

ELANTAS Beck India Ltd.



ANNUAL REPORT 2019

CSR Initiative : Inauguration of Tariya Bawali school in Ankleshwar area, Gujarat.



CSR Initiative : Inauguration of Tariya Bawali school in Ankleshwar area, Gujarat.

CSR Initiative : Inauguration of Tariya Bawali school in Ankleshwar area, Gujarat.



CSR Initiative : Inauguration of Andada Boys school in Ankleshwar area, Gujarat.

Board of Directors

Mr. Martin Babilas - Chairman
 Dr. Guido Forstbach
 Mr. Stefan Genten
 Mr. Suresh Talwar
 Mrs. Kishori Udeshi
 Mr. Ravindra Kulkarni
 Mr. Ranjal Laxmana Shenoy
 Mr. Srikumar Ramakrishnan - Managing Director
 Mr. Milind Talathi - Whole Time Director

Executive Management

Mr. Srikumar Ramakrishnan
 Managing Director
 Mr. Milind Talathi
 Director-Manufacturing
 Mr. Sanjay Kulkarni
 CFO & VP-IT & Procurement
 Mr. Abhijit Tikekar
 Head Legal & Company Secretary
 Dr. Yogaraj Nabar
 VP-Market & Technology Development
 Mr. Nirmalkumar Simon
 VP-Sales
 Mr. James Herbison
 Head R & D

Chief Financial Officer

Mr. Sanjay Kulkarni

Company Secretary

Mr. Abhijit Tikekar

Registered & Corporate Office and R&D centre

147, Mumbai-Pune Road,
 Pimpri, Pune 411 018.

Works

- 1) 147, Mumbai-Pune Road,
 Pimpri, Pune 411 018.
- 2) Plot No. 1 (A, B & C) & 122,
 GIDC Industrial Area,
 Ankleshwar 393 002.

Regional Offices

Bengaluru, New Delhi, Kolkata

Website

<http://www.elantas.com/beck-india>

CIN

L24222PN1956PLC134746

Auditors

Price Waterhouse
 Chartered Accountants LLP
 7th Floor, Tower A - Wing 1,
 Business Bay, Airport Road,
 Yerwada, Pune 411006.

Internal Auditors

Mahajan & Aibara
 1 Chawla House,
 62 Woodhouse Road, Colaba,
 Mumbai 400005.

Secretarial Auditors

Prajot Tungare & Associates
 Practicing Company Secretaries,
 2nd floor, Shraddha Chambers,
 Sinhgad Road, Pune 411030

Cost Auditors

Dhananjay V Joshi & Associates
 'CMA Pride', Ground Floor,
 Plot No. 6, S. No. 16/6,
 Erandwana Co.op. Hsg. Soc.,
 Erandwana, Pune 411004.

Solicitors

Talwar Thakore & Associates
 3rd Floor, Kalpataru Heritage,
 127, M.G. Road, Fort,
 Mumbai 400001.

Bankers

The Bank of Nova Scotia
 HDFC Bank Ltd.

Registrars & Share Transfer Agents

Link Intime India Pvt. Ltd.
 Block No. 202, 2nd Floor, Akshay Complex,
 Off Dhole Patil Road,
 Pune 411001.
 Tel.: (020) 26160084/1629
 Telefax: (020) 26163503
 E-mail: rnt.helpdesk@linkintime.co.in

CONTENTS

	Page
Directors' Report	02
Management Discussion & Analysis Report	33
Report on Corporate Governance	39
Independent Auditors' Report	57
Balance Sheet	64
Statement of Profit & Loss	65
Cash Flow Statement	68
Notes to Financial Statements	70

Directors' Report

To the Members,
of ELANTAS Beck India Ltd.

Your Directors have pleasure in presenting the Company's Sixty Fourth Annual Report and the Audited Financial Statements for the financial year ended 31 December 2019.

Financial Results

(₹ in lakhs)

	Year ended 31.12.2019	Year ended 31.12.2018
Revenue from operations	39,406.64	40,911.80
Other income	1,765.62	1,192.75
Total income	41,172.26	42,104.55
Profit before exceptional item and tax	6,378.77	6,988.40
Exceptional Item	-	1,928.07
Profit before tax net of Other comprehensive income	6,354.34	8,906.70
Income tax expense	1,422.69	2,337.97
Profit for the year	4,931.65	6,568.73
Retained earnings brought forward	26,233.80	20,095.15
Less Dividend paid including Dividend Distribution Tax	430.08	430.08
Retained earnings at the end of the year	30,735.37	26,233.80

Performance

The Company posted a turnover of ₹ 39,255 Lakhs for the year ended 31 December 2019 against the turnover of ₹ 40,853 Lakhs achieved in the previous year ended 31 December 2018. In terms of sales quantity, the tonnage sold during the year ended 31 December 2019 decreased by 3.6% over the previous year. The profit before exceptional item and tax declined over the profit before tax posted last year. The Profit before Tax and Profit after Tax, including exceptional items were ₹ 6,354 Lakhs and ₹ 4,931 Lakhs respectively.

Share Capital

Share Capital Audit as per the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015 (Listing Regulations) is conducted on a quarterly basis by V.R. Associates, Practicing Company Secretaries. The Share Capital Audit Reports are duly forwarded to BSE Ltd. where the equity shares of the Company are listed. During the year ended 31 December 2019, there was no change in the issued and subscribed capital of the Company, the outstanding capital as on 31 December 2019 was ₹ 792.77 Lakhs comprising of 79.28 Lakhs shares of ₹10/- each.

Dividend

The Directors are pleased to recommend a dividend of ₹ 5.00/- per equity share of ₹10/- each, for the year ended 31 December 2019 (previous year ₹ 4.50/- per equity share). The dividend is payable subject to Members' approval at the ensuing Annual General Meeting (AGM). The dividend pay-out, if approved by the Members in the ensuing AGM, will be ₹ 396.38 Lakhs.

Business Acquisition

During the year under review, the Company acquired from Hubergroup India Private Limited, technical knowhow and the business intangibles pertaining to the wire enamel business.

The absorption and integration of the technology and other business intangibles acquired is well under way and will be fully completed during the next year. This will strengthen the knowledge base in wire enamel segment and enable the Company to offer a broader product range to a wider range of customers.

Reserves

Directors have not recommended transfer of any amount to general reserves during the year under review.

State of the Company's affairs:

Please refer Management Discussion & Analysis Report which forms part of this Report.



Corporate Governance

Pursuant to the provisions of Regulation 34 (2) & (3) and 53(f), read with Schedule V to the Listing Regulations, Management Discussion and Analysis Report, Report on Corporate Governance and Compliance Certificate on Corporate Governance form part of this Report.

Directors

During the year under review, the Members approved, by way of Postal Ballot that concluded on 1 January 2019, appointment of Mr. Suresh Talwar (DIN : 00001456), Mr. Ravindra Kulkarni (DIN : 00059367) and Mr. Ranjal L. Shenoy (DIN: 00074761) as Independent Directors for a second term of five years from 1 April 2019 and of Mrs. Kishori Udeshi (DIN :01344073) from 6 May 2019.

Dr. Guido Forstbach, Non-Executive Director (DIN: 00427508) retired by rotation as Director of the Company on 7 May 2019 and being willing and eligible, was appointed as Director of the Company.

Mr. Martin Babilas, (DIN: 00428631), retires by rotation at the ensuing AGM pursuant to the provisions of Section 152 of the Companies Act, 2013 (The Act), read with Companies (Appointment and Qualifications of Directors) Rules, 2014 and the Articles of Association of the Company and being eligible, has offered himself for reappointment.

The approval of the Members for the appointment of Mr. Martin Babilas who is retiring as Director by rotation and being eligible has offered himself for re-appointment has been sought in the Notice convening the AGM of your Company.

Owing to Mr. Ravindra Kumar (DIN: 06755402), Managing Director of the Company taking up an assignment within the ALTANA Group in the United States of America, he was relieved from the office of Managing Director w.e.f. 31 July 2019.

Pursuant to the recommendation of the Nomination & Remuneration Committee, the Board, in its Meeting held on 23 July 2019, subject to the approval of the Members in the ensuing AGM, appointed Mr. Srikumar Ramakrishnan (DIN: 07685069) as Managing Director of the Company for the period of three years w.e.f. 1 August 2019. The approval of the Members has been sought for appointment of Mr. Srikumar Ramakrishnan (DIN: 07685069) as Managing Director in the Notice convening the Annual General Meeting of the Company.

Mr. Ravindra Kulkarni (DIN : 00059367), Independent Director of the Company would be attaining the age of 75 years on 23 May 2020. Pursuant to the provisions of Regulation 17(1A) of Listing Regulations, it was necessary to seek Members' approval for continuation of Mr. Ravindra Kulkarni as Director. The Company in light of the relaxations provided by General Circular No. 17/2020 dated 13 April 2020, sent Ballot Notice as per Section 110 to the Members who have registered their email ID with the Company. The Members' approval is being sought by way of Electronic Voting Only. The result of the Ballot through Electronic Voting will be announced by 22 May 2020.

Particulars in pursuance of Regulation 36 of Listing Regulations read with Secretarial Standard 2 on General Meetings relating to Mr. Martin Babilas and Mr. Srikumar Ramakrishnan are given in the Notice convening the AGM.

None of the Directors is disqualified from being appointed as or holding office as Director, as stipulated under Section 164 of the Act.

Declaration from Independent Directors

All Independent Directors have given Declaration that;

- They meet the criteria for independence as laid down under Section 149 (6) of the Act, and Regulation 25(8) read with 16(1)(b) of the Listing Regulations.
- The Independent Directors have complied with the Code for Independent Directors prescribed in Schedule IV to the Act.

And in the opinion of the Board, the Independent Directors fulfil the conditions specified in the Listing Regulations and are Independent of the Management.

Further there has been no change in the circumstances affecting their status as Independent Directors of the Company.

Statement on Compliance with Code of Conduct for Directors and Senior Management;

Please refer page 47 of the Report on Corporate Governance annexed to this Report.

Composition of Key Managerial Personnel (KMP)

Pursuant to provisions of Section 203 of the Act, the Company has the following KMPs as on the date of the report:

Name of the KMP	Designation	Date of Appointment
Mr. Srikumar Ramakrishnan	Managing Director	1 August 2019
Mr. Milind Talathi	Whole Time Director	27 February 2018
Mr. Sanjay Kulkarni	CFO and VP- IT & Procurement	18 August 2008
Mr. Abhijit Tikekar	Head Legal & Company Secretary	31 October 2018

Mr. Ravindra Kumar resigned as Managing Director w.e.f. 31 July 2019.

Separate Meeting of Independent Directors

The Independent Directors are fully kept informed of the Company's business activities in all areas. A separate Meeting of Independent Directors was held on 25 February 2020 in which the Independent Directors reviewed the performance of (i) non- Independent Directors, (ii) the Board as a whole and (iii) Chairperson of the Company for the year under review.

They also assessed the quality, quantity and timeliness of flow of information between the Company's Management and the Board that are necessary for the Directors to effectively and reasonably perform their duties. All the Independent Directors were present at the Meeting.

Composition of Audit, Nomination & Remuneration Committee

For details, kindly refer the Corporate Governance Report forming part of this Report.

Nomination and Remuneration Policy

The Nomination & Remuneration Committee reviews the composition of the Board, to ensure that there is an appropriate mix of abilities, experience and diversity to serve the interests of all members and the Company.

In accordance with the requirements under Section 178 of the Act, the Committee formulated a Nomination and Remuneration Policy to govern the terms of nomination/appointment and remuneration of (i) Directors, (ii) Key Managerial Personnel (KMPs), (iii) Senior Management and (iv) other employees of the Company.

The details of the Remuneration Policy are stated in the Corporate Governance Report. The Policy is available on the website of Company i.e. <http://www.elantas.com/beck-india>.

Board Evaluation

Pursuant to the provisions of the Companies Act, and Listing Regulations, the Board during the Year 2019 has carried out an annual performance evaluation of its own performance, the Directors individually, as well as the evaluation of the working of its Committees for the Year 2019. The evaluation has been carried out on the basis of criteria defined by the Nomination & Remuneration Committee in its Meeting dated 29 July 2014. Independent Directors in their separate meeting held on 25 February 2020 reviewed and evaluated performance of the Board for the Year 2019 and of the Non-Independent Directors, Committees and Chairperson of the Company.

Based on the evaluation, Company expects the Board and the Directors to continue to play a constructive and meaningful role in creating value for all the stakeholders in the ensuing years.

Number of Board Meetings held

During the year 2019, Six Board Meetings were convened and held. Details of the same are given in the Corporate Governance Report which forms part of this Report. The intervening gap between any two Meetings was within the period prescribed by the Act and the Listing Regulations.

Related Party Transactions

All Related Party Transactions (RPT) entered into by the Company during the year under review were at arms' length basis and were in the ordinary course of business. There were no materially significant RPT with Parent Company and its subsidiaries, Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict of interest with the Company at large.

All RPT are placed before the Audit Committee for its review and approval. Prior omnibus approval of the Audit Committee is obtained for transactions which are of a foreseen and repetitive nature. Pursuant to the provisions of the Listing Regulations as well as the Rule 6 A of the Companies (Meetings of Board and its Powers) Rules, 2014, Audit Committee, by passing



Resolution by circulation on 5 December 2018 had granted omnibus approval for the proposed RPT to be entered into by the Company during the year 2019. Since there are no material RPT and also all the transactions with related parties are at arm's length and are in the ordinary course of business, no transactions are required to be reported in Form AOC – 2. In compliance with the Indian Accounting Standards (IND AS) 2015 RPT are shown in Note no. 36 of Financial Statements forming part this Report.

The Board of Directors of the Company, at its Meeting held on 26 February 2019, on the recommendation of the Audit Committee, reframed a policy on materiality to regulate transactions between the Company and its related parties, in compliance with the applicable provisions of the Act, and Regulation 23 of the Listing Regulations, as amended. The Policy as approved by the Board is uploaded and can be viewed on the Company's website <http://www.elantas.com/beck-india>.

The Non-Executive Directors have no pecuniary relationship or transaction with the Company other than commission and sitting fees paid to them. For details, kindly refer the Corporate Governance Report which forms part of this Report.

Details of Loans, Guarantees and Investments

A loan was sanctioned to a related party viz. BYK India Private Limited, by the Company of Rs. 450.00 Lakh in the year 2018. The Company made a partial disbursement of Rs. 280.47 Lakhs during the year 2018 and further partial disbursement of Rs. 50.00 lakh was made during the year under review in compliance with the provisions of Section 186 of the Act. Barring this transaction, the Company has not entered into any transaction relating to Loan, Guarantee or Investments during the period under review.

Corporate Governance

Report on Corporate Governance and the Auditors' Certificate thereon, as stipulated under Listing Regulations, is given separately in this Report.

Vigil Mechanism/Whistle Blower Policy

The Company has established a vigil mechanism named as 'Whistle Blower Policy' within the Company in compliance with the provisions of Section 177(10) of the Companies Act, 2013 and Regulation 22 of the Listing Regulations.

The Policy of such mechanism has been circulated to all employees within the Company, which provides a framework to the employees for guided & proper utilization of the mechanism. Under the said Policy, provisions have been made to safeguard persons who use this mechanism from victimization. The Policy also provides access to the Chairman of the Audit Committee by any other person under certain circumstances. The Whistle Blower Policy has been uploaded on the Company's website <http://www.elantas.com/beck-india.html>

Corporate Social Responsibility (CSR)

In the last 5 years, Company has been successful in creating an image of a socially responsible and a vigilant corporate citizen in the minds of the community at large, it serves. There were number of projects and programs undertaken, pursued and sustained very well by the Company as part of CSR initiatives.

The Company considers it as its economic and social responsibility to foster sustainable local development. As a part of which, it has focused amongst others, on building of educational infrastructure and helping in mitigation of environmental issues in local areas in which it operates.

The Company officials are diligently monitoring the implementation of CSR projects through frequent site visits, meeting officials, checking records etc.

The CSR Policy Statement and Report on the activities undertaken during the year is incorporated in '**Annexure B**'.

Business Responsibility Report

Report on Business Responsibility as stipulated under the Listing Regulations and any other applicable law for the time being in force describing the initiatives taken by the Management from an environmental, social and governance perspective, forms an integral part of this Report attached as **Annexure F**.

Risk Management Policy

The Company has in place a mechanism to identify, assess, monitor and mitigate various risks to the Company. Company's future growth is linked to general economic conditions prevailing in the market. Management has taken appropriate measures for identification of risk elements related to the Industry, in which the Company is engaged, and is always trying to

reduce the impact of such risks. The Board is satisfied that there are adequate systems and procedures in place to identify, assess, monitor and manage risks including the risks associated with cyber security. During the year under review one Risk Management Committee Meeting was held on 05 November 2019.

Internal Financial Controls and their adequacy

The Company has an established internal financial control framework including internal controls over financial reporting, operating controls and entity level controls. The framework is reviewed regularly by the Management and tested by the global internal audit team and also the Internal Auditors appointed by the Company and presented to the Audit Committee. Based on the periodical testing, the framework is strengthened from time to time, to ensure adequacy and effectiveness of Internal Financial Controls.

Subsidiary, Associates and Joint Venture

The Company does not have any Subsidiary or Associate or Joint Venture Company as on date of this Report.

Extract of Annual Return

As required under Section 92(3) of the Act and the Rules made thereunder, extract of the Annual Return in Form MGT-9 is annexed to this Report as **Annexure G**. Further, the Annual Return of the Company in prescribed Form MGT-7 is available on the website of the Company at <http://www.elantas.com/beck-india>.

Directors' Responsibility Statement

In terms of Section 134 (3)(c) of the Act, the Directors hereby state that:

- a) in the preparation of Annual Accounts for the Year ended 31 December 2019, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any.
- b) 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 true and fair view of the state of affairs of the Company at 31 December 2019 and of the profit of the Company for the year ended 31 December 2019.
- c) the proper and sufficient care has been taken 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 of the Company on a 'going concern' basis.
- e) the Company has laid down proper Internal Financial Controls and they are adequate and were operating effectively.
- f) the Directors have devised proper systems and processes to ensure compliance with the provisions of all applicable laws and such systems and processes are adequate and operating effectively.

Compliance with Secretarial Standards

The Company has ensured compliance with the applicable Secretarial Standards.

Auditors

a) Internal Auditors

The Internal Auditors, Mahajan & Aibara, Chartered Accountants, Mumbai have conducted internal audits periodically and submitted their reports to the Audit Committee. Their Reports have been reviewed by the Audit Committee.

b) Statutory Auditors

The Members, in the Sixtieth AGM held on 3 June 2016, appointed Price Waterhouse, Chartered Accountants LLP, Pune as Statutory Auditors of the Company for the financial year 2016. Further, the Members in the Sixty First AGM held on 10 May 2017 appointed them as Statutory Auditors for the remaining period of four years forming part of the first term of five years i.e. up to the conclusion of AGM for the year 2020.

There are no qualifications, reservations or adverse remarks or disclaimer made in the audit report for the Financial Year 2019.

c) Cost Auditors

In terms of Section 148 of the Act, read with Rule 8 of the Companies (Accounts) Rules, 2014, as amended, it is stated that the cost accounts and records are made and maintained by the Company as specified by the Central Government.



Pursuant to Section 148(1) of the Act, read with the Companies (Cost Records & Audit) Rules, 2014, as amended, the cost records maintained by the Company in respect of its products are required to be audited. Your Directors, on the recommendation of the Audit Committee, appointed Dhananjay V Joshi & Associates, Cost Accountants, to audit the cost records of the Company for the financial year 2019 on a remuneration to be ratified by the Members, in the forthcoming AGM. Accordingly, a Resolution for ratification of payment of remuneration to Dhananjay V Joshi & Associates, Cost Auditors, is included in the Notice convening the AGM for approval of Members.

The Cost Audit Report for the financial year ended 31 December 2018 was filed with the Ministry of Corporate Affairs on 21 May 2019 within the stipulated time mandated in the Companies (Cost Records & Audit) Rules, 2014 as amended.

d) Secretarial Auditors

Prajot Tungare & Associates, Practicing Company Secretaries, Pune, were appointed to conduct the Secretarial Audit of the Company for the Financial Year 2019, as required under Section 204 of the Act, read with rules framed there under.

The Secretarial Audit Report for Financial Year 2019 forms part of this Report as **Annexure A**.

There are no qualifications, reservations or adverse remarks or disclaimers made by the Secretarial Auditors in their report.

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

Information as required by Section 134(3) (m) of the Act, relating to Conservation of Energy, Technology Absorption, Foreign Exchange Earnings & Outgo, is given in **Annexure C** to this report.

Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition, Redressal) Act, 2013

The Company has in place Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition, Redressal) Act, 2013 and the Rules made thereunder. The Company has zero tolerance on Sexual Harassment at workplace. In compliance with the provisions of Companies Accounts Rules, 2014, as amended, the Internal Complaints Committee is set up to redress complaints received regarding Sexual Harassment. All employees including permanent and contractual, temporary, trainees and other stakeholders are covered under this policy. The following is the summary of sexual harassment complaints received and disposed off during the Financial Year 2019.

No. of Complaints received	Nil
No. of Complaints disposed off	Nil

Particulars of Employees

Details of employees receiving the remuneration required to be disclosed under Section 197 of the Act, read with Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are annexed as a statement and given in '**Annexure D**'.

Compliance Certificate

Compliance Certificate pursuant to Regulation 17 (8) of the Listing Regulations, is given in '**Annexure E**' to this Report.

Deposits

Company has not accepted any deposits and does not have any unclaimed deposits from public / members under Section 73 and 74 of the Act, read with Companies (Acceptance of Deposits) Rules, 2014 during the year.

Transfer of Equity Shares to IEPF Demat Account

During the year under review, pursuant to Section 124 (6) of Act, and the Rules & Circulars notified thereunder, 1181 shares on which dividend was unclaimed/unpaid for seven years have been transferred to a demat account of the Investor Education and Protection Fund Authority (IEPF) Authority.

Except transfer of unclaimed /unpaid dividend of ₹ 4,12,466/- there were no transfers to IEPF Authority during the year under review.

General

Your Directors state that no disclosure or reporting is required in respect of following items as either there were no transactions on these items or these items are not applicable to the Company during the year under review.

1. No material changes or commitments, affecting the financial position of the Company occurred between the end the financial year of the Company i.e. 31 December 2019 and the date of this Report.

2. No significant and material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.
3. There were no material frauds reported by Auditors as per Sections 134 (3) (c) and 143 (12) of the Act.

Acknowledgements

The Board wishes to place on record its appreciation to all employees, shareholders and other stakeholders for the excellent support and their continued contribution to the performance of the Company.

For and on behalf of the Board

Mumbai
05 May 2020
Regd. Office: 147, Mumbai –Pune Road,
Pimpri, Pune 411018

Suresh Talwar
Director

Srikumar Ramakrishnan
Managing Director

