review, there is a decrease in profit before tax and exceptional items of 19% against last year which is mainly due to decrease in volume of crown caps and CSD closures. However, this was marginally set off by increase in volume in PET Preforms. The sales of crowns gone down by 8.77% and Closures by 13.12% lower than last year. There is a increase in sale of PET Preform of around 24.53 % by which overall turnover of the Company became at almost at a single step with last year.

### Real Estate Business

The company through its related company, AMD Estates & Developers Private Limited is developing a Commercial Complex at Sector-114, Gurgaon, Haryana in collaboration with VSR Infratech Private Limited, New Delhi. Since growth in the real estate market of the country has been stagnant, the development of this project has slowed down considerably. During the year under review, the company has received revenue of Rs.12.83 lakhs from this project.

### Expansion

The company is exploring opportunities to expand its business in other geographies of the country.

### Dividend

Your Directors are pleased to recommend a dividend of Re. 0.50 (Fifty Paise Only) per equity share of face value of Rs.10/- each for the financial year 2015-16.

### Fixed deposits

During the financial year 2015-16, your Company has not invited or accepted any deposits from the public within the meaning of provisions of Section 73 of the Companies Act, 2013.

### Board, Directors and Key Managerial Personnel

Your Company's Board has an optimum combination of Executive, Non-executive and Independent Directors with one woman Director, as per the requirements of Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations'). The composition of the Board and the Independent Directors of the Company meet all the criteria mandated by SEBI Listing Regulations, 2015 and the Companies Act, 2013.

In accordance with the provisions of the Act and the Articles of Association of the Company, Mr. Ashok Gupta, Whole-time Director of the Company, will retire by rotation at the ensuing Annual General Meeting and being eligible, has offered himself for re-appointment. The Board has recommended necessary resolutions for revision/restructuring of remuneration of Mr. Ashok Gupta, Whole Time Director and Mr. Adit Gupta as a Managing Director and the same was approved by the Shareholder in their Annual General Meeting 2015 which is subject to approval of Central Government.

In Annual General Meeting dated 26.09.2014, Shareholders appointed Ms. Shubha Singh as an Independent Director for a term of two years which would expire on 26.09.2016. As per the provisions of section 149 of the Companies Act, 2013, being a listed Company, there is a requirement of Woman Director, So looking into the performance of Ms. Shubha Singh, the Board of Directors of the Company proposed for her re-appointment for another term of five years.

The Company has received necessary declarations from each of the Independent Directors under section 149(7) of the Companies Act, 2013 that he/she meets the criteria of the independence as laid down in section 149(6) of the Companies Act, 2013 and Clause 49 and Regulation 16(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015..

The details of programs for familiarization of Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company and related matters are put up on the website of the Company at the link: <http://amdindustries.com/Familiarisation%20Programme%20for%20Independent%20Directors.pdf>.

Mr. Prakash Chandra Prusty has due to some personal reasons resigned from the post of the Company Secretary, Compliance Officer and Key Managerial Personnel of the Company with effect from 06.01.2016 and no Company Secretary and Compliance Officer was appointed in the reporting financial year.

### Policy on directors' appointment and remuneration

The Board has constituted a Nomination & Remuneration Committee for formulating the criteria for determining qualifications, positive attributes and independence of a director, identify persons who are qualified to become Director and persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down in Nomination & Remuneration policy and to recommend to the Board, appointment and removal of Director, KMP and Senior Management Personnel. The objective of the Nomination & Remuneration Policy is also to set out the principles governing the Company's Remuneration systems in organizational guidelines. The Nomination and Remuneration Policy of the Company is attached herewith as Annexure I.

## Board Evaluation

The Company has adopted a Performance Evaluation Policy for evaluation of performance of Independent Directors, Board, Committees and other individual Directors (non-executive directors and executive directors). On the basis of this Policy a process of evaluation is being followed by the Board for evaluation of its own performance and that of its Committees and individual Directors.

The performance of the Board was evaluated by the Board after seeking inputs from all the directors on the basis of a questionnaire on board governance and performance issues. Individual directors met with the Chairman of the Company to discuss their responses.

The performance of the committees was evaluated by the Board after getting an evaluation report from the members of each committee which evaluates the performance of the Committee against its stated objectives and responsibilities, effectiveness of committee meetings, etc. during the year.

The Board reviewed the performance of the individual directors on the basis of the criteria such as the contribution of the individual director to the Board and committee meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings, committed to the Company's values, beliefs and ethics etc. In addition, the Chairman was also evaluated on the key aspects of his role.

## Directors' Responsibility Statement

Pursuant to Section 134(5) of the Companies Act, 2013, the board of directors, to the best of their knowledge and ability, confirm that:

- a) in the preparation of the annual accounts for the year ended March 31, 2016, the applicable accounting standards have been followed and there are no material departures from the same;
- b) the directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2016 and of the profit of the Company for the year ended on that date;
- c) the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the directors have prepared the annual accounts on a 'going concern' basis;
- e) the directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- f) the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

## Auditors and Auditors' Report

### Statutory Auditors

The Statutory Auditors of the Company M/s. Suresh & Associates (FRN:003316N), Chartered Accountants, New Delhi will retire at the ensuing Annual General Meeting and have confirmed their eligibility and willingness to accept office of Statutory Auditors of the Company, if re-appointed.

The financial statements, as referred to in the Auditor's Report, are self explanatory and therefore do not require further comments and explanations. The Auditors' Report does not contain any qualification, reservation or adverse remark.

## Cost Auditors

Referring notification of Ministry of Corporate Affairs, Government of India dated 31<sup>st</sup> December 2014 with respect to applicability of Companies (Cost Records and Audit) Amendment Rules, 2014, your company is not required to get its cost records audited and thus did not proceed towards conducting Audit of Cost Audit for the financial year 2015-16.

## Secretarial Auditor

M/s AGG & Associates, Company Secretaries, New Delhi was appointed to conduct Secretarial Audit for the financial year 2015-16, as required under section 204 of the Companies Act, 2013 and rules there under. The Secretarial Audit Report issued by M/s AGG & Associates is forms part of the Annual Report as Annexure-II. It does not contain any qualification, reservation or adverse remark.

## Associate/ Joint Venture/ Subsidiary Companies

The company has no associate/ joint venture and subsidiary companies during the financial year under review.

The policy for determining material subsidiaries as approved by the Board may be accessed on the Company's website at the link: <http://amdindustries.com/Policy%20on%20Material%20Subsidiary.pdf>.

## Corporate Governance

Corporate Governance is about maximizing shareholder value legally, ethically and sustainably. At AMD, the goal of corporate governance is to ensure fairness for every stakeholder. We believe sound corporate governance is critical to enhance and retain investor trust. We always seeks to ensure that our performance is driven by integrity. Our Board exercises its fiduciary responsibilities in the widest sense of term. We also endeavor to enhance long- term shareholder value and respect minority rights in all our business decisions.

Our Corporate governance report for fiscal 2016 forms part of this Annual Report.

## Corporate Social Responsibility (CSR)

The Corporate Social Responsibility Committee (CSR Committee) has formulated and recommended to the Board, a Corporate Social Responsibility Policy (CSR Policy) indicating the activities to be undertaken by the Company, which has been approved by the Board. The CSR Policy may be accessed on the Company's website at the link: <http://amdindustries.com/Corporate%20Social%20Responsibility%20Policy.pdf>

During the year, in compliance with CSR provisions, Company has spent Rs. 14.72 lakhs on CSR activities. The brief contents of CSR policy is given in the Annual Report on CSR activities is annexed herewith as Annexure III.

## Internal Financial Controls

The Company has in place adequate internal financial controls with reference to financial statements. During the year, such controls were tested and no reportable material weaknesses in the design or operation were observed.

## Meetings of the Board

The Board met four times during the financial year, the details of which are given in the Corporate Governance Report. The maximum interval between any two meetings did not exceed 120 days, as prescribed in the Companies Act, 2013.

## Committees

Currently, the Board has five Committees: the Audit Committee, the Nomination and Remuneration Committee, the Management Committee, the Stakeholder Relationship Committee. A detailed note on the composition of the Board and its Committees is provided in the Corporate Governance Report section of this Annual Report.



## Particulars of Loans given, Investments made, Guarantees given and Securities provided

Particulars of loans given, investments made, guarantees given and securities provided along with the purpose for which the loan or guarantee or security is proposed to be utilized by the recipient are provided in the financial statements.

## Contracts and Arrangements with Related Parties

All contracts / arrangements / transactions entered by the Company during the financial year under review with related parties were in the ordinary course of business and at arm's length basis. During the year, the Company had not entered into any contract / arrangement / transaction with related parties which could be considered material in accordance with the policy of the Company on materiality of related party transactions.

The Company has a Policy on materiality of and dealing with Related Party Transactions, as approved by the Board, which is available at its: <http://amdindustries.com/Policy%20on%20Related%20Party%20Transactions.pdf>

## Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The particulars relating to conservation of energy, technology absorption, foreign exchange earnings and outgo, as required to be disclosed under the Act, are provided in Annexure IV to this Report.

## Vigil Mechanism/Whistle Blower policy

The Vigil Mechanism/Whistle Blower Policy of the Company aims to provide an avenue for directors and employees to raise concerns of any violations of legal or regulatory requirements, incorrect or misrepresentation of any financial statements and reports, unethical behavior, violation of Code of Conduct, etc. This policy also aims to create an environment where individuals feel free and secure to raise the alarm where they see a problem. It also ensures that whistleblowers are protected from retribution, whether within or outside the organization.

The Policy on vigil mechanism/whistle blower policy may be accessed on the Company's website at: <http://amdindustries.com/Whistle%20Blower%20Policy%20-%20Vigil%20Mechanism.pdf>

## Particulars of Employees and related disclosures

Particulars of Employees and related disclosures in terms of the provisions of Section 197(12) of the Act read with Rules 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are annexed herewith as Annexure V to this Report.

## Risk Management

Risk is an integral and unavoidable component of business and your company is committed to managing the risk in a proactive and effective manner. In today's challenging and competitive environment, strategies for mitigating inherent risks in accomplishing the growth plans of the Company are imperative. The common risks inter alia are: Regulations, competition, Business risk, Technology obsolescence, Investments, retention of talent and expansion of facilities. Business risk, inter-alia, further includes financial risk, political risk, legal risk.

Your Company adopts systematic approach to mitigate risks associated with accomplishment of objectives, operations, revenues and regulations. During the year, your company has adopted a Risk Management Policy. Our risk management policy focuses on three key elements, 1) Risk Assessment; (2) Risk Management; and (3) Risk Monitoring. Risk Assessment consists of a detailed study of threats and vulnerability and resultant exposure to various risks. Risk Management and Risk Monitoring are important in recognizing and controlling risks. Risk mitigation is an exercise aiming to reduce the loss or injury arising out of various risk exposures.

The Audit Committee of the Company reviews the Risk Management Policy and its implementation.

## Extract of Annual Return

Extract of Annual Return of the Company is annexed herewith as Annexure VI to this Report.

## Disclosures

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

1. Issue of equity shares with differential rights as to dividend, voting or otherwise.
2. Issue of shares (including sweat equity shares) to employees of the Company under any scheme.
3. Neither the Managing Director nor the Whole-time Directors of the Company receive any remuneration or commission from any of its related company.
4. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.

The company has in place an Anti Sexual Harassment Policy in line with the requirements of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. Internal Complaint Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy. Your Directors state that during the year under review, no cases of sexual harassment has been received by the company.

## Listing / Uniform Listing Agreement

The shares of your Company are listed at Bombay Stock Exchange Limited, Mumbai and National Stock Exchange of India Limited, Mumbai.

The Securities and Exchange Board of India (SEBI) on 02/09/2015, issued SEBI (Listing Obligation & Disclosure Requirements) Regulations, 2015 hereinafter called as Listing Regulations with the aim to consolidate and streamline the provisions of the Listing Agreement for different segments of capital markets to ensure better enforceability. The said Regulations were effective from the quarter ended 31<sup>st</sup> December, 2015. The Company entered into Uniform Listing Agreement with BSE Limited and National Stock Exchange of India Limited during January, 2016.

## Green Initiative

As in the previous years, this year too, Notice of 33<sup>rd</sup> Annual General Meeting of the Company and Annual Report of the Company for the financial year 2015-16 are sent to all members whose e-mail addresses are registered with the Company/Depository Participant(s). For members who have not registered their e-mail addresses, physical copies are sent in the permitted mode.

## Acknowledgement

Your Directors take this opportunity to express their sincere appreciation of the cooperation and support of our customers, business associates and bankers for their continued support during the financial year.

Your Directors wish to convey our deep appreciation to the dealers of the Company for their achievements in the area of sales and service, and to suppliers/ vendors for their valuable support.

Your Directors also place on record our sincere appreciation for the enthusiasm and commitment of Company's employees for the growth of the Company and look forward to their continued involvement and support.

On behalf of the Board of Directors

Place: New Delhi  
Date: 09.08.2016

Ashok Gupta  
Chairman  
(DIN- 00031630)

## Annexure - 1 : NOMINATION AND REMUNERATION POLICY

### Introduction:

In Pursuance of The Company's Policy To Consider Human Resources As Its Invaluable Assets, To Pay Equitable Remuneration To All Directors, Key Managerial Personnel (KMP) And Employees of The Company, To Harmonize The Aspirations of Human Resources Consistent With The Goals of The Company and in terms of the provisions of the Companies Act, 2013 and The Listing Agreement / SEBI (Listing Obligations And Disclosure Requirements) Regulations, 2015 as amended from time to time this policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management has been formulated by the Committee and approved by the Board of Directors.

### Scope of the Policy

The remuneration policy ("Policy") applies to the Employees of AMD Industries Limited.

### Purpose and objectives of the Policy

The objectives of the Policy are to:

- set out the principles governing the Company's Remuneration systems in organizational guidelines.
- To lay down criteria and terms and conditions with regard to identifying persons who are qualified to become Directors (Executive and Non-Executive) and persons who may be appointed in Senior Management and Key Managerial positions and to determine their remuneration.
- To determine remuneration based on the Company's size and financial position and trends and practices on remuneration prevailing in peer companies, in the packaging industry.
- To carry out evaluation of the performance of Directors, as well as Key Managerial and Senior Management Personnel.
- To provide them reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
- To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
- ensure that the Remuneration is properly monitored, and
- inform Employees on the applicable rules as well as on their Remuneration System.

### Constitution of the Nomination and Remuneration Committee:

The Board has changed the nomenclature of Remuneration Committee by renaming it as Nomination and Remuneration Committee on 7th February, 2014. The Nomination and Remuneration Committee comprises of following Directors:

S. No.	Name	Position
1	Mr. Prabhat Krishna	Chairman (Independent Non – Executive Director)
2	Mr. Mahipal	Member (Independent Non – Executive Director)
3	Ms. Shubha Singh	Member (Independent Non – Executive Director)

The Board has the power to reconstitute the Committee consistent with the Company's policy and applicable statutory requirement.

### Definitions

'Board' means Board of Directors of the Company.

'Directors' means Directors of the Company.

'Committee' means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board.

'Company' means AMD Industries Limited.

'Independent Director' means a director referred to in Section 149 (6) of the Companies Act, 2013.

'Key Managerial Personnel' (KMP) means-

- (i) Executive Chairman and / or Managing Director;
- (ii) Whole-time Director;
- (iii) Chief Financial Officer;
- (iv) Company Secretary;
- (v) Such other officer as may be prescribed under the applicable statutory provisions / regulations.

'Senior Management' means personnel of the Company occupying the position of Chief Executive Officer including Chief Executive Officer (CEO) of any unit /

division, President, Vice President including President/Vice President of any unit / division, all members of management one level below the executive directors, functional heads of all department of the company.

'Staff' means all natural persons who serve to aid the Company in conducting its business, in particular on the basis of an employment or service relationship, as well as all natural persons who are part of an outsourcing agreement.

'Employees' means Staff and Senior Management.

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 as may be amended from time to time shall have the meaning respectively assigned to them therein.

### General

- This Policy is divided in three parts:

Part - A covers the matters to be dealt with and recommended by the Committee to the Board;

Part – B covers the appointment and nomination;

Part – C covers remuneration and perquisites etc.; and

Part – D covers remuneration and perquisites of staffs.

- The key features of this Company's policy shall be included in the Board's Report.

### PART – A : MATTERS TO BE DEALT WITH, PERUSED AND RECOMMENDED TO THE BOARD BY THE NOMINATION AND REMUNERATION COMMITTEE

The Committee shall:

- Formulate the criteria for determining qualifications, positive attributes and independence of a director.
- Identify persons who are qualified to become Director and persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down in this policy.
- Recommend to the Board, appointment and removal of Director, KMP and Senior Management Personnel.

### PART – B : POLICY FOR APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SENIOR MANAGEMENT

Appointment criteria and qualifications:

1. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.
2. A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person are sufficient / satisfactory for the concerned position.

### Term / Tenure:

#### 1. Managing Director/Whole-time Director:

- The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or Executive Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

#### 2. Independent Director:

- An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.
- No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director.

Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly. However, if a person who has already served as an Independent Director for 5 years or more in the Company as on 1st April, 2014 or such other date as may be determined by the Committee as per regulatory requirement, he / she shall be eligible for appointment for one more term of 5 years only.

- At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company.

## Evaluation:

The Committee shall carry out yearly evaluation of performance of every Director, KMP and Senior Management Personnel.

## Removal:

Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made thereunder or under any other applicable Act, rules and regulations, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

## Retirement:

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

## PART – C : POLICY RELATING TO THE REMUNERATION FOR THE WHOLE-TIME DIRECTOR, KMP AND SENIOR MANAGEMENT PERSONNEL

### General

- The remuneration / compensation / commission etc. to the Whole-time Director, Managing director, KMP and Senior Management Personnel will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.  
  
The Remuneration to KMP and Senior Management Personnel shall be in line with the business strategy, objectives, values and long-term interests. The performance criteria for the assessment of Remuneration levels and target achievements will be determined in accordance with the business strategy.
- The remuneration and commission to be paid to the Whole-time Director, Managing director shall be in accordance with the percentage / slabs / conditions laid down in the Articles of Association of the Company and as per the provisions of the Companies Act, 2013, and the rules made thereunder.
- Increments to the existing remuneration / compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Managing director, Whole-time Director.
- Where any insurance is taken by the Company on behalf of its Managing director, Whole-time Director, Chief Executive Officer, Chief Financial Officer, the Company Secretary and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.
- The Remuneration, KMP and Senior Management Personnel receive for their professional activities at the Company must be stipulated definitively in their employment contract. The employment contract and any subsequent amendments must be in written form.

### Remuneration to Whole-time / Executive / Managing Director, KMP and Senior Management Personnel:

#### 1. Fixed pay:

The Managing director / Whole-time Director / KMP and Senior Management Personnel shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The break up of the pay scale and quantum of perquisites including, employer's contribution to Provident Fund, pension scheme, medical expenses, club fees, bonus, LTA, etc. shall be decided and approved by the Board on the recommendation of the Committee.

#### 2. Minimum Remuneration:

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole-time Director, Managing director in accordance with the provisions of Schedule

V of the Companies Act, 2013 and if it is not able to comply with such provisions, with the previous approval of the Central Government.

### 3. Provisions for excess remuneration:

If any Whole-time Director, Managing director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013 or without the prior sanction of the Central Government, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

### 4. Performance Measurement

The individual performance measurement of Senior Management is ensured through the Executive Appraisal System. Performance to be measured annually, documented and tracked in the Appraisal system. Performance assessment will be monitored by the Nomination & Remuneration Committee. The Variable Remuneration and changes in fixed Remuneration for Senior Management have to be approved by the Nomination & Remuneration Committee.

### Remuneration to Non- Executive / Independent Director:

#### 1. Remuneration / Commission:

The remuneration / commission shall be fixed as per the slabs and conditions mentioned in the Articles of Association of the Company and the Companies Act, 2013 and the rules made thereunder.

#### 2. Sitting Fees:

The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed Rs. One lakh per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

#### 3. Commission:

Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the profits of the Company computed as per the applicable provisions of the Companies Act, 2013.

#### 4. Stock Options:

An Independent Director shall not be entitled to any stock option of the Company.

## PART – D : POLICY RELATING TO THE REMUNERATION OF THE STAFFS

- The Remuneration Employees receive for their professional activities at the Company must be stipulated definitively in their employment contract. The employment contract and any subsequent amendments must be in written form.
- The Remuneration shall be in line with the business strategy, objectives, values and long-term interests. The performance criteria for the assessment of Remuneration levels and target achievements will be determined in accordance with the business strategy.
- The Remuneration shall be structured appropriately. There shall be an appropriate ratio between the fixed and the Variable Remuneration. Employees shall receive a fixed and Variable Remuneration. The fixed Remuneration shall be a substantial proportion of the total annual Remuneration.
- Employees shall be informed by e-mail or in writing about the structure of their respective Remuneration system.
- The individual performance measurement of Staff is ensured through the Staff Appraisal System. The Staff Appraisal is an essential management tool and feedback system. It is an open and trustful dialogue between Staff and their respective line managers.

### Annual review

The Policy, the Remuneration system and their practical operation shall be reviewed by the Nomination & Remuneration Committee on a regular basis, at least once a year. In this respect the Remuneration Committee supports the Company's efforts to ensure compliance of the Policy with regulatory requirements and applicable law. The Policy and the Remuneration system shall be amended if necessary. The Remuneration Committee shall ensure that any changes to the Policy are properly documented.





## Annexure II - Secretarial Audit Report FOR THE FINANCIAL YEAR ENDED 31.03.2016

[As per Form MR-3 and 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,

### AMD INDUSTRIES LIMITED

18, Pusa Road, 1st Floor, Karol Bagh,  
New Delhi- 110005.

I Amar Gopal Gambhir, Practising Company Secretary have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **AMD Industries Limited** (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the **AMD Industries Limited** books, papers, minutes books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized 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, 2016 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 AMD Industries Limited ("the Company") for the financial year ended on 31<sup>st</sup> March, 2016 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the Companies Act, 1956 (to the extent applicable) and the rules made thereunder;
- 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;
- 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;
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - 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 to the Company during the Audit Period)**
  - d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; **(Not applicable to the Company during the Audit Period)**
  - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not applicable to the Company during the Audit Period)**
  - 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 to the Company during the Audit Period)** and
  - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **(Not applicable to the Company during the Audit Period)**

vi. Other Laws applicable to the Company as per the representation given by the Company, namely:

- a) Factories Act, 1948
- b) The Payment of Wages Act, 1936
- c) Employees State Insurance Act, 1948
- d) The Employees Provident funds and Miscellaneous Provisions Act, 1952
- e) The Payment of Bonus Act, 1965
- f) The Payment of Gratuity Act, 1972
- g) The Contract Labour(Regulation & Abolition) Act, 1970
- h) The Maternity Benefit Act, 1961
- i) The Industrial Employment (Standing Orders) Act, 1946
- j) The Water(Prevention & Control of Pollution) Act, 1974
- k) The Air(Prevention & Control of Pollution) Act, 1981

I have also examined compliance with the applicable clauses of the following:

- i. Secretarial Standards with regard to Meeting of Board of Directors (SS-1) and General Meeting (SS-2) issued by The Institute of Company Secretaries of India and made effective from 1st July, 2015. **(Company has complied the Secretarial Standards)**
- ii. The Listing Agreements entered into by the Company with Bombay Stock Exchange and National Stock Exchange and SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 made effective 1st December, 2015.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. as mentioned above.

**I further Report that**, based on the information provided and the representation made by the Company and also on the review of the compliance report of the Company Secretary/Chief Financial Officer/ Managing Director taken on record by the Board of Directors of the company, in my opinion, adequate systems and processes exist in the company to monitor and ensure compliance with the provision of applicable general laws like labour laws and environmental laws.

**I further report that** the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors.

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, 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.

**I Further Report that** there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**I Further Report that** during the audit period the company has decided to set up four new lines of machines at its works at Neemrana, Rajasthan having Capacity of manufacturing 25,000 pet bottles and around 22,000 jars a day have been duly reported to the Stock Exchanges.

**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.**

For AGG & Associates

Amar Gopal Gambhir  
Practising Company Secretary  
FCS No.3668  
C P No.:3653

Place: New Delhi  
Date: 06.08.2016

## Annexure-A

To,  
The Members  
AMD Industries Limited

Our Report of Even date is to be read along with this Letter

1. Maintenance of Secretarial record is the responsibility of the Management of the Company. Our Responsibility is to express an opinion on these secretarial records based on our Audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done to ensure that correct facts are reflected in Secretarial records. We believe that the process and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

4. Wherever required, we have obtained the Management Representation about the Compliance of Law, Rules and regulations and Happening of events etc.
5. The Compliance of the above provisions of Corporate and other applicable laws, rules, regulations and standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor the efficacy or effectiveness with which the management was conducted the affairs of the Company.

For AGG & Associates

**Amar Gopal Gambhir**  
Practising Company Secretary  
FCS No.3668  
C P No.:3653

Place: New Delhi  
Date: 06.08.2016

## Annexure - III : ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR)

**Brief outline of the Company's Corporate Social Responsibility (CSR) Policy including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR Policy and projects or programmes:**

AMD Industries Ltd recognizes that its business activities have wide impact on the societies in which it operates and therefore an effective practice is required giving due consideration to the interests of its stakeholders including shareholders, customers, employees, suppliers, business partners, local communities and other organizations. The company endeavors to make CSR a key business process for sustainable development.

AMD Industries Limited framed its CSR policy taking into account the following measures: -

- a) Welfare measures for the community at large so as to ensure the poorer section of the Society derived the maximum benefits.
- b) Contribution to the society at large by way of social and cultural development, imparting education, training and social awareness specially with regard to the economically backward class for their development and generation of income to avoid any liability of employment.
- c) Protection and safeguard of environment and maintaining ecological balance.

**Company's CSR scope is as follows:**

- ❖ Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation and making available safe drinking water.
- ❖ Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently-abled and livelihood enhancement projects.
- ❖ Promoting gender equality, empowering women, setting up homes and hostels for women and orphans, setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically background groups.
- ❖ Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water.
- ❖ Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional arts and handicrafts;

- ❖ Sports and culture, training to promote rural sports, nationally recognized sports, paralympic sports and Olympic sports.
- ❖ contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;
- ❖ Rural development projects viz. Infrastructure Support, Infrastructure for Village Electricity/Solar Light etc. Recurring expenditure should be borne by the beneficiaries.
- ❖ Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Govt.
- ❖ Measures for the benefit of armed forces veterans, war widows and their dependents.

**Weblink for the CSR policy:**

<http://amdindustries.com/Corporate%20Social%20Responsibility%20Policy.pdf>

Composition of the CSR Committee: Corporate Social Responsibility Committee is consists of following members:

1. Mr. Mahipal - Chairman
2. Mr. Prabhat Krishna - Member
3. Mr. Ashok Gupta - Member

### CSR Financials

Particulars	Amount in Rs.
Average Net Profit of the company for last three financial years	5,19,62,714.90
Prescribed CSR expenditure (two percent of average net profit for last 3 financial year)	11,17,903.76
Details of CSR spent during the financial year	14,71,600.00
Amount unspent	-3,53,696.24*

\* There was some error in calculation of Average Net Profit of the company for last 3 financial years due to which the prescribed amounts to be spent on CSR was wrongly calculated by Rs. 3,51,788.05/- . On observation of this error, the Board has decided to spend the same in the financial year 2015-16. Accordingly, the excess amount spent in the financial year 2015-16 of Rs. 3,53,696.24/-