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Cutting Edge Technology  
Stunning Aesthetic  
Exceptional Performance

**IMPACT**<sup>®</sup>

HARD INTERLOCKING PLANKS  
LUXURY VINYL TILES

ANNUAL REPORT 2018-2019



**RESPONSIVE INDUSTRIES LIMITED**

**Registered Office**

Village Betegaon, Mahagaon Road,

Boisar (E). Tal. Palghar,

Dist. Palghar - 401 501

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**HARD INTERLOCKING PLANKS  
LUXURY VINYL TILES**

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**37<sup>th</sup> Annual General Meeting on Friday, 27th September, 2019 at 10.00 a.m.  
at Hotel Silver Avenue, Ostwal Empire, Next to Big Bazar, Boisar (West),  
Palghar - 401 501.**

## CORPORATE INFORMATION

### BOARD OF DIRECTORS

Mr. Rishabh Agarwal	Non-Executive Chairman
Mr. Mehul Vala	Whole Time Director
Mr. Mrunal Shetty	Executive Director
Mr. S. S. Thakur	Independent Non - Executive Director
Mr. Rajiv Kumar Bakshi	Independent Non - Executive Director
Ms. Jyoti Rai	Independent Non - Executive Director
Ms. Bhumika Jain	Independent Non - Executive Director

### KEY MANAGERIAL PERSONNEL

Mr. Mehul Vala	Chief Executive Officer
Mr. Mrunal Shetty	Chief Financial Officer
Ms. Ruchi Jaiswal	Company Secretary

### STATUTORY AUDITORS

SGCO & Co. LLP  
Chartered Accountants  
4A, Kaledonia-HDIL, 2nd Floor  
Sahar Road, Near Andheri East,  
Mumbai – 400 069

### SECRETARIAL AUDITOR

P.P. Shah & Co  
Company Secretaries  
218, Veen Chambers,  
Dalal Street,  
Mumbai- 400 023

### REGISTRARS & SHARE TRANSFER AGENT

Link Intime (India) Pvt. Ltd.  
C-101, 247 Park, LBS Marg  
Vikhroli (West), Mumbai-400 083  
Tel No.: (022) 4918 6270  
Fax No.: (022) 4918 6060  
Email: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)

### PRINCIPAL BANKER

Union Bank of India, Mumbai

### REGISTERED OFFICE & WORKS

Village Betegaon, Mahagaon Road,  
Boisar (East), Taluka Palghar,  
Dist. Palghar – 401 501  
  
Tel No.: (022) 66562821  
Fax No.: (022) 66562798  
Email: [investor@responsiveindustries.com](mailto:investor@responsiveindustries.com)  
Website: [www.responsiveindustries.com](http://www.responsiveindustries.com)  
CIN NO: L65100MH1982PLC027797

### CORPORATE OFFICE

1st Floor, Esperanca Building  
Shahid Bhagat Singh Road, Colaba,  
Mumbai-400 001

## NEXT EVOLUTION IN FLOORING

*Now we are in period of evolution its almost four decades for us in verified tiles and Indian flooring scenario, which was dominated by mosaic or conventional materials like carpets. Over a time, we have seen rapid pace of development in flooring industry and the preferences of flooring has been migrated from hardwood to ceramic, then to laminate and now from laminate to resilient or vinyl flooring. Luxury Vinyl Tile (LVT) has sparked the industry and is set to be the next biggest evolution in flooring.*

*As our name defines, we are responsive to the fast vicissitudes and igniting the industry with the innovation. We are the first Indian player to bring the world's most beautiful LVT floor 'IMPACT' in India. It's a next generation Rigid Vinyl flooring product, an assortment of blending the latest advancements in core technology with splendid wood and stone visuals. It has superior functional attributes such as elegance; click system, adhesive free, easy installation and maintenance, water & sound proof and heavy traffic endurance.*

*With the changing life style, higher disposable income and advanced manufacturing methods, LVT usage is expected to spur. LVT deliver the real wood or stone like appearance, along with affordability and compatibility. We will get the distinct advantage of being the prime mover in terms of our LVT product positioning, distribution channels and branding power.*

*Our leadership position is entrenched in our pioneering role in the next evolution of the flooring industry. Our worldwide distribution network, unique brand positioning and diversified product portfolio is our salient feature. We are leading the way in global arena with production and sales capabilities in luxury products. We are gearing-up a global sales team to cater all the high growth regions viz. US, Europe, MENA and Asian. Our new invention unbolts the window of B2C opportunity to become a customer brand in the next phase of our growth.*

*Innovation has designed our destiny, become our philosophy and has constantly motivated us to explore beyond the ordinary. Attuned to the changing flooring industry, we are futuristic and introducing more value added products under contract and semi contract vinyl sheet category of vinyl flooring segment. We endeavour every day to retain that entrepreneurial spirit of innovation and performance alive in all we do. Strengthening our existing business by adding more value added products and by broadening our new unique product line along with balanced geographical presence, we are the next evolution in flooring!*

The year under review has been marked as a transformative year for Responsive, led by a shift from our focus to the launch and promotion of IMPACT, Luxury Vinyl Tile in both Indian and Global market. This has been accomplished by strong research and development along-with prudent and professional financial management.

#### Macro Environment

The Global economy viz a viz is on the path to stabilize but its momentum is uncertain and is exposed to substantial risks of trade protectionist measures. Global liquidity conditions have tightened and some large emerging markets and developing economies have experienced financial stress. Further, Global growth is now projected to soften from 3.6% in 2018 to 3.3% in 2019, before bouncing back to 3.6% in 2020.

India is projected to remain one of the fastest growing economies in the world as consumption remains robust and investment growth continues. The economy has achieved significant growth, due to on-going structural reforms and progressive policy measures such as GST implementation, "Make in India", Digital India, Skill India, simplified bankruptcy framework etc. Consequently, India's GDP growth is estimated to have grown 6.8% in FY 2019 as compared to 6.7% in the previous year.

The Government's unwavering push for infrastructure projects in its second term, viz., railways, airports, metros, affordable housing, Housing for all, urbanization and smart city mission are excellent stimulators for the economy's growth in the medium-term, which will further give a lift to your company.

The recovery of the economy at a global scale has boosted the overall construction industry. Specifically, the need to upgrade poor infrastructure, particularly in the developing regions like Africa, Asia, Eastern Europe and Latin America has propelled the growth of the overall flooring market. The global flooring market is anticipated to grow at a CAGR of 7.8% from USD 275 billion in 2018 to USD 430 billion in 2024.

Among the flooring products, Luxury Vinyl Tiles (LVT) is gaining prominence across the globe, due to its superior qualities such as click system which requires no adhesive to stick it to the floor, easy and quick installation, low cost, enhanced durability, excellent sound & water resistance and has potential to withstand heavy foot traffic. As per a study, Globally, LVT market contributes 53.0% of total vinyl flooring market by sales volume. **In 2018, LVT represented second most popular type of vinyl flooring.** India, however, observed only a meager 11.2% market-share of LVT in 2018, and that reflects the humongous growth opportunity in this segment. In India also, LVT products are gaining popularity among several segments viz a viz. sports organizations, retail stores, restaurants, hospitals, schools, airports, pharma to name a few.

We have launched a new and innovative product 'IMPACT' under LVT category in FY 2019, giving us the first-mover advantage. The product is designed to provide an exact look & feel of natural wood and stone flooring. It would not only replace the vinyl flooring market but also disrupt traditional flooring market such as carpet tiles, vitrified tiles, wooden flooring, and ceramic tiles on account of its superior qualities, affordability and convenience. This product will pave our way directly to the end consumers, as we are targeting to tap retail markets along with our established channels. At present around 90% of our business is from Business to Business (B2B) segment via distributors, with this new product gaining traction, the mix would also change in favour of B2C segment. B2C business will help us to establish direct and strong linkage with customers in addition to higher margins as compared to B2B business.

To foray into international markets in high growth LVT business, we have initiated the set-up of a dedicated LVT manufacturing unit in UAE with the capacity of 86 million square feet per annum. This would entail an investment of around USD 30 million, which is funded by internal accruals. We expect the plant installation to be completed by Q3FY 2020 and the cash inflows to be started from Q4FY 2020. The UAE's strategic location provides competitive market advantage along with low-cost of production.

To expand our geographical distribution reach, we are setting up a global sales team and have signed up with new international distributors to ramp up the volume of sales of high-value margin product. We have built up a highly experienced and professional management team, which plays a key role in helping build a robust leadership and succession pipeline.

I am delighted to inform you that we have achieved significant growth in our profits in FY 2019 as compared to previous year. During the year under review, we have been successful in our strategy of transiting into high value-added margin products viz a viz contract and semi-contract vinyl sheets from the low margin printed flooring business. In line with our strategic move, the consolidated revenue for FY 2019 declined by 38.7% to Rs. 7,750.38 million, the EBITDA grew by 7.5% to Rs. 1,398.64 million, with margin expansion by around 775 bps to reach at 18.1% in FY 2019. The profit after tax increased by threefold times to reach Rs. 294.59 million in FY 2019.

**We take pride in informing you that, during the year under review, we continued our policy of remaining long term debt free.** With a strong cash flow position, we have invested around USD 25 million in our UAE subsidiary and duly repaid External Commercial Borrowings during the year, subsequent to which the debt-to-equity ratio improved to 0.12 times in FY 2019.

Our Company is gearing up for strategic transformation. We are among the top four producers of vinyl flooring globally. Our aggressive plan to foray into LVT flooring will help us with first mover advantage in India. With a strong balance sheet position, zero long term debt, a well-diversified value added product portfolio, international expansion, and a high energy young and dynamic team, our Company is well positioned to achieve much higher scale and profitability at the global level. Though continuous and united efforts, it has set strong foundation which will shape the future, in years to come.

We are strongly committed to improve our products and services to meet the changing environment, work with innovative zeal, enhance stakeholder value, and enrich our bonds with employees and business partners.

I would like to take this opportunity to thank all our stakeholders, including our vendors, customers, bankers, financial institutions, Central and State government bodies, dealers, business associates and employees for their firm support and involvement.

We look forward to your continued support in our effort to achieve new milestone.

Sincerely,

**Mr. Rishabh Agarwal**  
**Non-Executive Chairman**

## DIRECTORS' REPORT

### Dear members,

The Board of Directors ("Directors") of Responsive Industries Limited ("the Company") are pleased to present the Thirty Seventh Annual Report on the business and operations of the Company with the Audited Financial Statements for the financial year ended 31 March, 2019.

### FINANCIAL SUMMARY & HIGHLIGHTS

Particulars	Standalone		Consolidated	
	For the year ended		For the year ended	
	2019	2018	2019	2018
Revenue from operations	6,288.32	10,978.37	7,750.38	12,637.01
Other Income	143.39	154.74	244.52	186.96
Profit/Loss before Depreciation, Finance Costs, Exceptional Items and Tax Expense	1,207.27	1,086.08	1,398.64	1,300.81
Less: Depreciation/Amortisation/ Impairment	614.98	656.70	818.99	866.52
Profit/Loss before Finance Costs, Exceptional items and Tax Expense	592.29	429.38	579.65	434.29
Less: Finance Cost	126.74	170.39	129.18	171.85
Profit/Loss before Exceptional items and Tax Expense	465.55	258.99	450.47	262.44
Add/(Less): Exceptional items	-	-	-	50.80
Profit/Loss before Tax Expense	465.55	258.99	450.47	211.64
Less: Tax Expense (Current & Deferred)	181.37	128.24	155.88	118.08
Profit/Loss for the year (1)	<b>284.18</b>	<b>130.75</b>	<b>294.59</b>	<b>93.56</b>
Total Comprehensive Income/Loss (2)	(1.35)	3.29	(1.22)	3.79
Total (1+2)	<b>282.83</b>	<b>134.04</b>	<b>293.37</b>	<b>97.35</b>
Earnings Per Share (EPS) of Re.1/- each	<b>1.06</b>	<b>0.49</b>	<b>1.09</b>	<b>0.41</b>

### COMPANY'S PERFORMANCE

Your Company has earned Total Revenue of Rs. 6288.32 million for the financial year ended 31 March, 2019, as compared to Rs. 10978.37 million in the previous financial year ended 31 March, 2018. The Company has recorded a Net Profit after Tax of Rs. 284.18 million for the financial year ended 31 March, 2019 as compare to the Net Profit after Tax of Rs. 130.75 million for the financial year ended 31 March, 2018.

### COMPANY'S STATE OF AFFAIRS & OPERATIONS

Your Company is a leading domestic manufacturer of Vinyl Flooring and Synthetic leather and is among the top four producers of Vinyl Flooring globally. The Company's main products include Vinyl Flooring, Synthetic Leather, Luxury Vinyl Tile (LVT). The major clients of the Company are from different sectors such as healthcare, hospitality, transportation, IT and telecom, retail, education, sports, infrastructure and real estate. The Company has a wide distribution network and export its products world-wide over more than 70 countries.

In the financial year 2019, your Company has launched a new and innovative breakthrough product 'IMPACT' under Luxury Vinyl Tile (LVT) category. Owing to its superior and unique eminence, viz easy installation, adhesive free, heavy traffic endurance and excellent sound insulation etc., LVT is achieving huge importance across the globe. Apart from focusing on higher margin products, your Company is setting up a LVT manufacturing unit in UAE to expand its geographical footprints and reap the benefit of UAE's strategic location. Being a first mover Indian Company in LVT category along with a firm balance sheet and well differentiated product portfolio, your Company is well placed to seize the tremendous untapped growth opportunity lying in this business segment. During the year under review there were no significant change in the nature of business carried on by the Company and its subsidiaries.



## **DIVIDEND**

Based on Company's performance, the Directors have recommended a dividend of Re. 0.12 per equity share of face value of Re.1/- each (at the rate of 12%), payable to those eligible shareholders whose name appear in the Register of Members as on Cut-off Date. The total dividend to be paid on equity shares for the financial year 2019 is Rs. 32.03 million. The dividend tax payable on dividend declared is Rs. 6.51 million. The dividend will be paid in accordance with the Company's dividend distribution policy which is also available on the website of the Company [www.responsiveindustries.com/policies](http://www.responsiveindustries.com/policies).

## **TRANSFER TO RESERVES**

The Board of Directors has decided not to transfer any amount to reserves for the year under review.

## **SHARE CAPITAL**

The paid up equity share capital as on 31 March, 2019 stood at Rs. 266.91 million. During the year under review, the Company has not issued any shares with differential voting rights nor granted any stock options or sweat equity shares. As on 31 March, 2019, 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.

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

### **Domestic Subsidiary**

Axiom Cordages Limited, material non listed subsidiary incorporated in the year 15 April, 1999 is a rope manufacturing company. The Total Revenue of the Company stood at Rs. 1,525.39 million (Previous year: 2,003.29 million) and the Profit after tax for the year stood at Rs. 14.79 million (Previous year: Rs. (35.32) million).

### **Foreign Subsidiaries**

Responsive Industries Limited, Hong Kong incorporated in the year 2017 is a wholly owned subsidiary. The Company has recorded loss of 10,031 USD (equivalent to Rs. 6,73,707) for the year ended 31 March, 2019.

Responsive Industries Limited, UAE incorporated in the year 2018 is a step down subsidiary of the Company. The Company has recorded profit of 4,754 USD (equivalent to Rs. 3,19,291) for the ended 31 March, 2019.

Axiom Cordages Limited, Hong Kong incorporated in the year 2017 is a step down subsidiary of the Company. The Company has recorded profit of 19,795 USD (equivalent to Rs.13,29,482) for the ended 31 March, 2019.

Axiom Cordages Limited, UAE incorporated in the year 2018 is a step down subsidiary of the Company. The Company has recorded profit of 3,537 USD (equivalent to Rs. 2,37,487) for the year ended 31 March, 2019.

The policy for determining Material Subsidiary of the Company is available on the website of the Company at [www.responsiveindustries.com/policies](http://www.responsiveindustries.com/policies). The Company does not have any Associate Company & Joint Venture.

The requirement of appointing Independent Director of the Company on the Board of the Indian subsidiary company has been duly complied with. The requirements of Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements), Regulations, 2015 ("SEBI Listing Regulations") with regard to subsidiary company have been complied with.

## Consolidated Financial Statements

The Consolidated Financial Statements of the Company are prepared in accordance with the "Ind AS" issued by the Institute of Chartered Accountants of India.

Pursuant to Section 129(3) of the Act read with Rule 5 of the Companies (Accounts) Rules, 2014, a statement containing salient features of the Financial Statements of subsidiaries/ associate companies/ joint ventures is given in Form AOC-1 which forms an integral part of this Report.

Further, pursuant to the provisions of Section 136 of the Act, the Standalone and Consolidated Financial Statements along with relevant documents of the Company and separate Audited Financial Statements in respect of subsidiaries are available on the website of the Company at [www.responsiveindustries.com/financial-results](http://www.responsiveindustries.com/financial-results).

The Financial Statements of foreign subsidiaries Responsive Industries Limited, Hong Kong and foreign step down subsidiary Axiom Cordages Limited, Hong Kong are prepared in accordance with the Hong Kong Financial Reporting Standards for private entities (HKFRS for PE) issued by the Hong Kong Institute of Certified Public Accountants (HKICPA) and in Compliance with the Hong Kong Companies Ordinance.

The Financial Statements of foreign step-down subsidiaries Responsive Industries Limited, UAE and Axiom Cordages Limited, UAE are prepared in accordance with International Financial Reporting Standards.

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

In terms of the provision of Regulation 34 of the SEBI Listing Regulations (LODR), 2015 and amendments thereto the Management Discussion and Analysis Report is provided as "**Annexure A**" forming part of this Annual Report.

## CORPORATE GOVERNANCE REPORT

As per Regulation 34(3) read with Schedule V of the SEBI Listing Regulations (LODR), 2015 and amendments thereto a separate Section on corporate governance practices followed by the Company, together with a certificate from the Company's Secretarial Auditors confirming compliance are provided as "**Annexure B**" Corporate Governance Report forming part of this Annual Report

## 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 provided as "**Annexure C**" forming part of this Annual Report.

## DIRECTORS AND KEY MANAGERIAL PERSONNEL

### Appointments

The Board on recommendation of Nomination and Remuneration Committee ("**NRC**") has appointed Mr. Rajiv Kumar Bakshi (DIN: 00264007) and Ms. Bhumika Jain (DIN: 08083360) as Additional Directors (Independent Non-Executive) with effect from 17 October, 2018 and 24 May, 2019 respectively for a term of 5 (Five) years subject to approval of members. Accordingly, the Board recommends the resolution in relation to appointment of Mr. Rajiv Kumar Bakshi and Ms. Bhumika Jain as Independent Directors of the Company for a term of 5 (Five) years. Their brief profiles along with the resolutions seeking members' approval for their appointments forms part of the Notice convening the ensuing Annual General Meeting.

During the year under review, the Non-Executive Directors of the Company had no pecuniary relationship or transactions with the Company, other than sitting fees, commission and reimbursement of expenses incurred by them for the purpose of attending meetings of the Board/Committee of the Company and professional fees for rendering professional services.