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**ANNUAL REPORT**  
2016 - 2017

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**35<sup>th</sup> Annual General Meeting on Friday, 29<sup>th</sup> September, 2017 at 10.00 a.m. at Hotel Silver Avenue, Ostwal Empire, Next to Big Bazar, Boisar (West), Thane – 401 501**

**CORPORATE INFORMATION**

**BOARD OF DIRECTORS**

Mr. Atit Agarwal

Chairman

Mr. Rajesh Pandey

Director

Mr. S. S. Thakur

Independent Non - Executive Director

Mr. Jagannadham Thunuguntla

Independent Non - Executive Director

Ms. Jyoti Rai

Independent Non - Executive Director

**COMPANY SECRETARY**

Ms. Ruchi Jaiswal (*appointed w.e.f. 30<sup>th</sup> May, 2017*)

Ms. Alpa Ramani (*resigned w.e.f. 30<sup>th</sup> May, 2017*)

**STATUTORY AUDITORS**

Haribhakti & Co. LLP

Chartered Accountants

705, Leela Business Park,

Andheri-Kurla Road, Andheri (East),

Mumbai – 400059

**PRINCIPAL BANKERS**

Union Bank of India, Mumbai

Bank of India, London Branch

Canara Bank, London Branch

Union Bank of India, Hong Kong Branch

Export-Import Bank of India

**REGISTERED OFFICE & WORKS**

Village Betegaon, Mahagaon Road,

Boisar (East), Taluka Palghar,

Dist. Thane – 401501

CIN NO: L99999MH1982PLC027797

**CORPORATE OFFICE**

7<sup>th</sup> Floor, Esperanca Building,

Shahid Bhagat Singh Road, Colaba,

Mumbai-400001

Tel No.: (022) 66562821

Fax No.: (022) 66562798

Email: investor@responsiveindustries.com

Website: www.responsiveindustries.com

**REGISTRARS & SHARE TRANSFER AGENT**

Link Intime India Private Limited

C-101, 247 Park, LBS Marg,

Vikhroli (West),

Mumbai- 400083

Tel No.: (022) 4918 6270

Fax No.: (022) 4918 6060

Email: rnt.helpdesk@linkintime.co.in

Website: www.linkintime.co.in

## DIRECTORS' REPORT

### DEAR MEMBERS,

Your Directors have pleasure in presenting this Thirty fifth Annual Report on the business and operations of your Company with the Audited Financial Statements for the year ended March 31, 2017.

### 1. FINANCIAL PERFORMANCE

Financial Results	(Rs. in Million)	
	2016-17	2015-16
Sales and Other Income	18,406.49	18,468.37
Profit before Interest, Depreciation & Tax	1,538.04	1,816.76
Less: Interest & Other Financial Charges	228.95	256.78
Profit before Depreciation & Tax	1,309.09	1,559.98
Less: Depreciation	987.65	1,276.47
Profit before Tax	<b>321.44</b>	<b>283.51</b>
Less: Provision for Taxation	114.73	105.16
<b>Net Profit after Tax</b>	<b>206.71</b>	<b>178.35</b>
Other Comprehensive Income	0.34	(1.57)
Total Comprehensive Income for the year	207.05	176.78
Balance brought forward from previous year	3,506.68	3,392.59
<b>Profit available for appropriations</b>	<b>3,713.73</b>	<b>3,569.37</b>
<b>Appropriations</b>		
Transfer to General Reserve	-	-
Proposed Final Dividend	26.69	26.69
Interim Dividend	-	26.69
Corporate Dividend Tax	5.24	9.31
<b>Balance carried to Balance Sheet</b>	<b>3,681.80</b>	<b>3,506.68</b>

### 2. OPERATIONS & STATE OF COMPANY'S AFFAIRS

Your Company earned revenue of Rs. 18,406.49 Million for the year ended 31<sup>st</sup> March, 2017, as compared to Rs. 18,468.37 Million in the previous financial year.

The Company recorded a Net Profit after Tax of Rs. 206.71 Million for the year ended 31<sup>st</sup> March, 2017. The Net Profit after Tax for the financial year ended 31<sup>st</sup> March, 2016 was Rs. 178.35 Million.

There was no change in nature of business of the Company during the year under review.

### 3. DIVIDEND

Your Directors recommend Dividend of 10% i.e. Re.0.10 per Equity Share of face value of Re.1/- each fully paid up aggregating to Rs. 26.69 Million for the year ended 31<sup>st</sup> March, 2017.

#### **4. TRANSFER TO RESERVES**

The Board of Directors has not recommended transfer of any amount to reserves.

#### **5. SHARE CAPITAL**

The paid up Equity Share Capital as at March 31, 2017 stood at 266.91 Million. During the year under review, the Company has not issued shares with differential voting rights nor granted any stock options or sweat equity shares. As on March 31, 2017, none of the Directors of the Company hold instruments convertible into equity shares of the Company.

During the year under review, there were no instances of non-exercising of voting rights in respect of shares purchased directly by employees under a scheme pursuant to Section 67(3) of the Act read with Rule 16(4) of Companies (Share Capital and Debentures) Rules, 2014.

#### **6. SUBSIDIARIES, ASSOCIATES & JOINT VENTURES**

The Company has one material non listed Indian Subsidiary Company i.e. Axiom Cordages Limited. The policy for determining material subsidiaries of the Company is available on the website of the Company i.e. [www.responsiveindustries.com](http://www.responsiveindustries.com). Responsive International Limited, a wholly owned subsidiary of the Company has not yet commenced its operations.

The Company does not have any associate Company & Joint venture.

##### **Performance of Axiom Cordages Limited is as follows:**

The total revenue of Axiom Cordages Limited stood at Rs. 2184.60 Million (Previous year 4324.36 Million). Profit after tax for the year stood at Rs. (104.32) Million (Previous year 17.33 Million).

The requirement of appointing Independent Director of the Company on the Board of Directors of the subsidiary Company has been duly complied with. The requirements of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015 ("SEBI Listing Regulations") with regard to subsidiary company have been complied with. Statement containing salient features of the financial statement of Subsidiary Company in Form AOC-1 forms part of this Annual Report.

#### **7. CONSOLIDATED FINANCIAL STATEMENT**

The Consolidated Financial Statements of the Company and of its Subsidiary, Axiom Cordages Limited are prepared in compliance with applicable provisions of the Companies Act, 2013, and Indian Accounting Standards issued by the Institute of Chartered Accountants of India as well as Listing Regulations as prescribed by the Securities and Exchange Board of India (SEBI).

#### **8. CORPORATE GOVERNANCE**

The Company has complied with all the mandatory requirements of Corporate Governance. A separate report on Corporate Governance and a certificate from M/s. P. P. Shah & Co., Practicing Company Secretaries regarding compliance with the conditions of Corporate Governance is given in a separate section and forms part of the Annual Report. Further, a declaration affirming compliance with the code of conduct by all the Board members and senior management personnel along with certificate under Regulation 17(8) of the SEBI Listing Regulations is also given in this Annual Report.

## 9. DIRECTORS

In accordance with the provisions of the Companies Act, 2013 and the Articles of Association of the Company, Mr. Atit Agarwal (DIN 02330412) retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment. Accordingly, his re-appointment forms part of the notice of the ensuing Annual General Meeting.

Mr. Atit Agarwal is re-designated as Non-Executive Chairman of the Company effective from 01<sup>st</sup> June, 2016 at the Board Meeting held on 30<sup>th</sup> May, 2016.

Mr. S.S.Thakur was appointed as Independent Director at the Annual General Meeting held on 09<sup>th</sup> August, 2014 for a period of 3 years. Mr. S.S. Thakur is proposed to be re-appointed as an Independent Director for five consecutive years for a term up to the conclusion of the 40<sup>th</sup> Annual General Meeting in the calendar year 2022. Accordingly, his re-appointment forms part of the notice of the ensuing Annual General Meeting.

Mr. Jagannadham Thunuguntla & Ms. Jyoti Rai were appointed as Independent Director at the Annual General Meeting held on 22<sup>nd</sup> September, 2015. All Independent Directors have given declaration that they meet the criteria of independence as laid down under Section 149 (6) of the Companies Act, 2013 and SEBI Listing Regulations. During the year, non-executive directors of the Company had no pecuniary relationship or transactions with the Company.

Ms. Alpa Ramani, Company Secretary & Compliance Officer of the Company has resigned w.e.f. 30<sup>th</sup> May, 2017. The Board has appointed Ms. Ruchi Jaiwsal as Company Secretary & Compliance Officer of the Company w.e.f. 30<sup>th</sup> May, 2017.

## 10. DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors state that:

- (a) in the preparation of the annual financial statements for the year ended March 31, 2017, the applicable accounting standards have been followed and there are no material departures;
- (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 a true and fair view of the state of affairs of the Company as at March 31, 2017 and of the Profit & loss of the Company for the year ended on that date;
- (c) the Directors have taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) the annual accounts have been prepared on a going concern basis;
- (e) the Directors have laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and operating effectively; and
- (f) the Directors have devised proper system to ensure compliance with the provisions of all applicable laws and that such system are adequate and operating effectively.



**11. PLEDGE OF SHARES**

None of the equity shares of the Directors of the Company are pledged with any banks or financial institutions.

**12. PUBLIC DEPOSITS**

The Company has not accepted or renewed any amount falling within the purview of provisions of Section 73 of the Companies Act 2013 ("the Act") read with the Companies (Acceptance of Deposit) Rules, 2014 during the year under review. Hence, the requirement for furnishing details of deposits which are not in compliance with the Chapter V of the Act is not applicable.

**13. DISCLOSURES UNDER SECTION 134(3)(I) OF THE COMPANIES ACT, 2013**

No material changes and commitments which could affect the Company's financial position have occurred between the end of the financial year of the Company and date of this report.

**14. MANAGEMENT DISCUSSION AND ANALYSIS**

Management Discussion & Analysis Report for the year under review is attached, which forms part of the Annual Report.

**15. BUSINESS RESPONSIBILITY REPORT**

The 'Business Responsibility Report' (BRR) of your Company for the year 2016-17 forms part of this Annual Report as required under Regulation 34(2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**16. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

In accordance with the provisions of Section 134 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014, required information relating to the conservation of energy, technology absorption and foreign exchange earnings and outgo is given in the "Annexure A" to the Directors' Report.

**17. GROUP**

Pursuant to intimation from the promoters, the names of the promoters & entities comprising the "Group" are disclosed in the Annual report for the purpose of SEBI (Substantial Acquisition of Shares & Takeovers) Regulations, 2011 in "Annexure B".

**18. CORPORATE SOCIAL RESPONSIBILITY (CSR)**

Your Company has developed a CSR Policy which indicates the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013. The CSR Policy has been uploaded on the website of the Company. The Annual Report on CSR activities is annexed as "Annexure C" and forms a part of this Report.

**19. EXTRACT OF ANNUAL RETURN**

Extract of the Annual Return in form MGT 9, as required under Section 92(3) of the Companies Act, 2013 is included in this Report as "Annexure D" and forms an integral part of this Report.

## 20. AUDITORS

### 20.1 Statutory Auditors

Pursuant to the provisions of Section 139 of the Act and rules framed thereunder, M/s. Haribhakti & Co. LLP, Chartered Accountants, were appointed as Statutory Auditors of the Company from the conclusion of the Thirty Second Annual General Meeting (AGM) of the Company held on 09<sup>th</sup> August, 2014 till the conclusion of AGM to be held in the year 2017, subject to ratification of their appointment at every AGM.

Pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 and the rules framed there under, as amended from time to time, SGCO & Co. LLP, Chartered Accountants (Firm Reg. No: 112081W/W100184)) appointed as the Statutory Auditors of the Company by the Board of Directors at their meeting held on 30<sup>th</sup> May, 2017 to hold office for a period of five years from the conclusion of this Annual General Meeting (AGM) till the conclusion of 40<sup>th</sup> Annual General Meeting subject to ratification of their appointment at every AGM of the Company in place of M/s. Haribhakti & Co. LLP, Chartered Accountants.

A Resolution seeking member's approval for appointment of SGCO & Co. LLP, Chartered Accountants as Statutory Auditors forms part of the Notice convening the Annual General Meeting.

They have confirmed their eligibility under Section 141 of the Companies Act, 2013 and submitted the Certificate in writing that their appointment, if made, would be within the prescribed limit under the Act and they are not disqualified for appointment.

The Auditor's Report for the Financial Year ended 31<sup>st</sup> March, 2017 does not contain any qualification, reservation or adverse remark and is prepared as per India Accounting Standard (INDAS).

### 20.2 Cost Auditors

Pursuant to Section 148 of Companies Act, 2013 read with Companies (Cost Records and Audit) Rules, 2014 as amended from time to time, on recommendations of Audit Committee, your Directors has appointed M/s. S.K. Agarwal & Associates to audit the cost accounts of the Company for the financial year 2017-18.

A Resolution seeking member's approval for the remuneration payable to the Cost Auditor forms part of the Notice convening the Annual General Meeting.

### 20.3 Secretarial Auditor

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the rules made thereunder, the Company has appointed M/s. P.P. Shah & Co., a firm of Company Secretaries in Practice to undertake the Secretarial Audit of the Company. The Secretarial Audit Report in Form MR-3 is annexed herewith as "**Annexure E**". It does not contain any qualification, reservation or adverse remark except for Non-appointment of Chief Financial Officer (CFO) and partial spending of amount towards Corporate Social Responsibility (CSR) by the company.



As per the provision of section 203(1) of the Companies Act, 2013, the Company is required to appoint CFO. The Company is in process of finding suitable person as its Chief Financial Officer. The Company has been working on identifying the projects for carrying out CSR activities; this has taken more time than estimated looking at the total spending requirement.

## **21. RELATED PARTY TRANSACTIONS**

All related party transactions that were entered into during the year under review were in the ordinary course of business and on arm's length basis. The Company has not entered into any contract/arrangement/transaction with related parties which could be considered material in nature. All Related Party Transactions are placed before the Audit Committee as also the Board for approval. Prior omnibus approval of the Audit Committee is obtained for the transactions which are of a foreseen and repetitive nature. Your Directors draw attention of the members to note no. 33 to the standalone financial statement which sets out related party disclosures.

The Company has developed a Related Party Transactions Policy which has been uploaded on the website of the Company and web-link thereto has been provided in the Corporate Governance report.

## **22. DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013.**

The Company has set up an Internal Complaints Committee (ICC) for providing redressal mechanism pertaining to Sexual harassment of women employees at workplace. The Company has not received any complaint pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

## **23. RISK MANAGEMENT**

The Company has laid down the procedures to inform the Board about the risk assessment and minimization procedures and the Board has formulated Risk Management Policy to ensure that the Board, its Audit Committee and its management should collectively identify the risks impacting the Company's business and document their process of risk identification, risk minimization, risk optimization as a part of a risk management policy/ strategy. At present there is no identifiable risk which, in the opinion, of the Board may threaten the existence of the Company.

## **24. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. The scope and authority of the Internal Audit function is also defined. To maintain its objectivity and independence, the Internal Audit function reports to the Chairman of the Audit Committee of the Board.

The Internal Audit Department monitors and evaluates the efficacy and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company and its subsidiaries. Based on the report of internal audit function, corrective action are undertaken in the respective areas and thereby strengthen the controls. Significant audit observations and corrective actions thereon are presented to the Audit Committee of the Board.

**Internal Financial Control**

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, work performed by the internal, statutory and secretarial auditors, including audit of internal financial controls over financial reporting, and the reviews performed by management and the audit committee, the Board is of the opinion that the Company's internal financial controls were adequate and operating effectively as at March 31, 2017.

During the year under review, no material or serious observation has been observed for inefficiency or inadequacy of such controls.

**25. VIGIL MECHANISM / WHISTLE BLOWER POLICY**

In line with the best Corporate Governance practices, Company has put in place a system through which the Directors and employees may report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct & Ethics without fear of reprisal. The employees and directors may report to the Compliance officer and have direct access to the Chairman of the Audit Committee. The Whistle blower Policy is placed on the website of the Company.

**26. BOARD MEETINGS**

During the year, 4 (Four) Board Meetings were held on 30<sup>th</sup> May 2016, 09<sup>th</sup> September 2016, 01<sup>st</sup> December 2016 and 14<sup>th</sup> February, 2017.

**27. AUDIT COMMITTEE**

The Board has well-qualified Audit Committee with majority of Independent Directors including Chairman. As on date, it comprises of Mr. S. S. Thakur - Chairman of Committee, Mr. Rajesh Pandey, Mr. Jagannadham Thunuguntla and Ms. Jyoti Rai as member. The Company Secretary of the Company acts as a Secretary of the Committee.

**28. NOMINATION & REMUNERATION POLICY**

The Board has in accordance with the provisions of sub-section (3) of Section 178 of the Companies Act, 2013, formulated the policy setting out the criteria for determining qualifications, positive attributes, independence of a Director and policy relating to remuneration for Directors, Key Managerial Personnel and other employees. The detail of the same has been disclosed in the Corporate Governance report.

**29. BOARD EVALUATION**

Pursuant to the provisions of the Companies Act, 2013 and SEBI Listing Regulations, performance evaluation of Board and that of its Committees and individual Directors was carried out. A structured questionnaire was prepared after taking into consideration inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance. A separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board, who were evaluated on parameters such as level of engagement and contribution, independence of judgment, participation by all directors and developing consensus amongst the directors for all decisions. The Chairman was evaluated on the key aspects of his role.