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ANNUAL REPORT
2019-2020

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38th Annual General Meeting on Thursday, December 24, 2020 at 11.00 a.m. through Video Conferencing or Other Audio Visual Mean.

**CORPORATE
INFORMATION**

BOARD OF DIRECTORS

Mr. Rishabh Agarwal
Mr. Mehul Vala
Mr. Mrunal Shetty
Mr. Rajiv Kumar Bakshi
Ms. Jyoti Rai
Ms. Bhumika Jain

Non-Executive Chairman
Whole Time Director
Executive Director
Independent Non - Executive Director
Independent Non - Executive Director
Independent Non - Executive Director

KEY MANAGERIAL PERSONNEL

Mr. Mehul Vala
Mr. Mrunal Shetty
Ms. Ruchi Jaiswal

Chief Executive Officer
Chief Financial Officer
Company Secretary

STATUTORY AUDITORS

M/s Shah & Taparia
Chartered Accountants
203, Center Point Bldg.
100, Dr. Babasaheb Ambedkar Rd.
Lalbaug, Parel, Mumbai-400 012

SECRETARIAL AUDITOR

M/s. 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

PRINCIPAL BANKER

Union Bank of India, Mumbai

REGISTERED AND CORPORATE OFFICE

Village Betegaon, Mahagaon Road,
Boisar (East), Taluka Palghar,
Dist. Thane – 401501
Tel No.: (022) 66562821
Fax No.: (022) 66562798
Email: investor@responsiveindustries.com
Website: www.responsiveindustries.com
CIN NO: L65100MH1982PLC027797

DIRECTORS' REPORT

DEAR MEMBERS,

The Board of Directors ("Directors") of Responsive Industries Limited ("the Company") is pleased to present the Thirty Eighth Annual Report on the business and operations of the Company with the Audited Financial Statements for the financial year ended March 31, 2020.

FINANCIAL SUMMARY & HIGHLIGHTS

Particulars	Standalone		Consolidated	
	For the year ended		For the year ended	
	2020	2019	2020	2019
Revenue from operations	4,340.55	6,288.32	5,331.23	7,750.38
Other Income	171.99	143.39	282.19	244.52
Profit/Loss before Depreciation, Finance Costs, Exceptional Items and Tax Expense	1,052.15	1,207.27	1,256.89	1,398.64
Less: Depreciation/Amortisation / Impairment	574.71	614.98	779.16	818.99
Profit/Loss before Finance Costs, Exceptional items and Tax Expense	477.44	592.29	477.73	579.65
Less: Finance Cost	208.70	126.74	212.75	129.18
Profit/Loss before Exceptional items and Tax Expense	268.74	465.55	264.98	450.47
Add/(Less): Exceptional items	-	-	-	-
Profit/Loss before Tax Expense	268.74	465.55	264.98	450.47
Less: Tax Expense (Current & Deferred)	21.54	181.37	21.26	155.88
Profit/Loss for the year (1)	247.20	284.18	243.72	294.59
Total Comprehensive Income/Loss (2)	(0.52)	(1.35)	9.98	(1.22)
Total (1+2)	246.68	282.83	253.70	293.37
Earnings Per Share (EPS) of Re. 1/- each	0.93	1.06	0.92	1.09

COMPANY'S STATE OF AFFAIRS & OPERATIONS

On a consolidated basis, the revenue for FY 2020 was 5,331.23 million, lower by 31.21% over the previous year's revenue of 7,750.38 million. The profit after tax (PAT) attributable to shareholders and non-controlling interests for FY 2020 was Rs.241.83 million and Rs.1.89 million respectively. The profit after tax (PAT) attributable to shareholders and non-controlling interests for FY 2019 was Rs. 287.04 million and Rs. 7.55 million respectively.

On a standalone basis, the revenue for FY 2020 was 4,340.55 million, lower by 30.97% over the previous year's revenue of 6,288.32 million in FY 2019. The PAT attributable to shareholders for FY 2020 was 246.68 million registering a decline of 12.78% over the PAT of 282.83 million for FY 2019.

DIVIDEND

Based on Company's performance during the year, the Board in the Board Meeting held on November 07, 2019 have declared and paid interim dividend of Re 0.03 per equity share of face value of Re, 1/- each (at the rate of 3%) during the financial year 2019-20. The Directors have also recommended final dividend of Re.0.07 per equity share of face value of Re.1/- each (at the rate of 7%) taking total to Rs. 0.10 per equity share for the financial year 2019-20. The final dividend shall be payable to those eligible shareholders whose name appear in the Register of Members as on Cut-off Date. The final dividend on

equity shares, if approved by the Members, would be Rs. 18.68 million. The dividend tax payable on dividend declared is Rs. 3.80 million.

The Dividend Distribution Policy, in terms of Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") is disclosed in the Corporate Governance Report and is uploaded on the Company's website at 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 March 31, 2020 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 March 31, 2020, 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

The Company is having total 7 (Seven) subsidiaries including step down subsidiaries. There are no associate or joint venture companies within the meaning of Section 2(6) of the Companies Act, 2013 ("Act"). There has been no material change in the nature of the business of the subsidiaries. The policy for determining material subsidiary of the Company is available on the website of the Company at www.responsiveindustries.com/policies.

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 has been complied with.

Domestic Subsidiary

Axiom Cordages Limited, material non listed subsidiary incorporated in the year April 15, 1999 is a rope manufacturing company. The Total Revenue of the Company stood at Rs. 990.68 million (Previous year : 1,525.39 million) and the Profit after tax for the year stood at Rs. 2.02 million {Previous year : Rs. 14.79 million}.

Foreign Subsidiaries

Responsive Industries Limited, Hong Kong incorporated in the year June 02, 2017 is a wholly owned subsidiary. The Company has recorded net loss of 6,814 USD (equivalent to Rs. 0.52 million) for the year ended March 31, 2020.

Responsive Industries Limited, UAE incorporated in the year March 15, 2018 is a step down subsidiary of the Company. The Company has recorded net loss of 36,922 USD (equivalent to Rs. 2.79 million) for the year ended March 31, 2020.

Axiom Cordages Limited, Hong Kong incorporated in the year June 02, 2017 is a step down subsidiary of the Company. The Company has recorded net loss of 7,913 USD (equivalent to Rs. 0.60 million) for the year ended March 31, 2020.

Axiom Cordages Limited, UAE incorporated in the year April 11, 2018 is a step

down subsidiary of the Company. The Company has recorded net loss of 13,889 USD (equivalent to Rs. 1.05 million) for the year ended March 31, 2020.

Responsive Industries Private Limited, Singapore incorporate in the year January 21, 2020 is a wholly owned subsidiary of the Company. The Company is yet to start its operation.

Responsive Industries LLC, USA is a step down subsidiary incorporated on March 06, 2020. The LLC is yet to start its operations.

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/annual-report.

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**" 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

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 service.

Pursuant to the provisions of Section 203 of the Companies Act, 2013, the Key Managerial Personnel of the Company as on March 31, 2020 are: Mr. Mehul Vala, Chief Executive Officer and Whole Time Director, Mr. Mrunal Shetty, Chief Financial Officer & Executive Director, and Ms. Ruchi Jaiswal, Company Secretary.

Re-appointment

In accordance with the provisions of Section 152 of the Companies Act, 2013 and read with the Article 24 of the Articles of Association of the Company, Mr. Mrunal Shetty (DIN: 08362895) being longest serving director retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment. Accordingly, the Board recommends a resolution in relation to his re-appointment as director of the Company. A brief profile along with the resolution seeking members' approval for his appointment forms part of the Notice convening the ensuing Annual General Meeting.

Resignation

Mr. Shobha Singh Thakur (DIN: 00001466), Non-Executive Independent Director of the Company who was re-appointed in the Annual General Meeting held on September 29, 2017 for second term of 5 (Five) years has resigned from the office with effect from June 13, 2019 on personal ground. The Director has confirmed that the resignation is purely personal in nature and there is no other material reason other than those provided. The disclosure in this regard is available on the Company's website at www.responsiveindustries.com/news-announcements.

DECLARATION BY INDEPENDENT DIRECTOR

Pursuant to the provisions of Section 149 of the Companies Act, 2013 the Independent Directors have submitted declarations that each of them meet the criteria of independence as provided under Section 149(6) of the Companies Act, 2013 along with Rules framed thereunder and Regulation 16(1)(b) of the SEBI Listing Regulations. Further there has been no change in the circumstances affecting their status as Independent Director of the Company.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(5) of the Companies Act, 2013, the Directors of your Company to the best of their knowledge state that:

- (a) in the preparation of the annual financial statements for the year ended 31 March, 2020, the applicable Indian Accounting Standards (Ind AS) 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, 2020 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.

BOARD MEETINGS

During the year, 5 (Five) Board Meetings were held. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013. As stipulated by Code of Independent Directors under the Companies Act, 2013, a separate meeting of the Independent Directors of the Company was held on February 14, 2020 to review the performance of Non-Independent Directors, Chairman and the Board as a whole. The meeting details are provided in “**Annexure B**” Corporate Governance Report, forming part of this Annual Report.

BOARD COMMITTEE

The Board has formed various Committees as required under the Companies Act, 2013 and the SEBI Listing Regulations. Detail report on composition of Committees, number of meeting held during the year and the changes in the composition during the year are provided in “**Annexure B**” Corporate Governance Report forming part of this Annual Report.

BOARD EVALUATION

Pursuant to Section 178(2) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 and as per the provision of Schedule IV of the Companies Act, 2013 (Code for Independent Directors), and SEBI Listing Regulations (LODR), 2015 and amendments thereto, the Board of Directors has carried out an annual evaluation of its own performance, board 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 criteria such as the board composition and structure, board culture, effectiveness of board processes, information, functioning and governance etc.

The performance of the committees was evaluated by the board after seeking inputs from the committee members on the basis of criteria such as the composition of committees, effectiveness of committee meetings, information etc.

A separate exercise was carried out to evaluate the performance of individual Independent Directors, 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.

In a separate meeting of Independent Directors held on February 14, 2020, performance of Non-Independent Directors, performance of the Board as a whole and performance of the Chairman was evaluated, taking into account the view of the Executive Directors and Non-Executive Directors. Also the quality, quantity and timeliness of flow of information between the Company management and the Board were assessed that was deemed necessary for the Board to effectively and reasonably perform their duties.

POLICY ON DIRECTOR'S APPOINTMENT AND REMUNERATION

The Company's policy on director's appointment and remuneration as required under Sub-Section (3) of Section 178 of the Companies Act, 2013, is provided in “**Annexure B**” Corporate Governance Report forming part of this Annual Report. The policy is also available on the website of the Company at www.responsiveindustries.com/policies.

AUDITORS AND AUDIT REPORTS

Statutory Auditor

Pursuant to Section 139 of the Companies Act, 2013 and Rules made there under, M/s Shah & Taparia, Chartered Accountants (Firm Reg. No: 109463W) was appointed as Statutory Auditor of the Company for a period of 5 (Five) consecutive years, from the conclusion of the 37th AGM till the conclusion of the 42nd AGM of the Company. The firm has confirmed their eligibility under Section 141 of the Companies Act, 2013 and the rules framed thereunder for continuing as Auditors of the Company.

The requirement to place the matter relating to appointment of auditors for ratification by Members at every AGM has been done away by the Companies (Amendment) Act, 2017 with effect from May 7, 2018. Accordingly, no resolution is being proposed for ratification of appointment of statutory auditors at the ensuing AGM and a note in respect of same has been included in the Notice for this AGM

Audit Report

The Statutory Auditor's Report (Standalone & Consolidated) for the financial year ended March 31, 2020 does not contain any qualification, reservation or adverse remark and is prepared as per "Ind AS" and form part of this Annual Report.

Cost Auditors

Pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014, the Company is required to get its cost records audited and the audit shall be conducted by a Cost Accountant in practice who shall be appointed by the Board on such remuneration as may be determined by the Board subject to approval of the members of the Company.

On recommendations of Audit Committee, the Board has appointed M/s. S K Agarwal & Associates (Mem. No:7880) to audit the Cost Accounts of the Company for the financial year 2020-21. Further the Board recommended for Members' approval remuneration of Rs. 1,50,000/- (Rupees One Lakh Fifty Thousand Only) annually inclusive of out of pocket expenses payable to the Cost Auditor for the financial year 2020-21. Accordingly, a resolution seeking member's approval for the remuneration payable to the Cost Auditor forms part of the Notice convening the Annual General Meeting.

Internal Auditor

Pursuant to Section 138 of the Companies Act, 2013 and on recommendation received from Audit Committee, the Board has appointed M/s Shambhu Gupta & Co. Chartered Accountants, Mumbai, (Firm Reg No: 007234C) as an Internal Auditors of the Company to conduct Internal Audit for the financial year 2020-21, on a remuneration as decided by the Chairman in consultation with the Internal Auditor.

Secretarial Auditor

Pursuant to the provisions of Section 204 of the Companies Act, 2013, read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. P.P. Shah & Co., Practising Company Secretaries, Mumbai (CP No:436) to undertake the Secretarial Audit of the Company for the financial year 2020-21 on a remuneration as decided by the Chairman in consultation with the Secretarial Auditor.

The Secretarial Audit Report in Form MR-3 for the financial year 2019-20 is annexed herewith as "**Annexure D**" forming part of this Annual Report. The Secretarial Audit Report does not contain any qualification, reservation or

adverse remark except for partial spending of amount towards Corporate Social Responsibility. The Board explained the reason for unspent amount that the Company has been working on identifying suitable projects for spending unspent CSR amounts to serve the needy section of the society. However this has been taken more time than estimated looking at the total spending requirement.

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.

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 efficiency and adequacy of Internal Control System in the Company, its compliance with operating systems, accounting procedures and policies of the Company and its subsidiaries. Based on the report of internal audit function, corrective action are undertaken in the respective areas to strengthen the controls and to enhance the effectiveness of the existing system. Significant audit observations and corrective actions thereon are presented to the Audit Committee of the Board.

Internal Financial Control

As per Section 134(5)(e) of the Companies Act, 2013, Internal Financial Control means the policies and procedures adopted by the Company for ensuring:

- accuracy and completeness of the accounting records
- safeguarding of its assets, prevention and detection of fraud and error
- orderly and efficient conduct of business operations including adherence to the company's policies
- timely preparation of reliable financial information

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 was adequate and operating effectively as on March 31, 2020. During the year under review, no material or serious observation has been observed for inefficiency or inadequacy of such controls.

REPORTING OF FRAUD BY AUDITORS

During the year under review there are no instance of any fraud reported by Statutory Auditor or Secretarial Auditor or Cost Auditor under Section 143(12) of the Companies Act, 2013, by the Company or any fraud on the Company by its officers or employee, the details of which is needed to disclosed in the Board's Report.

PARTICULARS OF LOANS, GUARANTEES, INVESTMENTS AND SECURITIES

During the year under review, the Company has not given any loan or guarantee or provided security in connection with loan to any other body corporate or person as specified in Section 186 of the Companies Act,