

Annual Report 2020-21



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.

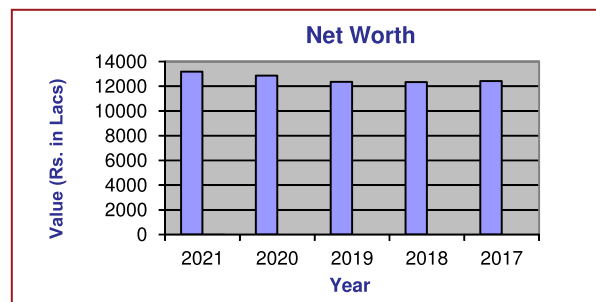
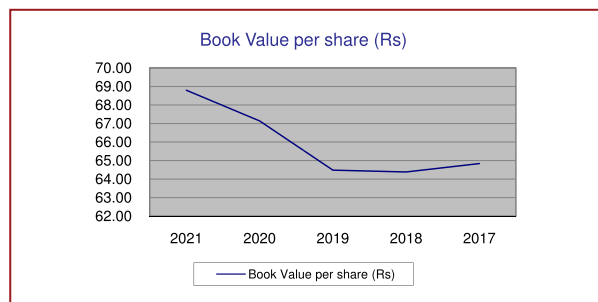
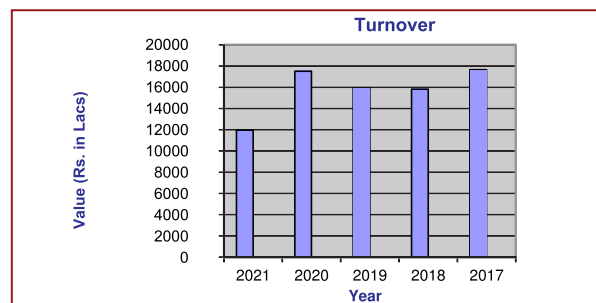
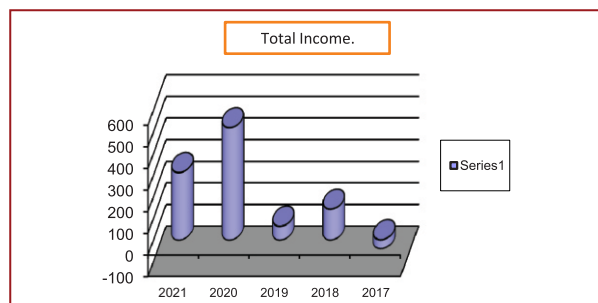
QUALITY POLICY

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

PARTICULARS	YEAR ENDED 31ST MARCH				
	2021	2020	2019	2018	2017
TOTAL INCOME	11959.59	17515.84	15921.75	15824.16	17668.32
PBDIT	1913.37	2268	1847.31	1705.55	2305.99
PBT & EXCEPTIONAL ITEM	-193.1	113.67	-39.27	-215.2	241.98
Exceptional Item	-605.04	-479.47	0	0	0
PBT	411.94	593.14	0	0	0
Provision for taxation					
Current	40	130	10.6	0	60
Deferred	59.7	-55.04	-72.94	-168.67	-8.93
Tax for earlier years	1.71	0.02	0	27.57	-11.04
PAT	310.53	518.16	62.34	141.1	-40.03
Cash Profit^	1254.61	1540.01	1093.92	1162.89	1120.33
Fixed Assets					
Gross Block	22,701.82	20,479.44	20,564.78	19,909.32	18,956.14
Net Block	10,080.75	8,791.14	9,556.34	9,820.53	9,873.59
Equity Share Capital	1916.67	1916.67	1916.67	1916.67	1916.67
Reverses & Surplus	11269.28	10951.62	10443.05	10423.87	10510.53
Networth	13185.95	12868.29	12359.72	12340.54	12427.2
EPS (Rs.) (Annualized)	1.62	2.7	0.12	-0.39	1.05
Cash EPS (Rs.) (Annualized)	6.55	8.03	5.71	6.07	5.85
Book Value per share (Rs)	68.80	67.14	64.48	64.38	64.84

^Net of Deferred Tax Liability





CORPORATE INFORMATION

BOARD OF DIRECTORS

Ashok Gupta - Chairman
Adit Gupta - Managing Director
Atul Gupta - Independent Director (w.e.f. 16/07/2021)
Shubha Singh - Independent Director
Tilak Raj - Independent Director (w.e.f. 07/08/2020)
Subhash Chand Dua - Non-Executive Director

KEY MANAGERIAL PERSONNEL

Adit Gupta - Managing Director
Rajesh Rohilla - Chief Financial Officer
Radha Shakti 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 : investor@amdindustries.com
Url : www.amdindustries.com
CIN : L28122DL1983PLC017141

MANUFACTURING UNITS

SP-32, RIICO Ind. Area, Neemrana, Rajasthan

BANKERS

State Bank of India
Kotak Mahindra Bank
Axis Bank
Yes 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 Goyal Nagpal & Co.
Chartered Accountants,
20-A, Street No. 6,
Dheeraj Vihar, Karala,
New Delhi - 110 081

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 Work Building, Opp. Vasant Oasis,
Makwana Road, Marol, Andheri East, Mumbai - 400059
Tel : 022 62638200, Fax : 022 626 38299

Branch Office

302, Kushal Bazar, 32-33, Nehru Place, New Delhi - 110019

CONTENTS

	Page No.
Boards' Report	2
Management Discussion & Analysis	8
Auditors' Certificate on Corporate Governance	9
Report on Corporate Governance	10
CEO/CFO Certificate under Regulation 17(8)	20
Certificate of Non-Disqualification of Directors	20
Independent Auditors' Report	21
Balance Sheet	26
Statement of Profit & Loss	27
Cash Flow Statement	28
Statement of Changes in Equity	29
Notes Forming Part of Financial Statements	30



DIRECTORS' REPORT

Dear Shareholders,

Your Directors are pleased to present the 38th Annual Report together with audited accounts for the financial year ended 31st March 2021.

Financial Results

The financial performance of the Company for the financial year ended 31st March, 2021 is summarized below:

(Rs. in Lakhs)

Particulars	Financial Year 2020-21	Financial Year 2019-20
Revenue from Operations (net of excise duty)	11861.02	17454.57
Other Income	98.57	61.27
Total	11959.59	17515.84
Profit from operations before Financial Costs, Depreciation, Exceptional Items & Tax Expenses	1308.33	1788.53
Financial Costs	557.35	653.01
Profit before Depreciation, Exceptional Item & Taxation	750.98	1135.52
Depreciation	944.08	1021.85
Profit before Exceptional Items and Tax Expenses	-193.10	113.67
Exceptional Items	-605.04	-479.47
Profit before Tax	411.94	593.14
Less: Tax Expenses	101.41	74.98
Profit/Loss for the year	310.53	518.16
Other Comprehensive Income	7.13	-9.59
Net Profit/Loss	317.66	508.57
Appropriations:	Nil	Nil
General Reserve	Nil	Nil
Dividend on Equity Shares	Nil	Nil
Tax on Dividend	Nil	Nil
Balance Carried to Balance Sheet	317.66	508.57
TOTAL	317.66	508.57

Operations & Business

During the year under review your Company registered total revenue of Rs. 11861.02 lakhs as compared to previous year's revenue of Rs. 17454.57 lakhs which shows a decline of approx. 32.05% over the previous year. The total revenue from Sale of Product for the year 2020-21 was of Rs. 11018.29 Lakhs as compared to the year 2019-20 of Rs. 15,163.21 Lakhs which shows a decline of 27.34 % from last year. There is a Net Profit of Rs 310.53 Lakhs in the year 2020-21 as compared to Net Profit of Rs. 518.16 Lakhs from the last year 2019-20.

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 Infotech Private Limited, New Delhi. The said project is at its last lag to complete and will be ready to deliver soon. During the year under review, the company has received revenue of Rs. 86.44 Lakhs from this project.

Expansion

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

Dividend

Looking into unprecedented impact on the financial well-being on the company due to Covid-19 in the coming year your directors' recommends no dividend for this financial year 2020-21.

Fixed deposits

During the financial year 2020-21, 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').

As on date today we have six directors in our Board. Mr. Ashok Gupta as a Whole time director & Chairman, Mr. Adit Gupta as a Managing Director, Mr. Subhash Chand Dua as a Non- Executive Director, Mr. Tilak Raj as a Independent Director, Ms Shubha Singh Independent Director & Mr. Atul Gupta as an Independent Director.

The term of Shubha Singh is going to expire on 27.09.2021, Board is recommending her appointment as a non-executive Director of the Company with effect from 01.10.2021 and on position of independent director became vacant your directors are recommending the appointment of Mr. Kamal Kumar on the Board of the Company as an Independent Director of the Company.

Mr. Kamal Kumar is a highly experienced and dynamic personality holding accredited position in various organizations of repute. He holds Master Degree from Faculty of Management Studies, Delhi University. He has an extensive experience of approximately 50 years in various Large Corporates of different sectors. He is having over 4 decades of multi faceted and cross departmental experience in manufacturing companies. Also, having good experience in guiding Management and Boards of Listed Companies on various matters including Compliances, Corporate Governance, HR Policies and stewardship, besides Strategy and trajectory management.

In the reporting year the tenure of Mr. Prabhat Krishna was expired and Shri Subhash Chand Dua was appointed as a Non- Executive Director of the Company by passing the special resolution.

Mr. Mahipal who was the independent Director of the Company has been expired which is a great loss to the Company. To fill the vacant position of Independent Director Mr. Atul Gupta has been appointed as Additional (Non-Executive – Independent) Director of the Company with effect from 16.07.2021.

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.

Mr. Prabir Kumar Mukhopadhyay has stepped down from the position of the Chief Financial Officer of the Company and Mr. Rajesh Rohilla has been appointed for the position with effect from 01.07.2021. Except this there was no change in the Key Managerial Personnel of the Company during the financial year 2020-21.

NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS

During the year, four Board Meetings were held, details of which are provided in the Corporate Governance Report. The intervening gap between the Meetings was in compliance with the requirements of the Companies Act, 2013 and SEBI Listing Regulations and in line with the relaxation in such time gap as permitted by SEBI vide its Circular SEBI/HO/CFD/CMD1/ CIR/P/2020/38 dated 19.03.2020 and MCA, vide its General Circular No. 11/2020 dated 24.03.2020.

Details of attendance of meetings of the Board, its Committees and the Annual General Meeting are included in the Report on Corporate Governance, which forms part of this Annual Report.

COMMITTEES

Currently, the Board has five Committees: the Audit Committee, the 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.

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, 2021, 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, 2021 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.

DECLARATION BY INDEPENDENT DIRECTORS

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 Regulation 16(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Board took on record the declaration and confirmation submitted by the independent directors regarding them meeting the prescribed criteria of independence, after undertaking due assessment of the veracity of the same in terms of the requirements of regulation 25 of the SEBI Listing Regulations.

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>.

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 salient features of the policy on directors' appointment and remuneration forms a part of the 'Corporate Governance Report'. The said policy is placed on the Company's website at <http://amdindustries.com/AMD%20-%20Remuneration%20Policy.pdf>.

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.

Auditors and Auditors' Report

Statutory Auditors

Pursuant to the provision of section 139 of Companies Act, 2013, M/s Goyal Nagpal & Co. Chartered Accountants (FRN-018289C) was appointed as a Statutory Auditors of the Company, for a period of five years, by the Shareholders in its Annual General Meeting held on 28.09.2017.

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.

Secretarial Auditor

M/s AGG & Associates, Company Secretaries, New Delhi was appointed to conduct Secretarial Audit for the financial year 2020-21 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 except there is a delay in compliance of regulation 17(1) of SEBI (LODR) 2015 for having 6 Directors in its Board for being top 2000 listed entity on National Stock Exchange of India Limited. AMD Industries Limited was having 5 directors in its Board as on 31.03.2020 and there was a requirement to appoint 6th Director in its Board with effect from 01.04.2020.

Comments of Board of Directors

AMD Industries Limited (AMD) is listed on National Stock Exchange of India Limited (NSE) & Bombay Stock Exchange Limited (BSE). AMD falls under top 2000 listed entity only on NSE by default as there are less than 2000 entities are listed, however the same does not apply in case of BSE.

The delay was due to unprecedented COVID-19 lockdown (a global pandemic & natural calamity as of now) called upon by Government of India and the appointment of any person as a Director on the Board is quite a sensitive & time taking matter, the management find it quite difficult to identify and reach out to the suitable candidate amid this nationwide COVID-19 lockdown due to this unprecedented natural calamity & situations.

NSE imposed fine for the quarter ending June 2020 and September, 2020 (37 days i.e. till the appointment of 6th Director) was received by the Company from NSE. The Company has deposited the amount of fine for the quarter ending June 2020 on rejection of waiver request, however the request of waiver for second quarter is under consideration with NSE. AMD has made a request to reconsider the matter and waive off the fine for both the said quarters, however, both are still under consideration

Reporting of frauds by auditors

During the year under review, neither the statutory auditors nor the secretarial auditor has reported to the audit committee, under Section 143 (12) of the Companies Act, 2013, any instances of fraud committed against the Company by its officers or employees, the details of which would need to be mentioned in the Board's report.

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 2021 forms part of this Annual Report.

Corporate Social Responsibility (CSR)

The provision of section 135 of the Companies Act, 2013 is not applicable on the Company. However, Company and its promoters fulfill its Social Responsibility in other forms to serve the country.

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.

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>

Material changes and commitments

Barring the adverse financial impact arising out of the COVID-19 pandemic, there were no other material changes and commitments that occurred subsequent to the end of the financial year till the date of this report, which affects the financial position of the Company.

The impact of Covid-19 on the Industry has been severe in the first quarter of the current fiscal (FY 2021-22) where the entire industry was facing labour shortages, a manufacturing slowdown, order delays and stuck shipments, and demand and supply shocks. Due to the States imposing lockdowns, the brick and mortar industries activities were affected across the country leading to reduction in business.

The situation is similar to the one we faced in the year gone by. After a dismal financial performance in the first quarter, your company tried to bounce back but as the business of the company is seasonal one that affected the performance of the company strongly in the subsequent three quarters.

Circulation of Annual Reports in electronic form In view of the prevailing COVID-19 situation and consequent lockdown across the country, the Ministry of Corporate Affairs (MCA) has exempted companies from circulation of physical copies of Annual Report for FY2021.

Accordingly, the Annual Report of the Company for FY2021 is being sent only by email to the members, and all other persons/entities entitled to receive the same. This Annual Report, along with other documents, is also available on the Company's website Circulation of Annual Reports in electronic form. In view of the prevailing COVID-19 situation and consequent lockdown across the country, the Ministry of Corporate Affairs (MCA) has exempted companies from circulation of physical copies of Annual Report for FY2021.

Accordingly, the Annual Report of the Company for FY2021 is being sent only by email to the members, and all other persons/entities entitled to receive the same. This Annual Report, along with other documents, is also available on the Company's website <https://www.amdindustries.com/Annual%20Report%202020-21.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 II** 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 III** 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

Pursuant to Notification of Ministry of Corporate Affairs dated 28.08.2020, a company shall not be required to attached the extract of the Annual Return with the Board's Report in Form No. MGT.9 in case the web link of such annual return has been disclosed in the Board's Report.

Accordingly, the extract of Annual Return may be accessed through the following link <https://www.amdindustries.com/MGT-9%20EXTRACT%20OF%20ANNUAL%20RETURN%20AS%20ON%2031.03.2021.pdf>

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. The financial results/statement of the Company are placed on the website of the Company.
2. Issue of equity shares with differential rights as to dividend, voting or otherwise.
3. Issue of shares (including sweat equity shares) to employees of the Company under any scheme.
4. Neither the Managing Director nor the Whole-time Directors of the Company receive any remuneration or commission from any of its related company.
5. 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.
6. There is no change in the nature of business.
7. The company does not come under the purview of the Cost Audit.

Secretarial standards of ICSI

The Company has complied with the requirements prescribed under the Secretarial Standards on Meetings of the Board of Directors (SS-1) and General Meetings (SS-2).

Sexual Harassment Policy

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 timelines for resolution. All employees are sensitized 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 38th Annual General Meeting of the Company and Annual Report of the Company for the financial year 2020-21 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, requested to register their e-mail ids. Due to Covid-19 copies are not being sent in the physical mode. The same is available on the website of the Company as well as of Stock Exchanges.

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

Sd/-
Ashok Gupta
Chairman
(DIN- 00031630)

Place: New Delhi
Date: 12/08/2021



SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31.03.2021

[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, 2021 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, 2021 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, 2018; **(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, 2014; **(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, 2018; **(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 including amendment thereof.
- ii. The SEBI(Listing Obligations and Disclosure Requirements) Regulations, 2015 including amendment thereof.

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. Changes in the composition of Board of Directors that took place during the year under review, were carried out in compliance with the provisions of the Act.

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 during the audit period, the following developments have taken place in the company:

A Notice of non-compliance/ delayed compliance with Corporate Governance Regulation 17(1) of SEBI(LODR), Regulations, 2015 for imposing fine for the quarter ending June 2020 and September, 2020 was received by the Company from NSE. The Company has since deposited the amount of fine for the quarter ending June 2020 and has made a request to reconsider the matter and waive off the fine for both the said quarters, however, the same is still under consideration.

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
(Company Secretaries)

Sd/-

Amar Gopal Gambhir
(Prop.)

Place: New Delhi
UDIN: F003668C000778464

FCS No.3668
C P No.:3653



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. For Factory Audit we relied on the Audit Report of Internal Auditor and the Compliance Certificates as obtained from the concerned officers of the company.
4. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

5. Wherever required, we have obtained the Management Representation about the Compliance of Law, Rules and regulations and Happening of events etc.
6. 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.
7. 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
(Company Secretaries)

Sd/-
Amar Gopal Gambhir
(Prop.)
FCS No.3668
C P No.:3653

Place: New Delhi
UDIN: F003668C000778464

Annexure - II

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 efficiency is a cornerstone for positive impact on environment and sustainable growth. The Company continued to improve across all facets of energy management which include Generation, distribution and consumption.

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

The company is currently utilizing the conventional sources of energy. We are planning to get audited the total consumption to chalk out the plan to conserve the energy. Accordingly Company will take initiative on the basis of report and suggestions of Auditor.

- iii. The capital investment on energy conservation equipment There was no capital investment on energy conservation equipment during the year. The same is under consideration which will be based on the report and suggestions shared by the Auditor.

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. We have developed a separate department of cost saving to find out the deviations. To find out the deviations we are working the expenses on head wise.

- 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

(In Rs.)

Foreign Exchange Earnings and Outgo	2020-21	2019-20
Foreign Exchange Earned in terms of actual inflows	52351980.40	357625.70
Foreign Exchange outgo in terms of actual outflows	153601464.40	2346207.75

Annexure III

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*	0.22
Mr. Mahipal*	0.43
Ms. Shubha Singh*	0.43
Mr. Tilak Raj*	0.33
Mr. Subhash Chand Dua	1.47

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

Executive directors	Ratio to median remuneration
Mr. Ashok Gupta	45.44
Mr. Adit Gupta	41.94

- 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. Ashok Gupta	-
Mr. Adit Gupta	-
Mr. Prabhat Krishna#	-
Mr. Mahipal Ahluwalia#	-
Ms. Shubha Singh#	-

Mr. Tilak Raj*#	-
Mr. Subhash Chand Dua*#	-
Mr. Prabir Kumar Mukhopadhyay	-
Ms. Radha Shakti Garg	-

Get sitting fee only

* Joined in the reporting financial year.

- a There is no increase in the percentage of median remuneration of employees in the financial year.

- iii. The number of permanent employees on the rolls of Company: 227

- iv. 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:

Due to the impact of Pandemic Covid -19 on the business of the company, there was no increase in the salary of employees in the reporting financial year. However to fill the gap, there was a cut in the salary of the employees of the company. Moreover during the tenure of deduction Managing Director sacrificed its 100% salary to make the balance in financial loss of the company, happened due to Covid in the reporting financial year.

- v. 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.

- vi. Pursuant to the provision of Rule 5(2) of the of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, no employee is receipt in salary in excess as mentioned in the rules except the Chairman Mr. Ashok Gupta (Whole Time Director and Mr. Adit Gupta, Managing Director.



MANAGEMENT DISCUSSION AND ANALYSIS

Industry Structure & Developments

Packaging

The PET Packaging market was valued at USD 55.52 billion in 2020 and is expected to reach USD 74.2 billion by 2026, at a CAGR of 5% over the forecast period 2021 - 2026. Packaging is moving from rigid to flexible packaging, as there have been many exciting new product developments, which have helped to demonstrate to consumers the true potential of flexible packaging.

The rigid packaging segment occupied the largest share of the market due to their extensive use in bottles, jars, containers, trays, and clamp shells. With plastic bottles continuing to witness a strong growth over the forecast period, the rigid PET packaging is expected to continue to dominate the market studied, during that time.

The trend of sustainability, which includes recycling and the use of bio-degradable forms of PET, is expected to rise over the forecast period. In some regards, it will always face sustainability issues due to the nature of its production. However, it is the recycling streams and the development of these that will help neutralize such sustainability issues.

However, the introduction of flexible packaging uses lesser resources and energy than rigid polymers, compared to rigid packaging, which makes it an attractive choice. This may hamper the growth of rigid packaging in certain segments.

Real Estate Market

The Indian economy started to show signs of crumbling, in the aftermath of the unprecedented challenges caused by the Coronavirus pandemic in early 2020. In spite of the corrective measures that were put in place to battle the adverse effects of the pandemic, the second wave of COVID-19 caused further dents in economic growth, forcing rating agencies and global think-tanks to lower their growth projections for India in 2021. Overall, the COVID-19 virus outbreak had a shattering impact on India's economy in general and its real estate sector, in particular – an area of work that requires human contact inherently.

However, to overcome the overwhelming effects of the pandemic, all stakeholders in India's realty sector, which happens to be the biggest employment-generating sector in India after agriculture, came together to try and restore normalcy.

Segment-wise or product-wise performance

Your Company manufactures Crown Caps, CSD Closures, Pet Preforms, Jars, Bottles etc for various edible items packed in glass & Plastic bottles e.g. Carbonated Soft Drinks, Fruit Juices, Milk products, Beer etc.

In the reporting financial year 2020-21, due to the impact of COVID-19 the overall sales of the company was declined by 32.05% which impacted accordingly on its various segments. Sales of Crown, perform and closures are down by 15-40%. In the reporting year the performance of Preforms were at its average and almost flat if compare to previous year (after considering the Corona Effect otherwise it was down in the financial year 2020-21). The major impact on the sale was on the crown segment.

Your company is trying to cope it up and will try to reach at its level in the current financial year (2021-22).

Outlook, Opportunities & Threats, Risk and Concerns

The PET packaging market is highly competitive and consists of several major players. In terms of market share, few of the major players currently dominate the market. These major players with prominent shares in the market are focusing on expanding their customer base across foreign countries. These companies are leveraging on strategic collaborative initiatives to increase their market share and profitability.

Moreover the threat of third wave of Covid-19 and there will be significant impact on packaging converters and their value chain, which could threaten the survival of many in the industry. However Government is in its full swing show that the impact of Covid-19 would be much less than expected earlier.

Financial Performance

During the year under review your Company registered total revenue of Rs. 11861.02 lakhs as compared to previous year's revenue of Rs.17454.57 lakhs which shows a decline of approx. 32.04% over the previous year. The total revenue from Sale of Product for the year 2020-21 was of Rs.11018.29.Lakhs as compared to the year 2019-20 of Rs.15,163.21 Lakhs which shows a decline of 27.34 % from last year. There is a Net Profit of Rs.317.66 Lakhs in the year 2020-21 as compared to Net Profit of Rs.518.16 Lakhs from the last year 2019-20.

Internal Audit and Internal Control

The Company has well-equipped and effective internal control systems in place that match the scale of its sector and the complexity of the market it works in. Such stringent and detailed controls ensure the effective and productive use of resources to the degree that the Company's assets and interests are safeguarded, transactions are approved, registered, and properly reported and checks and balances guarantee reliability and consistency of accounting data. The Audit, Committee is undertaking a comprehensive system of internal audits and periodic assessments to ensure compliance with best practices. The Company has employed M/s B.L. Khandelwal & Co, Chartered Accountants as Internal Auditor & Mr/ Goyal Nagpal & Co. Chartered Accountants Statutory Auditors of the Company to report on the financial controls of the Company.

Material Development in Terms of Human Resources / Industrial Relations front, including number of people employed.

The growth of the Company and improvement in the systems has been sustained by the active involvement of the employees with the Management. Along with every other component of its business strategy, the Company acknowledges the need for talent management within the Company and its criticality for its potential development and success. Training workers, growing their skill levels and encouraging sustained employee participation has always been very important for the Company. Through skill-building initiatives and career development programs at all levels and across functions, AMD arranges in-house training. The company employed 227 numbers of on Roll employees during the year.

Details of Changes in key financial ratio and in Return on Net Worth as compared to the immediately previous financial year.

Significant changes in 25% & above are mainly on account of sales reduction which is majorly caused by Corona effects & lockdown abnormal circumstances.