

Annual Report 2016-17



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.

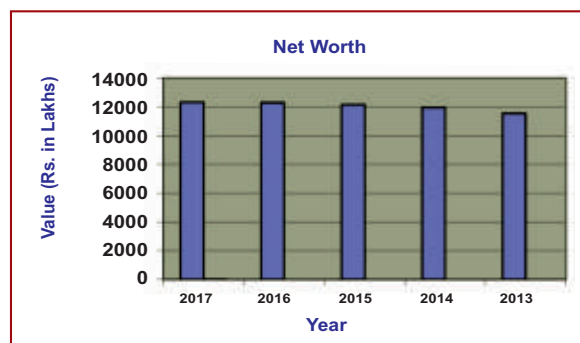
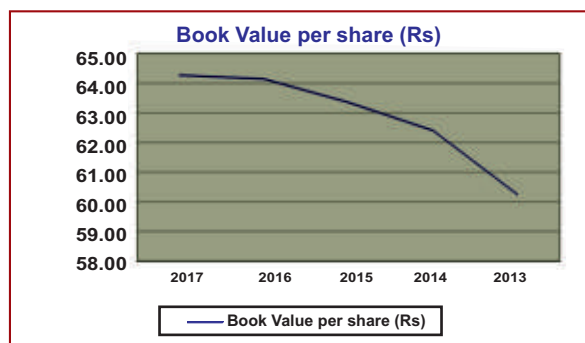
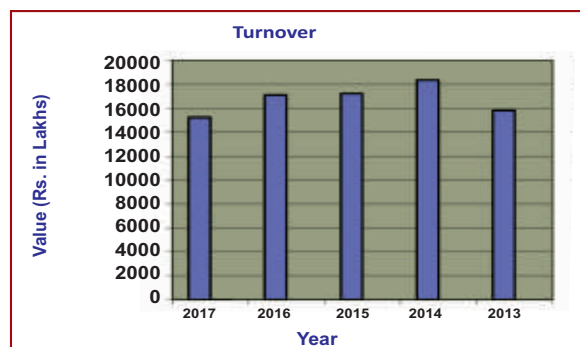
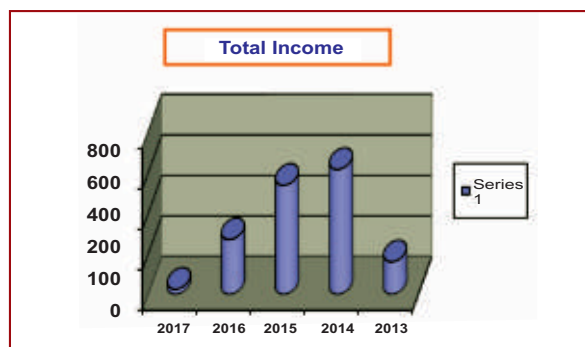
QUALITY POLICY

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				
	2017	2016	2015	2014	2013
TOTAL INCOME	15247.4	17126.52	17217.84	18344.11	15826.37
PBDIT	1987.09	2579.33	2781.56	2845.76	1838.22
PBT	-52.35	438.34	686.83	929.67	226.15
Provision for taxation					
Current	60	230	260	280	117.05
Deferred	-124.72	-74.93	-76.77	62.74	-31.65
PAT	23.42	268.93	536.54	614.6	159.03
Cash Profit [^]	1150.48	1457.33	1671.06	1487.64	986.93
Fixed Assets					
Gross Block	18,736.36	17,038.47	16,004.82	15,485.30	13793.77
Net Block	9,099.52	9,196.89	9,515.92	8,771.09	8692.73
Equity Share Capital	1916.67	1916.67	1916.67	1916.67	1916.67
Reverses & Surplus	10400.56	10377.15	10224.19	10044.22	9630.1
Networth	12317.23	12293.82	12140.86	11960.89	11546.77
EPS (Rs.) (Annualized)	0.12	1.4	2.8	3.21	0.83
Cash EPS (Rs.) (Annualized)	6.00	7.60	8.72	7.76	5.15
Book Value per share (Rs)	64.26	64.14	63.34	62.4	60.24
[^] Net of Deferred Tax Liability					





CORPORATE INFORMATION

BOARD OF DIRECTORS

Ashok Gupta	- Chairman
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

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
IDFC Bank

INTERNAL AUDITORS

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

STATUTORY AUDITORS

M/s 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, 2nd Floor, West Patel Nagar
New Delhi - 110008

LEGAL COUNSEL

Dinesh Kumar Gupta (Advocates)
C-58, Vivek Vihar, Delhi - 110059

REGISTRAR & SHARE TRANSFER AGENTS

Head Office:

Bighshare Services Pvt. Ltd.
1st, Floor, Bharat Tin Workshop Building, Opp. Vasant Oasis,
Makwana Road, Moral, Andheri East, Mumbai - 400059
Tel : 022 62638200, Fax : 022 626 38299

Branch Office

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

CONTENTS

	Page No.
Boards' Report	2
Management Discussion & Analysis	16
Report on Corporate Governance	17
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 34th Annual Report together with audited accounts for the financial year ended 31st March 2017.

Financial Results

The financial performance of the Company for the financial year ended 31st March, 2017 is summarized below:

(Rs. in Lakhs)

Particulars	Financial Year 2016-17	Financial Year 2015-16
Revenue from Operations (net of excise duty)	15247.40	17126.52
Other Income	47.43	33.33
Total	15294.83	17159.85
Profit from operations before Financial Costs, Depreciation, Exceptional Items & Tax Expenses	1987.09	2557.24
Financial Costs	909.76	952.59
Profit before Depreciation, Exceptional Item & Taxation	1077.33	1604.65
Depreciation	1127.06	1188.40
Profit before Exceptional Items and Tax Expenses	-49.73	416.24
Exceptional Items	-2.64	22.09
Profit before Tax	-52.35	438.34
Less: Tax Expenses	-75.76	169.40
Net Profit for the year / Amount available for Appropriation	23.42	268.93
Appropriations:		
General Reserve	Nil	Nil
Dividend on Equity Shares	Nil	95.83
Tax on Dividend	Nil	20.14
Balance Carried to Balance Sheet	23.42	152.96
TOTAL	23.42	268.93

Operations

During the year under review your Company registered total revenue of Rs. 15294.83 lakh as compared to previous year's revenue of Rs. 17159.85 lakh a de-growth of 10% over the previous year. The Net Profit is at Rs.23.42 lakh as compared to Rs.268.93 lakh in the previous year. There is decrease in profit of approx 90% compared to previous year.

Packaging business

During the year under review, there is a decrease in profit before tax and exceptional items against last year which is mainly due to decrease in overall sales. Over all, sales (including Job work) in PET Performs were up by approx. 8% against last year. The sales of crowns gone down by approx. 25% and Closures by 8% lower than last year. So the overall sales decreased by 11%.

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. 5.30 Crores from this project.

Expansion

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

Dividend

Your directors recommends no dividend for this financial year 2016-17 due to decrease in profits as shown herein above in financial results of the Company.

Fixed deposits

During the financial year 2016-17, 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

Mr. Harswarup Gupta who was the promoter director of the company is no more with us to provide us his valuable suggestions and guidance to the company. This is a great loss to the Company. He expired on 03.07.2016. However, he has resigned from the Chairmanship as well as Directorship of the Company on 30.06.2016 which was effective from 03.07.2016.

Directors place on record their deep appreciation for his valuable guidance and assistance received during the tenure as a Chairman and Director of the Company. All the Staff of AMD Group is witness of his hard work and great attitude towards work and the human being.

Your Company's Board has an optimum combination of Executive, Non-executive and Independent Directors with one women 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. Adit Gupta, Managing 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 re-appointment of Mr. Adit Gupta as a Managing Director and the same was approved by the Shareholder in their Annual General Meeting 2016 for a period of 3 years w.e.f. 01.04.2017.

In Annual General Meeting dated 28.09.2016, Shareholders appointed again Ms. Shubha Singh as an Independent Director for a term of five years as per the provisions of section 149 of the Companies Act, 2013.

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>.

Ms Radha Shakti Garg is appointed as the Company Secretary and Compliance Officer of the Company with effect from 26.05.2016.

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.

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:

- in the preparation of the annual accounts for the year ended March 31, 2017, the applicable accounting standards have been followed and there are no material departures from the same;
- the directors have selected such accounting policies and applied them consistently and made judgments 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, 2017 and of the profit of the Company for the year ended on that date;
- 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;
- the directors have prepared the annual accounts on a 'going concern' basis;
- 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
- 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.

Your director recommended the appointment of M/s Goyal Nagpal & Co. Chartered Accountants (FRN-018289C) subject to approval of Shareholders in ensuing Annual General Meeting of the Company

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 31st 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 2016-17.

Secretarial Auditor

M/s AGG & Associates, Company Secretaries, New Delhi was appointed to conduct Secretarial Audit for the financial year 2016-17, 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-I. 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 2017 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. 12.44 Lakhs on CSR activities. The brief content of CSR policy is given in the Annual Report on CSR activities is annexed herewith as Annexure II.

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 five 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, -CSR 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 III 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 IV** 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 V** 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.

All the Company's units maintain 100% compliance with local and national laws, regarding ethics and human rights. AMD has formed Internal Complaints Committees at all of its operational locations where employees can register their complaints against sexual harassment. This is supported by the Anti-Sexual Harassment Policy which ensures a free and fair enquiry process with clear time lines for resolution. All employees are sensitised on these topics through structured training programmes. No cases of child labour, forced labour, involuntary labour, sexual harassment and discriminatory employment were reported during the period.

Green Initiative

As in the previous years, this year too, Notice of 34th Annual General Meeting of the Company and Annual Report of the Company for the financial year 2016-17 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: 28.08.2017

Ashok Gupta
Chairman
(DIN- 00031630)

Annexure I - SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31.03.2017

[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 31st March, 2017 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 31st March, 2017 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, 1992;
 - 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)**
- i) I have also examined compliance with the applicable clauses of the following:
 - i. Secretarial Standards issued by The Institute of Company Secretaries of India.
 - ii. The Listing Regulations 2015, issued by the Securities and Exchange Board of India.
- 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 Gratuity Act, 1972
 - f) The Water(Prevention & Control of Pollution) Act, 1974
 - g) The Air(Prevention & Control of Pollution) Act, 1981

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 in accordance with the provisions of Companies Act, 2013, including the rule thereof and Secretarial Standard-1, also 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 in the last annual general meeting an Independent Director was reappointed for the term of next five years and the resolution was named as ordinary resolution. The company should do the needful in this regard.

I Further Report that during the audit period the followings developments have taken place:

* Construction of 50000sq. feet area for additional storage space at Neemrana.

* Import of Lacquer machine.

* Import of change parts to manufacture closures for Warm-fill.

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: 20-08-2017

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: 20-08-2017

Annexure - II : 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	6,22,34,469.89
Prescribed CSR expenditure (two percent of average net profit for last 3 financial year)	12,44,689.39
Details of CSR spent during the financial year	12,44,750.00
Amount unspent	NIL

Manner in which the amount spent during the financial year is detailed below:

Sr. No.	CSR project/ activity identified	Sector in which the Project is Covered	Projects / Programmes 1. Local Area / others 2. Specify the state and District where projects or programmes were undertaken	Amount outlay (budget): Project or programme wise	Amount spent on the project / programme Sub-heads: 1. Direct expenditure on projects or programmes 2. Overheads	Cumulative expenditure upto to the reporting period	Amount spent: Direct or through Implementing agency*
1.	Sports	Sports Promotion	Delhi	15,300/-	15,300/-	15,300/-	Direct
2.	Education	Promotion of Education	Bangalore	84,000/-	84,000/-	99,300/-	Direct
3.	Safe drinking water	Making available safe drinking water	Haridwar	51,000/-	51,000/-	1,50,300/-	Direct
4.	Education	Promotion of Education	New Delhi	23,950/-	23,950/-	1,74,250/-	Direct
5.	Sports*	Sports Promotion	New Delhi	11,000/-	11,000/-	1,85,250/-	Direct
6.	Education of children in backward areas	Promoting Education	Uttar Pradesh	10,59,500/-	10,59,500/-	12,44,750/-	Through Agency - Shakuntala Gupta Trust

*Expenditure for CSR to the organisations will be provided time to time and as per the requirements on regular basis.

*Implementing Agencies

1. Shakuntala Gupta Trust

Shakuntala Gupta Trust, a Registered Charitable Trust was formed by Late H S Gupta, Ex-Chairman of the Company in the year 2001 to provide various facilities in the field of education by establishing & running school, pay stipends/scholarships to students etc.

CSR Committee Responsibility Statement

CSR Committee affirms that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

Signed

Sd/-
(Chairman - CSR Committee)
DIN: 00588626

Sd/-
(Chairman)
DIN: 00031630

Annexure - III

Particulars of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo required under the Companies (Accounts) Rules, 2014

A. CONSERVATION OF ENERGY

i. Steps taken or impact on Conservation of Energy

Energy conservation shows how efficiently a company can conduct its operations. Company is using LED lights in all its operational areas to save energy.

ii. Steps taken by the company for utilizing alternate sources of energy

The company is currently utilizing the conventional sources of energy. We are exploring options to utilize alternate sources of energy.

iii. The capital investment on energy conservation equipment

There was no capital investment on energy conservation equipment during the year.

B. TECHNOLOGY ABSORPTION

i. Efforts made towards technology absorption

The company is a technology driven company and need not do specific in-house R & D efforts for its manufacturing.

ii. The benefits derived liked product improvement, cost reduction, product development or import substitution

Improved technology helps in reduction in weight of products without compromising the quality of products, wastage in products.

iii. Information regarding imported technology (imported during last three years)

Details of technology imported	Technology imported from	Year of Import	Status of implementation / absorption
NA	NA	NA	NA

iv. Expenditure on R & D (current year & last year) : NIL

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

(Rs. In Lakhs)

Foreign Exchange Earnings and Outgo	2016-17	2015-16
Foreign Exchange Earned in terms of actual inflows	736.95	1033.82
Foreign Exchange outgo in terms of actual outflows	2.61	5.85

**Annexure - IV : Information pursuant to section 197(12) of Companies Act, 2013.
Information pursuant to Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014**

- i. The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year:

Non-executive directors *	Ratio to median remuneration
Mr. Prabhat Krishna	0.68
Mr. Mahipal	0.68
Ms. Shubha Singh	0.68

* They are the Independent directors and get sitting fee only.

Executive directors	Ratio to median remuneration
Mr. Harswarup Gupta	38.97
Mr. Ashok Gupta	52.11
Mr. Adit Gupta	53.75

- ii. The percentage increase in remuneration of each director, chief executive officer, chief financial officer, company secretary in the financial year:

Director, Chief Executive Officer, Chief Financial Officer, Company Secretary	% increase in remuneration in the financial year
Mr. Harswarup Gupta	-
Mr. Ashok Gupta	2.4
Mr. Adit Gupta	-
Mr. Prabhat Krishna#	-
Mr. Mahipal Ahluwalia#	-
Ms. Shubha Singh#	-
Mr. Prabir Mukhopadhyay	-
Ms Radha Garg*	-

Get sitting fee only

*Since this information is for part of the year, the same is not comparable.

- iii. The percentage increase in the median remuneration of employees in the financial year:

-4.5%

- iv. The number of permanent employees on the rolls of Company: 281

- v. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

The average annual increase made in the salaries of employees other than the managerial personnel in the last financial year was around 9%. During the course of the year, there is no increase in the managerial remuneration

- vi. **Affirmation that the remuneration is as per the remuneration policy of the company.**

The Company affirms remuneration is as per the remuneration policy of the Company.

Information pursuant to Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Details of employees drawing remuneration of equal or more than Rs.8.5 lakh per month or Rs.1.02 Crores per annum during the financial year 2016-17:

Name of Director	Designation	Remuneration (Rs.)	Nature of Duties	Qualification and Experience (in years)	Date of Employment	Age (Years)	Previous Employment, Post held & Period
Mr. Harswarup Gupta	Chairman – Whole time Director	88,39,481/-	Managerial	Graduate 53 yrs	17.12.1983	87	Own Business
Mr. Ashok Gupta	Vice Chairman – Whole time Director	1,21,92,253/-	Managerial	B.Sc. (Hons.) 36 Yrs	17.12.1983	64	Own Business
Mr. Adit Gupta	Managing Director	1,18,18,937/-	Managerial	B.Sc. (Chemical Engineering), MBA (Finance) 15 years	14.11.2005	38	Own Business

*Mr. Harswarup Gupta has resigned with effect from 03.07.2016.

Notes:

- Mr. Harswarup Gupta, Mr. Ashok Gupta and Mr. Adit Gupta are relatives, holds more than 2% shareholding each in the company.
- Employments of aforesaid officials are on contractual basis with the approval of shareholders.
- Remuneration includes salary, allowance, commission and monetary value of all perquisites as valued under Income Tax Act & Rules thereunder.
