



**RESPONSIVE** 

**ANNUAL REPORT**  
2017 - 2018



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**36th Annual General Meeting on Friday, 8th June 2018 at 10.00 am at Hotel Silver Avenue, Ostwal Empire, Next to Big Bazar, Boisar (West), Thane - 401 501**





# CORPORATE INFORMATION

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## 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

## STATUTORY AUDITORS

SGCO & Co. LLP

Chartered Accountants 4A, Kaledonia-HDIL, 2nd Floor, Sahar Road, Near Andheri Station, Andheri (East) Mumbai – 400 069, India

## 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

7th 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

Tel No.: (022) 4918 6270| Fax No.: (022) 4918 6060

C-101, 247 Park, LBS Marg, Vikhroli (West), Mumbai- 400083

Email: rnt.helpdesk@linkintime.co.in| Website: www.linkintime.co.in

# DIRECTORS' REPORT

DEAR MEMBERS,

Your Directors have pleasure in presenting this Thirty Sixth Annual Report on the business and operations of your Company with the Audited Financial Statements for the year ended March 31, 2018.

## 1. FINANCIAL PERFORMANCE

| FINANCIAL RESULTS                           | (Rs. In Million) |                 |
|---|------------------|-----------------|
|   | 2017-18          | 2016-17         |
| Sales and Other Income                      | 10,985.18        | 18,406.50       |
| Profit before Interest, Depreciation & Tax  | 1,086.08         | 1,516.07        |
| Less: Interest                              | 170.39           | 228.95          |
| Profit before Depreciation & Tax            | 915.69           | 1,287.12        |
| Less: Depreciation                          | 656.70           | 987.66          |
| Profit before Tax                           | 258.99           | 299.46          |
| Less: Provision for Taxation                | 128.24           | 105.58          |
| <b>Net Profit after Tax</b>                 | <b>130.75</b>    | <b>193.88</b>   |
| Balance brought forward from previous year  | 4,338.35         | 4,144.14        |
| <b>Profit available for appropriations</b>  | <b>4,472.39</b>  | <b>4,338.35</b> |
| <b>Appropriations</b>                       |                  |                 |
| Transfer to General Reserve                 | -                | -               |
| Proposed Final Dividend<br>Interim Dividend | 26.69            | 26.69           |
| Corporate Dividend Tax                      | 5.43             | 5.43            |
| <b>Balance carried to Balance Sheet</b>     | <b>4,440.46</b>  | <b>4338.35</b>  |

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

Your Company earned total revenue of Rs. 10,985.18 Million for the year ended 31<sup>st</sup> March, 2018, as compared to Rs. 18,406.50 Million in the previous financial year. The Company recorded a Net Profit after Tax of Rs.130.75 Million for the year ended 31<sup>st</sup> March, 2018. The Net Profit after Tax for the financial year ended 31<sup>st</sup> March, 2017 was Rs. 193.88 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, 2018.

## 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, 2018 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, 2018, 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. It also has one Hong Kong based subsidiary Responsive Industries Limited, and one step down subsidiary Axiom Cordages Limited incorporated on 02 June, 2017. 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 is being Non operative since inception. The Company does not have any associate Company & Joint venture.

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

The total revenue net of excise of Axiom Cordages Limited stood at Rs.2017.29 Million (Previous year 2194.02 Million). Profit after tax for the year stood at Rs. (35.32) Million (Previous year -108.24 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 Companies in Form AOC-1 forms part of this Annual Report.

## 7. CONSOLIDATED FINANCIAL STATEMENT

The Consolidated Financial Statements of the Company and of its Subsidiaries, Axiom Cordages Limited are prepared in compliance with applicable provisions of the Companies Act, 2013, and "Ind AS" 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). The Financial Statements of Hong Kong based subsidiary Responsive Industries Limited and Axiom Cordages Limited, are prepared in accordance with the Small and Medium sized Entity Financial Reporting Standard (SME-FRS) issued by the Hong Kong Institute of Certified Public Accountants (HKICPA) and in Compliance with the Hong Kong Companies Ordinance.

## 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. Rajesh Pandey (DIN 00092767) 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. Rishab Agarwal is appointed as Managing Director of the Company w.e.f. 02 May, 2018 by the Board of Directors of the Company for a term of 5 years subject to the approval of shareholders. Accordingly, his appointment forms part of the Notice of this ensuing Annual General meeting. Mrs. Rohini Agarwal is appointed as Additional Director on the Board w.e.f. 02 May, 2018 by the Board of Directors of the Company. Accordingly, her appointment as a Director of the Company forms part of the Notice of this ensuing Annual General Meeting of the Company.

Mr. Jagannadham Thunuguntla and Ms. Jyoti Rai were appointed as Independent Director at the Annual General Meeting held on 22<sup>nd</sup> September, 2015 for a period of 3 years and their tenure expires in this ensuing Annual General Meeting. They are proposed to be re-appointed as an Independent Director for another term of five consecutive years for a term up to the conclusion of the 41<sup>st</sup> Annual General meeting to be held in the calendar year 2023. Accordingly, their re-appointment forms part of the notice of the ensuing Annual General Meeting.

Mr. S.S. Thakur was reappointed as Independent Director at the Annual General Meeting held on 29<sup>th</sup> September, 2017 for another term of 5 consecutive years. 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.

## **10. DIRECTORS' RESPONSIBILITY STATEMENT**

Your Directors state that:

- (a) in the preparation of the annual financial statements for the year ended March 31, 2018, 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, 2018 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. PROPOSAL OF EMPLOYEE STOCK OPTION SCHEME:

Equity based compensation is considered to be an integral part of employee compensation across sectors which enables alignment of personal goals of the employees with organizational objectives by participating in the ownership of the Company through share based compensation scheme/plan. Your Company believes in rewarding its employees including Directors of the Company for their continuous hard work, dedication and support, which has led the Company on the growth path.

The Company intends to implement the RESPONSIVE INDUSTRIES LIMITED – Employees Stock Option Scheme 2018 (RESPONSIVE ESOS 2018), with a view to attract and retain key talents working with the Company by way of rewarding their performance and had replaced the earlier Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ('SEBI ESOP Guidelines 1999'). All listed companies having existing schemes to which the SEBI Regulations apply were required to comply with the same in their entirety.

Accordingly, it is proposed to adopt a new scheme under the SEBI SBEB Regulations, under the name and style 'RESPONSIVE ESOS 2018' for the purposes of granting options to the Employees/Directors of the Company and its subsidiaries, as applicable.

The Resolutions contained in the AGM notice to the Members' seeks their approval to authorise the Board of Directors of the Company to create, issue, offer and allot equity shares, from time to time, to employees/Directors of the Company and its subsidiaries under this Scheme.

A copy of the proposed RESPONSIVE ESOS Scheme 2018 will also be available for inspection at the Registered Office and Corporate Office of the Company between 10:00 a.m. to 1:00 p.m. on all working days up to the last date of the AGM. Also main feature of ESOP are also included in the explanatory Statement to the notice of AGM.

## 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. MGT-7 will be available on the company’s website [www.responsiveindustries.com](http://www.responsiveindustries.com)

## 20. AUDITORS

### 20.1 Statutory Auditors

Pursuant to the provisions of Section 139 of the Act and rules framed thereunder, M/s. SGO & Co. LLP, Chartered Accountants (Firm Reg. No: 112081W/W100184) were appointed as Statutory Auditors of the Company from the conclusion of the Thirty Fifth Annual General Meeting (AGM) of the Company held on 29<sup>th</sup> September, 2017 till the conclusion of Annual General Meeting (AGM) to be held in the calendar year 2022, subject to ratification of their appointment at every AGM. Accordingly, resolution seeking member’s approval for ratification of the appointment of SGO & Co. LLP, Chartered Accountants as Statutory Auditors forms part of the Notice convening the Annual General Meeting.

They have confirmed their eligibility 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 F.Y. ended 31<sup>st</sup> March, 2018 does not contain any qualification, reservation or adverse remark and is prepared as per “Ind AS

### 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 2018-19.

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 other projects apart from already taken for carrying out CSR activities; this has taken more than the estimated time 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 and Board for approval. Prior omnibus approval of the Audit Committee is obtained for the transactions which are of a foreseen and repetitive in 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.