

Date : 05-09-2020

Corporate Relationship Department  
BSE Limited,  
1st Floor, New Trading Ring,  
Rotunda Building,  
PhirozeJeejeebhoy Towers,  
Dalal Street, Fort, Mumbai - 400 001

The Manager, Capital Market (Listing)  
National Stock Exchange of India Limited  
Exchange Plaza,  
BandraKurla Complex,  
Bandra East,  
Mumbai -400051

Scrip Code / ID : 524019 / KINGFA

Symbol : KINGFA

**Sub : Annual Report for the Financial Year 2019 - 20 alongwith  
Notice convening 36<sup>th</sup> Annual General Meeting**

Dear Sir / Madam,

As required under Regulation 34 and Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we submit herewith the Annual Report of the Company for the Financial Year 2019-20 along with the Notice convening the 36<sup>th</sup> Annual General Meeting scheduled to be held on Tuesday, September 29, 2020 at 11.30 A.M. (IST) through Video Conferencing/Other Audio Visual Means in accordance with the General Circular No. 14/2020 dated April 08, 2020, General Circular No. 17/2020 dated April 13, 2020 and General Circular No. 20/2020 dated May 05, 2020 issued by Ministry of Corporate Affairs and Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 issued by SEBI and applicable provisions of the Companies Act, 2013.

The remote e-Voting period commences on Saturday, September 26, 2020 at 9.00 a.m. (IST) and ends on Monday, September 28, 2020 at 5.00 p.m. (IST). The cut- off date i.e. Tuesday, September 22, 2020.

The Annual Report for the Financial year 2019-20 along with the Notice convening the 36<sup>th</sup> Annual General Meeting is uploaded on the website of the Company at [www.kingfaindia.com](http://www.kingfaindia.com).

Please take the above information on record.

Thanking you,  
Yours faithfully,  
for **Kingfa Science & Technology (India) Limited**,



**(NIRNOY SUR)**  
Company Secretary

Encl : as above

**KINGFA** 金发科技(印度)有限公司  
KINGFA SCIENCE & TECHNOLOGY (INDIA) LIMITED

# 2019 - 2020 ANNUAL REPORT



**Board of Directors**

Mr. Bo Jingen, *Managing Director*  
 Mr. Wu Xiaohui, *Whole-time Director*  
 Mr. N.Subramanian, *Independent Director*  
 Mr. Dilip Dinkar Kulkarni, *Independent Director*  
 Ms. Nilima Ramrao Shinde, *Independent Director*  
 Mr. D.Balaji, *Executive Director*

**Chief Financial Officer**

Mr. Xie Dongming

**Company Secretary**

Mr. Nirnoy Sur

**Registered Office**

Dhun Building, III Floor,  
 827, Anna Salai, Chennai - 600 002  
 Telephone: + 91 - 44 - 28521736  
 Fax : + 91 - 44 - 28520420  
 E-Mail : cs@kingfaindia.com  
 Website : www.kingfaindia.com  
 CIN : L25209TN1983PLC010438

**Works**

Plot No : F 5/5, Chakan Industrial Area, Phase-2, MIDC,  
 Village - Vasuli – Shinde, Tal Khed, Pune – 410 501  
 RS No. 38/1, Sedarapet Industrial Area, Sedarapet, Puducherry - 605 111  
 G 34, Addl, Jejuri Industrial Area, Jejuri, Tal, Purandar, Pune - 412 303  
 Plot No - 406, Sector - 8, IMT Manesar, Gurgaon - 122 050, Haryana

**Statutory Auditors**

M/s. P. G. Bhagwat  
 Chartered Accountants,  
 Suites 101 - 102, 'Orchard'  
 Dr. Pai Marg, Baner, Pune - 411 045  
 Phone : +91 - 020 - 27290771, 27291772 / 3  
 E-Mail : pgb@pgbhagwatca.com

**Cost Auditor**

Mr. K. Suryanarayanan  
 Cost Accountant  
 Flat A, Brindhavan Apartments,  
 No.1, Poes Road, 4th Street,  
 Teynampet, Chennai - 600 018.  
 Phone : +91 - 44 - 24328836  
 E-Mail : cwasuri@gmail.com

**Secretarial Auditor**

Ms. Shaswati Vaishnav  
 Practicing Company Secretary  
 Vaishnav Associates  
 B 308, Madhukunj Apartments,  
 8<sup>th</sup> Lane, Koregaon Park,  
 Opp. Mad House Grill, Pune - 411 001.  
 Phone : +91 - 020 - 65232373  
 E-Mail : shaswati.vaishnav@gmail.com

**Bankers**

Citibank N.A., Chennai – 600 002  
 The Hongkong and Shanghai Banking Corporation Limited, Chennai – 600 086  
 State Bank of India, Chennai – 600 001  
 Industrial and Commercial Bank of China Limited, Mumbai – 400 051

**Registrar & Share Transfer Agent**

M/s. Integrated Registry Management Services Private Limited  
 2nd Floor, Kences Towers,  
 No.1, Ramakrishna Street,  
 North Usman Road,  
 T. Nagar, Chennai - 600 017.  
 Telephone : +91 - 44 - 28140801 - 03  
 Fax : +91 - 44 - 28142479  
 E-Mail : yuvraj@integratedindia.in

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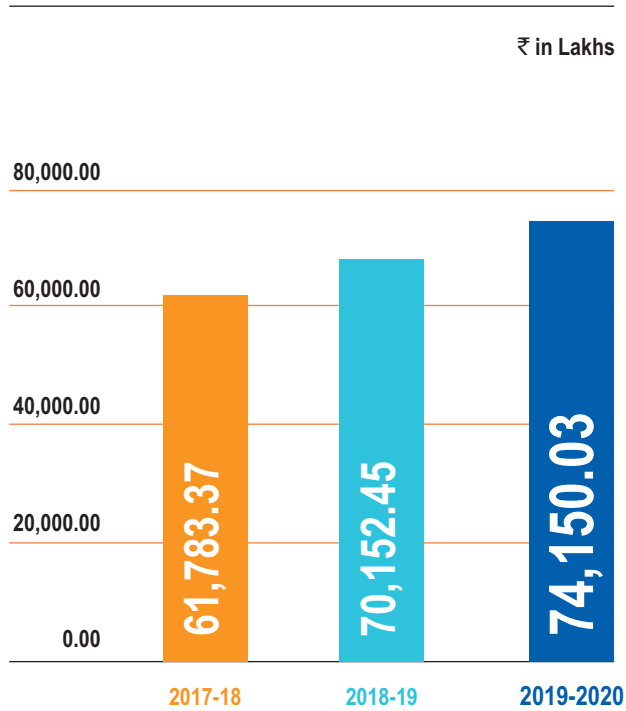
## FIVE - YEAR FINANCIAL DATA

(₹ in Millions)

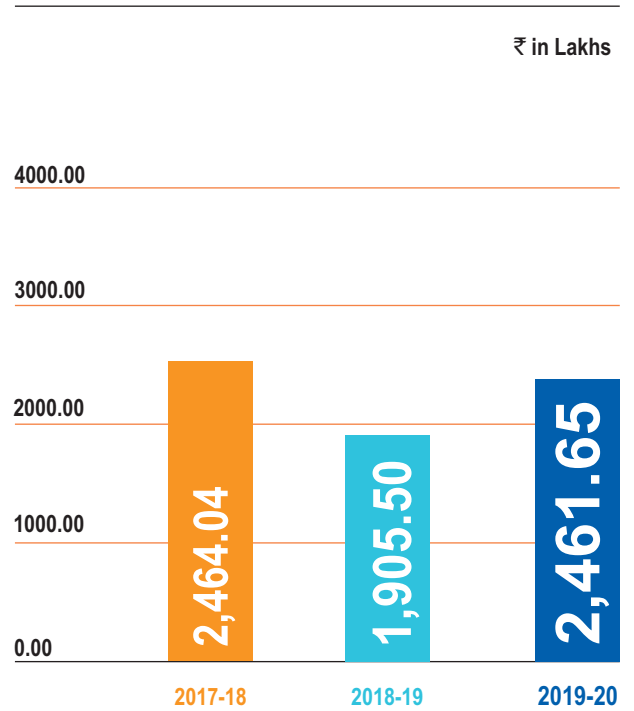
For the Year	2019-20	2018-19	2017-18	2016-17	2015-16
Sales : Domestic	7,361.740	6,980.709	6,175.342	4,825.695	3,557.465
Exports	53.263	34.536	2.996	6.550	2.486
Operating Profit (PBIDT)	456.695	393.039	468.505	190.394	275.329
Finance Cost	33.693	20.724	20.402	(10.505)	72.098
Depreciation and amortisation Expense	89.562	80.080	62.230	30.542	29.393
Tax expenses - Current	102.590	109.000	117.000	38.200	20.111
- Deferred	(15.315)	(7.315)	22.469	13.809	45.732
Profit/(Loss) After Tax	246.165	190.551	246.404	118.348	107.994
<b>As at the end of the Year</b>					
Share Capital	121.105	121.105	121.105	101.106	101.106
Reserves & Surplus	3,364.790	3,123.820	2,931.827	1,211.516	1,093.168
Loan Funds	182.046	166.461	156.556	156.466	160.037
Gross Block	1,541.865	1,236.509	1,181.955	987.024	592.184
Net Current Assets	1,345.209	1,661.312	2,291.091	1,738.518	634.015
<b>Measures of Investment</b>					
Return on Capital Employed (%)	10.01%	9.06%	12.74%	10.88%	18.16%
Return on Equity (%)	7.06%	5.87%	8.07%	9.02%	9.04%
Earnings per Share (₹)	20.33	15.73	20.51	11.71	13.55
Dividend Cover (Times)	-	-	-	-	-
Dividend (%)	-	-	-	-	-
Book Value of an Equity Share	287.842	257.944	252.090	129.827	118.121
<b>Of Performance</b>					
- Profitability (%)					
Profit/(Loss) before Tax (%)	4.50%	4.17%	6.41%	3.99%	5.53%
Profit/(Loss) after Tax (%)	3.32%	2.72%	4.10%	2.77%	3.44%
- Capital Turnover (times)	2.02	2.03	1.90	3.29	2.63
- Stock Turnover (times)	6.67	5.46	5.41	7.01	6.00
- Working Capital Turnover (times)	5.51	4.22	2.70	2.78	5.61
<b>Of Financial Status</b>					
- Debt-Equity Ratio (times)	0.05	0.05	0.05	0.12	0.13
- Current Ratio	1.65	1.81	2.43	1.88	1.67
- Fixed Assets to Shareholders' Funds (times)	0.31	0.55	0.32	0.57	0.24

## PERFORMANCE METRICS

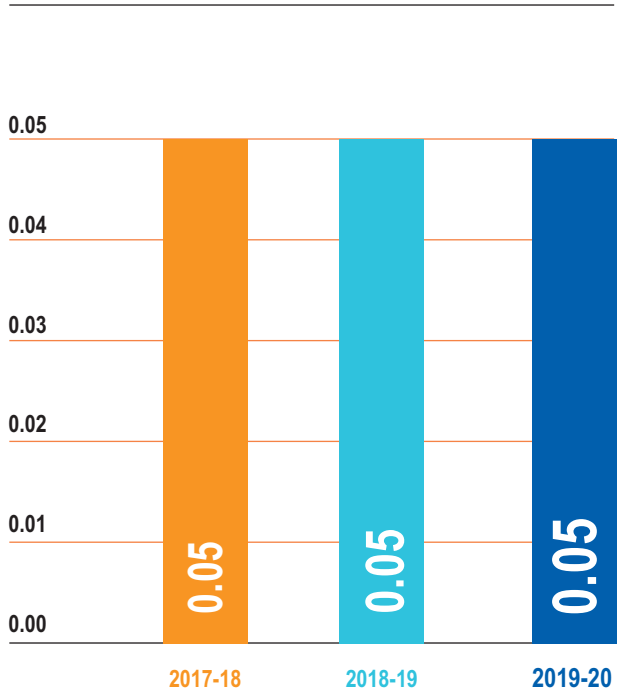
### Revenue



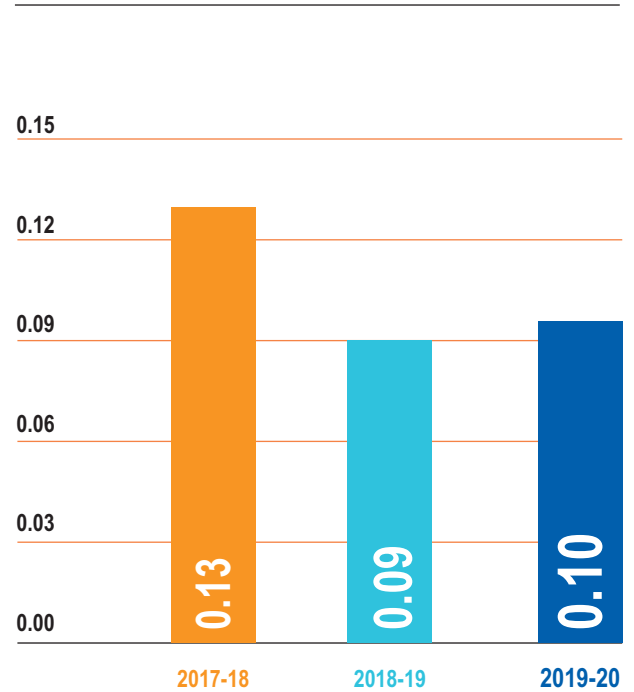
### PAT



### Debt-Equity Ratio (Times)



### Return on Capital Employed (%)



## Use of Masks - Need of the hour for protection during Covid-19

The financial year 2019-20 came to an abrupt closure in India as well as globally with onset of Novel Corona Virus referred to as Covid-19. The pandemic which was limited to few nations in Jan'20 started spreading to other nations fast and as we closed the year 2019-20, almost all the countries are in lock-down as a precautionary measure to contain the spread of virus. In the modern times, Covid-19 is the major disruptor considering the spread over most of the nations and the lack of known medicines to treat the infection.

Pandemics and Epidemics are not new to the mankind. What is a Pandemic and an Epidemic?

An EPIDEMIC is a disease that affects a large number of people within a community, population or a region.

A PANDEMIC is an epidemic that has spread over multiple countries or continents.

From time immemorial human civilisation has faced pandemics/epidemics at different times in different countries. Many pandemics were widespread causing huge loss of human lives. While some of them were limited to a particular continent, some were global. Following is a list of some of the pandemics that the world has gone through.

S.no.	Epidemic	Period	Affected Region	Loss of Human Lives
1	Antonine Plague	165AD	Asia Minor	>1 million
2	Plague of Justinian	541-542AD	Europe	said to have wiped out half the population in Europe
3	The Black death	1346-53AD	Europe, Africa & Asia	75 – 200 Million
4	Third Cholera pandemic	1852-56AD	Global	>1 million
5	Flu pandemic	1889-90AD	Global	>1 million
6	Flu pandemic	1918AD	Global	>1 million
7	Asian Flu	1956-58AD	Asia	>2 million

In all these pandemics, absence of immediate medical relief added to misery. The medical facilities in those times could not cope up with the onslaught of the spread. However the human kind managed to come out of the pandemic and survived. Some of the notable points are that in those days there were no global agencies that took up the advisory role like the present day WHO and largely preventive measures took time to reach the suffering people.

It is not out of place to mention here the containment that we could have had if preventive measures such as use of masks and sanitisers were practiced.

In the current Covid-19 situation we are fortunate that we have global agencies who disseminate information relevant for preventing and containing the spread.

Use of facial masks is considered primary in keeping the virus away from our nostrils and mouth which are the areas/routes for the infection. A write up on Masks, it's varieties and efficacies will be of use to the public at this stage.

### Types of Masks in general use:

#### a. 3 Ply Masks



**Disposable Non-medical Masks:** These are used by the general public to guard against spread of any micro-organism when they sneeze or cough.

**Disposable Medical Masks:** These are used in the health industry including medical professionals.

## b. Foldable Masks

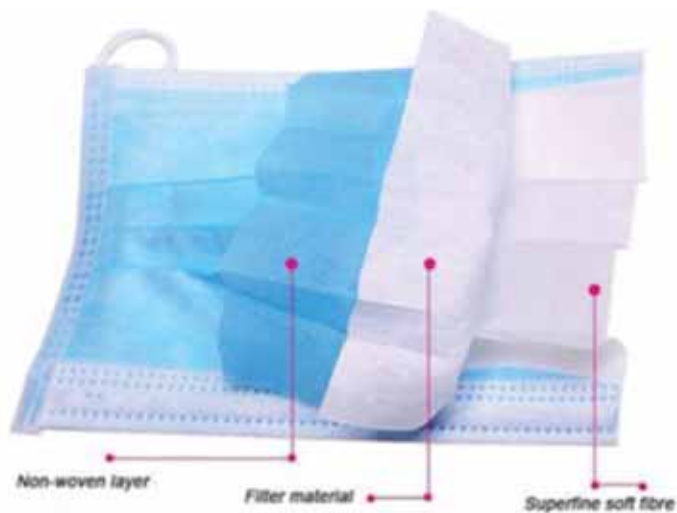
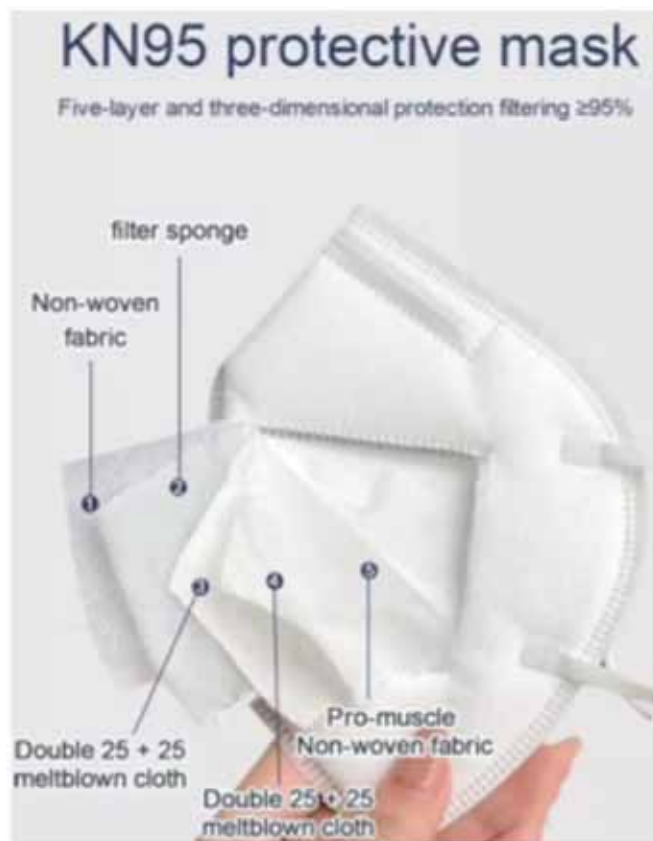
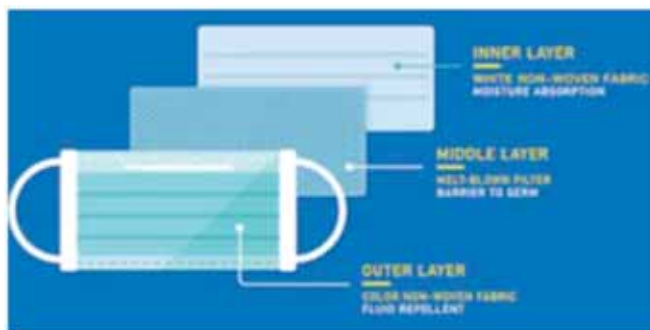
These are essentially used by Health workers and people who work closely with masses and also by people working in dusty environment. Different types of masks are made suitable for different uses. This helps in filtering harmful micro organisms in breathing as well as micro particles. It is also a safe solution for the common public to move around in times of emergencies such as the current Covid-19 crisis or similar.



### Construction of Masks:

The masks are essentially made of synthetic materials with almost all the fabrics made of Polypropylene. While the outer extreme layers are PP non-woven fabric, the middle layer (one or two) uses Melt Blown PP. This middle layer, made of Melt Blown PP, gives the protection against Virus/bacteria as well as effective in filtering particulate matter. The outer layers made of non-woven PP have micro pores to facilitate flow of air – both ways apart from softness for the layer coming into contact with the skin.

In the case of foldable masks, it can be of 4 layers/5 layers/6 layers. Additional layers may be of melt blown fabrics or Hot Air spun bond fabric which is fluffy, spongy and softer.

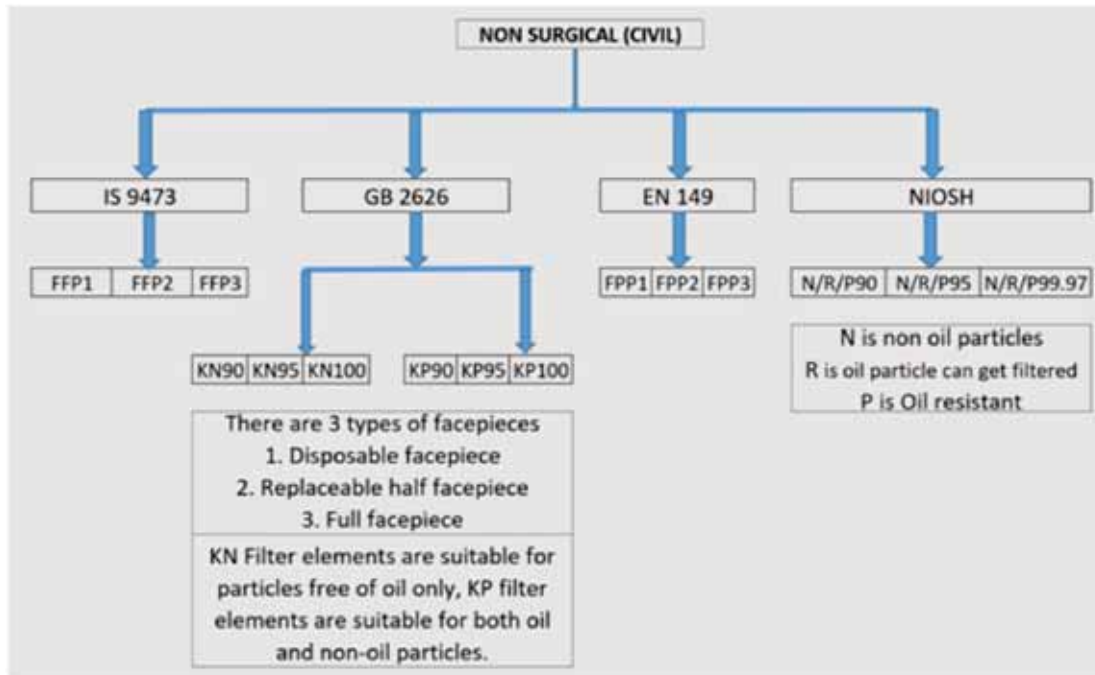




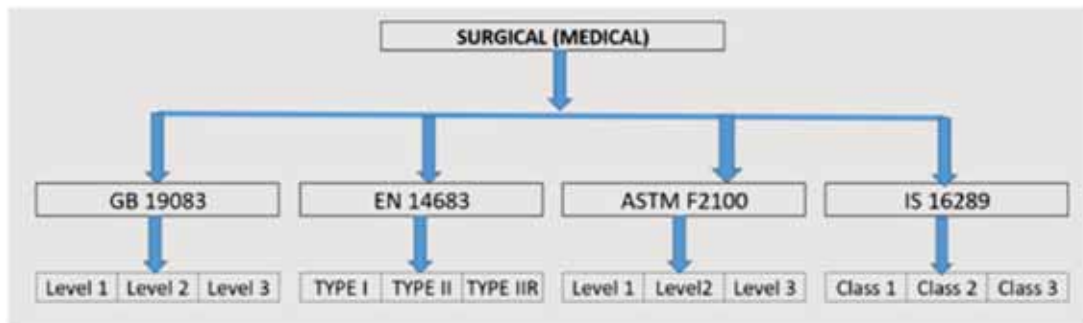
**Standards governing the Masks:**

The standards governing the masks are primarily of two types

- Non-Surgical Masks (Civil): The foldable masks come under this category



- Surgical Masks (Medical): The 3 ply masks used in the health industry come under this category



With so many standards in place, common public get confused on what is the right mask to wear. The standards are different from country to country. Most of them strive to be of similar in characteristics defined. The public can choose any mask as long as it is certified to one of the above standards.

Apart from the above masks we also see in India, masks made of plain cloth worn by general public. While they give protection against direct contact with the germs thrown out by people sneezing or coughing, the cloth mask do not offer protection against the inhalation of germs through the cloth layer as the cloth cannot filter the germs. The following picture gives the efficiency of some of the common types of masks used by the public.



Now that we are in the high risk environment like Covid-19, it is very important to use Masks and to choose the right type of masks to protect ourselves. It may be little uncomfortable to wear or breath through the masks, but it will be safe for ourselves as well as for others.

**‘WEAR MASK – BE SAFE’**

(This article is intended to be of a general description and cannot be taken as prescriptive)

## Recognition



### CSR Snapshots

Car to Anandam Homes (A Free Home for Senior Citizens), Chennai to commute elderly people to hospital for treatment.



Medical Equipment's, Vehicle Parking Shed, Patients Waiting Shed, 108 Ambulance Parking Shed and Partitions for the patients in VANUR GOVERNMENT HOSPITAL which is a TALUK HOSPITAL.



### CSR Snapshots



Steel Desk, Uniforms, Trays and other essentials to the Kindergarten School at Anganvady, V.Pudhukuppam.



### CSR Snapshots

#### Smart TV to School Children's in Pune



#### Sports Items to UKM Football Club in Pune



## CSR Snapshots

Solar Lights to Shri MukbadhirVidhyalaya, Wagholi, Pune



Water filter, Civil, Plumbing, Tank at Jivan Vardhini Matimand Vidyalaya, Dive, Purandar, Pune



### CSR Snapshots

Water filter, Civil, Plumbing, Tank, Display Boards to  
Shree Sopandev Samadhi Mandir Trust, Saswad, Purandar, Pune



Water filter, Civil, Plumbing, Tank, Display Boards to  
Grampanchayat Malshiras, Purandar, Pune







### CSR Snapshots

Sweater's to Children's of Govt. Primary School in Bagthala



Sweater's to Children's in Govt. Primary School in Kasoli



LED Installation, RCC Chair and LED Solar Street Light Installation in Mahila Police Station



### CSR Snapshots



Almira (Book Case) ,Glass Door Installation, LED Installation and LED Solar Street Light Installation in Traffic Police Station



## CSR Snapshots

Tin shed for Children Meal, Boundary Wall Construction work, Children Room Wall Painting in Bagthala School



## CSR Snapshots

Whitewash and Construction of Roof in Kasoli School



## CSR Snapshots

Construction of Outside wall in Kasola Hospital



Computer to Kasoli School



LED & Computer to Bagthala school



## CSR Snapshots

Construction work in a School Presentation Hall like Plaster on wall & roof, Cota stone on floor, Electrical work, fan & light installation, window & door installation, Whitewash and others in BHANGROLA SCHOOL



## DIRECTORS' REPORT

Your Directors hereby present their 36th Annual Report along with Audited Financial Statements for the year ended March 31, 2020.

### FINANCIAL RESULTS

(₹ in Lakhs)

Particulars	Year Ended March 31, 2020		Year Ended March 31, 2019	
<b>Revenue from Operations</b>				
Gross		74,150.03		70,152.45
Net of Excise Duty		74,150.03		70,152.45
Other Income		256.18		437.69
<b>Profit before Finance Costs, Depreciation and Amortisation Expense &amp; Tax Expenses</b>		4,584.79		3,960.40
Finance Costs		354.77		237.24
<b>Profit before Depreciation and Amortisation Expense &amp; Tax Expenses</b>		4,230.02		3,723.16
Depreciation and Amortisation Expense		895.62		800.80
<b>Profit before Tax Expenses</b>		3,334.40		2,922.36
Tax expenses - Current Tax	1,025.90		1,090.00	
- Deferred Tax	(153.15)	872.75	(73.15)	1,016.85
<b>Profit after Tax Expenses</b>		2,461.65		1,905.51
Balance brought forward		5,082.80		3,162.86
Other Comprehensive Income		(17.29)		14.43
<b>Surplus carried forward</b>		7,492.49		5,082.80

### BUSINESS OPERATIONS

Your Company reported a top-line growth of 5.70% over the Previous Year. The Net Revenue from operations stood at ₹ 74,150.03 Lakhs compared with ₹ 70,152.45 Lakhs in the Previous Year. The Operating Profit before tax stood at ₹ 3,334.40 Lakhs as against ₹ 2,922.36 Lakhs in the Previous Year. The Net Profit for the year stood at ₹ 2,461.65 Lakhs against ₹ 1,905.51 Lakhs reported in the Previous Year.

The company continues to retain and reinforce its market leadership in modified thermoplastics with a pan India network of operations having plants and warehouses situated in auto hubs and industrial belts.

There are no material changes or commitments affecting the financial position of the Company which have occurred between the end of the financial year and the date of this Report.

Detailed analysis of the State of the Company's affairs and performance during the year is provided in Annexure to this report under Management's Discussion and Analysis Report.

### DIVIDEND

In order to conserve resources, your Directors have decided not to recommend any dividend for the financial year under review.

### RESERVES

As on March 31, 2020 the reserves and surplus stood at ₹ 33,647.90 Lakhs as compared to ₹ 31,238.20 Lakhs as on March 31, 2019. Your Directors do not propose to transfer any amount to the reserves.

### SHARE CAPITAL

The paid up equity capital of the Company stood at ₹ 1,211.05 Lakhs. The Company has not issued shares with differential voting rights nor granted stock options nor sweat equity.

### FINANCE

Cash and cash equivalents as at March 31, 2020 was ₹ 228.91 Lakhs. The company continues to focus on judicious management of its working capital, receivables, inventories and other working capital parameters were kept under strict check through continuous monitoring.

### NEWLY SET UP MANUFACTURING FACILITY

The Company's newly set up Manufacturing Facility at Chakan Industrial Area, Phase- 2, MIDC, Village – Vasuli - Shinde, Tal - Khed, Dist - Pune, India has started its Commercial Production during the year under review.

## FIXED DEPOSITS

Your Company has not accepted any deposits within the meaning of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014.

## PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The Company has not given any loans or guarantees nor has made any Investments covered under the applicable provisions of the Companies Act, 2013.

## INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. The Company has appointed independent professional audit firm to carry out internal audit at all its locations. The scope of its Internal Audit program is laid down by the Audit committee of the Board of Auditors. To maintain its objectivity and independence, the Internal Audit function reports to the Audit Committee of the Board.

The Internal Audit team 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. Based on the report of internal audit function, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and recommendations along with corrective actions thereon are presented to the Audit Committee of the Board of Directors.

## REPORTING OF FRAUDS

There was no instance of fraud during the year under review, which required the Statutory Auditors to report to the Audit Committee and / or Board under Section 143(12) of Act and Rules framed thereunder.

## CORPORATE SOCIAL RESPONSIBILITY

As a part of its initiative under the “Corporate Social Responsibility” (CSR) drive, the Company has undertaken projects which are in accordance with the Companies Act, 2013 and the Company’s CSR policy. The Report on CSR activities as required under the Companies (Corporate Social Responsibility Policy) Rules, 2014 is annexed as Annexure – I and forms an integral part of this Report.

## ENVIRONMENT, HEALTH AND SAFETY

The facilities of the Company renewed their ISO and OHSAS certification.

Your Company’s policy require the conduct of all operations in such a manner so as to ensure safety of all concerned, compliance of statutory and industrial requirements for environment protection and conservation of natural resources to the extent possible.

As required by the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 and the Rules made thereunder, the Company has formulated and implemented a policy on prevention of sexual harassment at the workplace with a mechanism of lodging complaints. The Company has not received any complaint under this policy during the year under review.

## INDUSTRIAL RELATIONS

Industrial relations remained cordial during the year.

Various HR initiatives are continuously taken to align the HR policies to the growing requirements of the business. Reviews, training and tools are being provided for the personnel to improve overall efficiency.

## DIRECTORS

Your Director, Mr. Wu Xiaohui (DIN : 06617977) retire by rotation and being eligible, offers himself for re-appointment. The Directors recommend Mr. Wu Xiaohui for re-appointment.

Shareholders in the 31st AGM of your Company held on 28th September, 2015 appointed Mr. Dilip Dinkar Kulkarni (DIN : 07272118) as an Independent Non-Executive Director to hold office for five consecutive years for a term up to 27th August, 2020. Mr. Dilip Dinkar Kulkarni is eligible for re-appointment for a second term of five consecutive years and his continued association would be of immense benefit to the Company and it is desirable to continue his services and recommends for the approval of the Members in the ensuing AGM of your Company.

Brief details of the Directors, who are proposed to be re-appointed, as required under SEBI Listing Regulations, are provided in the Notice of Annual General Meeting.

The Independent Directors of your Company have given a declaration confirming that they meet the criteria of independence as prescribed both under the Act and the Listing Regulations and the same is complied with Code of Conduct as per Schedule IV to the Act.

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

## FAMILIARIZATION PROGRAM FOR INDEPENDENT DIRECTORS

All Independent Directors inducted into the Board are familiarized with the Organisation. The details of such program are provided in Corporate Governance Report.

## NUMBER OF MEETINGS OF THE BOARD

During the year, four Board Meetings were convened and held on 28th May, 2019, 29th July, 2019, 13th November, 2019 and 12th February, 2020 and details of the same are given in the Corporate Governance Report which forms part of this Report.



## COMMITTEES OF THE BOARD

The details of the various Committees of the Board i.e. Audit Committee, Nomination and Remuneration Committee, Stakeholder Relationship Committee and Corporate Social Responsibility Committee held during the Financial Year 2019 – 20 are provided in the Corporate Governance Report.

## BOARD EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, the Board has carried out performance evaluation of its own performance, the directors individually as well as the evaluation of the working of its Audit, Nomination & Remuneration and other Committees as required. The performance evaluation of the Chairman of the Board and Managing Director / Board / Executive / Non Independent / Independent Directors was carried out. In the evaluation of the Directors, the Directors being evaluated had not participated and the Board evaluation process was completed. The Directors expressed their satisfaction with the evaluation process. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report.

## NOMINATION AND REMUNERATION POLICY

The Board of Directors has framed a policy which lays down a framework in relation to remuneration of Directors, Key Managerial Personnel and Senior Management of the Company. This policy also lays down criteria for selection and appointment of Board Members. The details of this policy are explained in the Corporate Governance Report.

## SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

There are no significant and material orders passed by the Regulators/Courts that would impact the going concern status of the Company and its future operations.

## DIRECTORS' RESPONSIBILITY STATEMENT

To the best of knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statement in terms of Section 134(3)(c) of the Companies Act, 2013:

- (i) that in the preparation of the Annual Accounts for the year ended 31st March, 2020, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) the directors had selected such accounting policies and applied them consistently and made judgements 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 and loss of the Company for the year ended on that date;

- (iii) that the directors has taken proper and sufficient care for the 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;
- (iv) the annual accounts had been prepared on a "going concern" basis.
- (v) that the directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- (vi) that the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such system were adequate and operating effectively.

## RELATED PARTY TRANSACTIONS

All related party transactions that were entered into during the financial year were on arm's length basis and were in the ordinary course of business. The Policy has been uploaded on the website of the Company viz. [www.kingfaindia.com](http://www.kingfaindia.com). Form AOC-2 is annexed herewith as Annexure - II and forms an integral part of this report.

## SUBSIDIARY COMPANIES

The Company does not have subsidiary.

## CODE OF CONDUCT

Commitment to ethical professional conduct is a must for every employee, including Board Members and Senior Management personnel of the Company. The Code is intended to serve as a basis for ethical decision-making in conduct of professional work. The Code of Conduct has been uploaded on the website of the Company viz. [www.kingfaindia.com](http://www.kingfaindia.com). A Declaration regarding Compliance by Board Members and Senior Management Personnel is given at the end of this report.

## WHISTLE BLOWER POLICY AND VIGIL MECHANISM

In pursuant to the provisions of the Companies Act and Listing Regulations, a Whistle Blower Policy and Vigil Mechanism for Directors and Employees to report genuine concerns has been established. The Policy has been uploaded on the website of the Company.

## PREVENTION OF INSIDER TRADING

Pursuant to SEBI (Prohibition of Insider Trading) Regulations, the Company has formulated and adopted a Code for Prevention of Insider Trading and the same has been uploaded on the website of the Company.

## STATUTORY AUDITORS

The Company's Statutory Auditors, M/s. P.G.BHAGWAT, Chartered Accountants, (Firm Registration Number 101118W) were appointed as Statutory Auditors of your Company at the Annual General Meeting held on 25th September, 2017 for a term of five consecutive years to hold office from the conclusion of the 33rd Annual General Meeting till the conclusion of the 38th Annual General Meeting of the Company. Their appointment was subject to ratification by members at every subsequent Annual General Meeting held after the AGM held on 25th September, 2017.

Pursuant to the amendments made to Section 139 of the Companies Act, 2013 by the Companies (Amendment) Act, 2017 effective from May 07, 2018 the requirement of seeking ratification of the members for the appointment of Statutory Auditors has been withdrawn from the Statute.

In view of the above, ratification of members for continuance of their appointment at this Annual General Meeting is not being sought.

There is no audit qualification for the year under review.

As per the provisions of the Companies Act, 2013, the Report given by the Auditors on the financial statements of the Company is part of the Annual Report.

## SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and rules made thereunder, the Company had appointed Ms. Shaswati Vaishnav, Practicing Company Secretary, ACS 11392, PCS 8675 of M/s. Vaishnav Associates to undertake the Secretarial Audit of the Company. The Secretarial Audit Report is included as Annexure – III and forms an integral part of this Report. There is no secretarial audit qualification for the year under review.

## COST AUDIT

Mr. K. Suryanarayanan, Cost Accountant (Registration Number 102347) carried out the cost audit during the year under review.

In compliance with the provisions of Section 148 of the Companies Act, 2013, the Board of Directors, on the recommendation of Audit Committee, have appointed Mr. K. Suryanarayanan, Cost Accountant (Registration Number 102347) as Cost Auditor to audit the cost accounts of the Company for the financial year 2020-21. As required under the Companies Act, 2013, a resolution seeking member's approval for the remuneration payable to the Cost Auditor forms part of the Notice convening the Annual General Meeting for their ratification.

## EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in Form MGT-9 is annexed herewith as Annexure-IV which forms an integral part of this Report and is also available on the Company's website viz. www.kingfaIndia.com.

## BUSINESS RISK MANAGEMENT

Business risk evaluation and management is an ongoing process within the Company. The Assessment is periodically examined by the Board. The requirement of mandatory constitution of Risk Management Committee currently is not applicable to the Company under the Listing Regulations.

## STATUTORY INFORMATION

The information on Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo pursuant to Section 134(3)(m) of the Companies Act, 2013, read with the Rule 8(3) of the Companies (Accounts) Rules, 2014 is given in Annexure – V to this Report.

The particulars of employees are not applicable since there are no employees drawing remuneration more than ₹ 1,02,00,000/- per annum (full year) or ₹ 8,50,000/- p.m. (part of the year).

The Top ten employees are Mr.Bo Jingen, Mr.Wu Xiaohui, Mr.D.Balaji, Mr.Xie Dongming, Mr.Nirnoy Sur, Mr. R Jeevanandam, Mr. B. Saravanan, Mr. S Shanmuga sundaram, Mr. Harshad Panat and Mr. Sanny Rathi.

All the dividends of the earlier years, which have remained unclaimed, have since been transferred to the Investor Education and Protection Fund at the expiry of the specified period(s) as required under Companies Act.

Year	Date of declaration	No. of Shareholders	Total Unclaimed Dividend (₹)	Due date for transfer to IEPF Account
2012 – 2013 to 2018 - 2019	No Dividend declared		N.A.	

## COMPLIANCE OF SECRETARIAL STANDARDS

The Company has complied with all the applicable Secretarial Standards.

## BUSINESS RESPONSIBILITY REPORTING

Pursuant to Regulation 34(2)(f) of the SEBI Listing Regulations, Business Responsibility Report is annexed herewith as Annexure – VI, which forms an integral part of this Report.

### **CORPORATE GOVERNANCE AND MANAGEMENT'S DISCUSSION & ANALYSIS REPORTS**

The Corporate Governance and Management's Discussion & Analysis Report, which form an integral part of this Report, are set out as separate Annexures, together with the Certificate from the Auditors of the Company regarding compliance with the requirements of Corporate Governance and Certificate of Non Disqualification of Directors as stipulated under applicable regulations of the SEBI (Listing Obligations and Disclosure Requirements) Regulations.

### **ACKNOWLEDGEMENT**

Your Directors wish to record their appreciation of the continued support and co-operation from your Company's customers, vendors, bankers and all other stakeholders. Your Company will continue to build and maintain strong links with its business partners.

The Directors sincerely appreciate the high degree of professionalism, commitment and dedication displayed by employees at all levels. The Directors also place on record their gratitude to the Members for their continued support and confidence.

**For and on behalf of the Board of Directors**

**BO JINGEN**  
Managing Director

**D. BALAJI**  
Executive Director

Place : Pune

Date : 22<sup>nd</sup> June, 2020

## ANNEXURE – I

## ANNUAL REPORT DETAILS OF THE CORPORATE SOCIAL RESPONSIBILITY(CSR) ACTIVITIES

1. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.

The CSR Policy is available on the Company's website. The web link of the same is <http://www.kingfaindia.com/kyc/CSR.pdf>

The focus areas of our CSR initiatives are Projects primarily on Hunger, Poverty, Malnutrition, Health Care, Skill Development, Sports Training, Education, Rural Development, Infrastructure Development, Environmental Sustainability, Animal Welfare, Projects directly benefitting the Weaker Sections of the Society & Elderly Citizens and other areas established for a noble cause within the ambit of the Act and CSR Rules as amended from time to time for the Financial Year 2019-20.

The activities and funding are monitored internally by the Company.

2. The Composition of the CSR Committee as on the date of Director's Report is as follows:

1. Mr. Dilip Dinkar Kulkarni, Chairman (Independent Director)
2. Mr. D. Balaji, Member
3. Mr. Wu Xiaohui, Member

3. Average net profit of the Company for last three Financial Years : ₹ 2944.48 Lakhs

4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above) : ₹ 58.89 Lakhs for the FY 2019-20.

5. Details of CSR spent during the Financial Year : ₹ 107.52 Lakhs

(including amount unspent during FY 2018-19 are spent during FY 2019-20).

- a. Total cumulative amount to be spent for the financial year: ₹ 107.50 Lakhs
- b. Amount unspent, if any : ₹ Nil
- c. Manner in which the amount spent during the financial year are detailed below :

In accordance with the Company's CSR policy and in compliance with the Companies (Corporate Social Responsibility Policy) Rules, 2014, Kingfa Science & Technology (India) Limited has undertaken CSR projects. During the year under review the CSR Committee identified certain projects.

The details are as under :

(₹ In Lakhs)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S. No.	CSR Project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs were undertaken	Amount outlay (budget) project or program wise	Amount Spent on the projects or programs sub-heads : (1) Direct expenditure on projects (2) overheads	Cumulative expenditure upto to the reporting period	Amount spent : Direct or through implementing agency
1.	Donated a car to take the Elderly Citizens to Hospital for treatment.	Promoting Health care	Anandam Homes (A Free Home for Senior Citizens) Chennai	5.41	5.41	5.41	Direct
2.	Medical Equipment's, Vehicle Parking Shed, Patients Waiting Shed and 108 Ambulance Parking Shed	Promoting Health care	Vanur Government Hospital	31.00	31.00	31.00	Direct
	Steel Desk, Tray and other essentials	Promoting Education	Kindergarden Childrens School	0.45	0.45	0.45	Direct

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
3.	Desktop, UPS, Multi Function Printer & Laptop	Community Service	Chakan Police Station	2.29	2.29	2.29	Direct
	Water Filter and other essentials	Hygiene	Shive School, Chakan	1.00	1.00	1.00	Direct
	Smart TV & Computers	E-learning	Karanjihire School, Chakan	1.68	1.68	1.68	Direct
	Sports items	Promoting Sports	UKM Football Club in Pune	2.35	2.35	2.35	Direct
	Water filter, Civil, Plumbing, Tank	Community Service	Jivanvardhini matimand vidyalaya, Dive	3.26	3.26	3.26	Direct
	Water filter, Civil, Plumbing Tank, Display Boards	Community Service	Gram panchayat Malshiras	7.43	7.43	7.43	Direct
	Water filter, Civil, Plumbing Tank, Display Boards	Community Service	Shree Sopandev Mandir Trust	7.43	7.43	7.43	Direct
	Water filter, Civil, Plumbing Tank, Display Boards	Community Service	Gram panchayat Walhe	6.73	6.73	6.73	Direct
	Water filter, Civil, Plumbing Tank, Display Boards	Community Service	Gram panchayat Harni	5.37	5.37	5.37	Direct
4.	Winter Sweaters	Health	Govt Primary School Baghtala	0.44	0.44	0.44	Direct
	RCC chair installation	Community Service	Mahila Police Station Manesar	0.18	0.18	0.18	Direct
	LED & PC	Community Service	Govt Primary School Baghtala & Police Station	2.05	2.05	2.05	Direct
	Solar Light Installation	Community Service	Police Station Manesar	1.68	1.68	1.68	Direct

(₹ In Lakhs)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Civil Work	Community Service	Bagthala, Kasoli, Bhangrola Schools & Kasola Hospital, Manesar	27.71	27.71	27.71	Direct
5.	Administrative Overheads	Expenses	On above Projects / Programme	1.05	1.05	1.05	Direct
<b>Total</b>				<b>107.52</b>	<b>107.52</b>	<b>107.52</b>	

6. In case the Company has failed to spend the two percent of the average net profit of the latest three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report.

Not Applicable

7. Pursuant to the Companies (Corporate Social Responsibility Policy) Rules, 2014, we hereby confirm that the CSR Committee has implemented and monitored the CSR initiatives of Kingfa Science & Technology (India) Limited in line with CSR Objectives and Policy of the Company.

**For and on behalf of the Board of Directors**

**BO JINGEN**

Managing Director

**DILIP DINKAR KULKARNI**

Chairman of CSR Committee

Date : 22<sup>nd</sup> June, 2020

Place : Pune

## Form No. AOC-2

(Pursuant to Clause (h) of Sub-Section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in Sub-Section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

**1. Details of contracts or arrangements or transactions not at arm's length basis: Nil**

- (a) Name(s) of the related party and nature of relationship : NA  
 (b) Nature of contracts/arrangements/transactions : NA  
 (c) Duration of the contracts/arrangements/transactions : NA  
 (d) Salient terms of the contracts or arrangements or transactions including the value, if any : NA  
 (e) Justification for entering into such contracts or arrangements or transactions : NA  
 (f) Date(s) of approval by the Board : NA  
 (g) Amount paid as advances, if any: : NA  
 (h) Date on which the special resolution was passed in general meeting as required under first proviso to Section 188 : NA

**2. Details of material contracts or arrangements or transactions at arm's length basis:** (₹ in Lakhs)

(a) Name(s) of the related party	Kingfa Sci. & Tech. Co., Ltd.	Shanghai Kingfa Sci & Tech. Dvpt. Co., Ltd.	Jiangsu Kingfa Sci. & Tech. Advanced Material Co., Ltd	Hongkong Kingfa Development Co., Ltd.	Tianjin Kingfa Advanced Materials Co., Ltd	KINGFA Sci. & Tech. (Europe) GmbH	KINGFA Sci. & Tech. (USA)	KINGFA Thailand	KINGFA Malaysia	Zhuohai Wantong Special Engineering Plastics Co., Ltd.
Nature of relationship	Holding Company	Subsidiary of Holding Company	Subsidiary of Holding Company	Subsidiary of Holding Company	Subsidiary of Holding Company	Subsidiary of Holding Company	Subsidiary of Holding Company	Subsidiary of Holding Company	Subsidiary of Holding Company	Subsidiary of Holding Company
(b) Nature of contracts/arrangements/transactions	Buy / Sell	Buy / Sell	Buy / Sell	Buy / Sell	Buy / Sell	Buy / Sell	Buy / Sell	Buy / Sell	Buy / Sell	Buy / Sell
(c) Duration of the contracts / arrangements / transactions	01/04/2019 to 31/03/2020	01/04/2019 to 31/03/2020	01/04/2019 to 31/03/2020	01/04/2019 to 31/03/2020	01/04/2019 to 31/03/2020	01/04/2019 to 31/03/2020	01/04/2019 to 31/03/2020	01/04/2019 to 31/03/2020	01/04/2019 to 31/03/2020	01/04/2019 to 31/03/2020
(d) Salient terms of the contracts or arrangements or transactions including the value, if any:	Purchase / Sale of Materials 2,850.23 / 15.05	Purchase / Sale of Materials 33.63 / 1.85	Purchase / Sale of Materials 920.22 / Nil	Purchase / Sale of Materials Nil / Nil	Purchase / Sale of Materials 67.20 / Nil	Purchase / Sale of Materials 11.90 / Nil	Purchase / Sale of Materials Nil / 216.77	Purchase / Sale of Materials Nil / 19.17	Purchase / Sale of Materials Nil / Nil	Purchase / Sale of Materials 26.16 / Nil
(e) Date(s) of approval by the Board, if any:	Since these RPTs are in the ordinary course of business and are at arms length basis, omnibus approval obtained from the Audit Committee at its Meeting held on 28/05/2019 and approval obtained from the Board at its Meeting held on 28/05/2019.									
(f) Amount paid as advances, if any:	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

For and on behalf of the Board of Directors

Place : Pune  
Date : 22<sup>nd</sup> June, 2020

BO JINGEN  
Managing Director

D. Balaji  
Executive Director

## ANNEXURE - III

Form No. MR-3

## SECRETARIAL AUDIT REPORT

For The Financial Year Ended On 31st March, 2020

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,

The Members,

**KINGFA SCIENCE & TECHNOLOGY (INDIA) LIMITED,**

Dhun Building, III Floor,

827, Anna Salai,

Chennai - 600 002.

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Kingfa Science & Technology (India) Limited (hereinafter called the company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of Kingfa Science & Technology (India) Limited books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on March 31, 2020 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by Kingfa Science & Technology (India) Limited ("the Company") for the financial year ended on March 31, 2020 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 & Listing Agreements entered with the Stock Exchanges;
  - (c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (d) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (vi) Secretarial Standards on the Meetings of the Board of Directors and General Meetings issued by the Institute of Company Secretaries of India.
- (vii) Other applicable acts :
  - (a) Factories Act, 1948
  - (b) Payment of Wages Act, 1936 and rules made thereunder;
  - (c) The Minimum Wages Act, 1948;
  - (d) Employees State Insurance Act, 1948
  - (e) The Employees Provident Fund Act and Miscellaneous Provisions Act, 1952
  - (f) The Payment of Bonus Act, 1956
  - (g) Payment of Gratuity Act, 1972
  - (h) Protection of Women Against Sexual Harassment at Workplace Act and Rules;
  - (i) The Water (Prevention & Control of Pollution) Act, 1974;
  - (j) The Air (Prevention & Control of Pollution) Act, 1981;



- (k) The Environment (Protection) Act, 1986 (Read with the Environment (Protection Rules) 1986
- (l) The Hazardous Wastes (Management, Handling And Transboundary Movement) Rules, 2008
- (m) E waste (Management) Rules 2016

**I further report that**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Women Director and Independent Directors. The changes in the composition of the Board of Directors, that took place during the period under review, were carried out in compliance with the Companies Act, 2013.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the

agenda items before the meeting and for meaningful participation at the meeting.

All decisions were taken unanimously by the Board and recorded accordingly in minutes of the meetings.

It is also noted that the Company has an Internal Audit System to constantly monitor the process for efficient compliances.

There exist adequate systems and processes in the Company that are commensurate with the size of operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**VAISHNAV ASSOCIATES**

Practicing Company Secretary

S.Vaishnav

Place : Pune

ACS/FCS No.8675

Date : June 22, 2020

C P No.: 11392

UDIN A011392B000623443

**Annexure "A"**

**(To the Secretarial Audit Report of M/s.Kingfa Science & Technology (India) Limited for the financial year ended 31-03-2020)**

To

The Members

Kingfa Science & Technology (India) Limited

The Secretarial Audit Report for the Financial Year ended 31 March 2020 is to be read along with this Annexure A

1. Maintenance of Secretarial Record is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on our audit.
2. I have followed the audit practices and the processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of accounts of the Company.

4. Where ever required, I have obtained the management representation about the compliance and law, rules and regulation and happening of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulation, standards is the responsibility of the management. My examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor the effectiveness with which the management has conducted the affairs of the company.

**VAISHNAV ASSOCIATES**

Practicing Company Secretary

S.Vaishnav

Place : Pune

ACS/FCS No.8675

Date : June 22, 2020

C P No.: 11392

UDIN A011392B000623443

**FORM NO. MGT-9  
EXTRACT OF ANNUAL RETURN**

As on Financial Year ended on 31.03.2020

[Pursuant to Section 92(3) of the Companies Act, 2013 and rule12(1) of the Companies (Management and Administration) Rules, 2014]

**I. REGISTRATION AND OTHER DETAILS :**

i)	CIN	:	L25209TN1983PLC010438
ii)	Registration Date	:	10th November, 1983
iii)	Name of the Company	:	Kingfa Science & Technology (India) Limited (formerly Hydro S & S Industries Limited)
iv)	Category/Sub-Category of the Company	:	Company Limited by Shares / Indian Non-government Company
v)	Address of the Registered office and contact details	:	Dhun Building, III Floor, 827, Anna Salai, Chennai – 600 002. Tel : +91 - 44 - 28521736, Fax : +91 - 44 - 28520420
vi)	Whether listed company	:	Yes
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	:	M/s. Integrated Registry Management Services Pvt. Limited 2nd Floor, "Kences Towers", No. 1, Ramakrishna Street, North Usman Road, T. Nagar, Chennai - 600 017. Tel : +91 - 44 - 28140801 - 03, Fax No. : +91 - 44 - 28142479

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

(All the business activities contributing 10% or more of the total turnover of the company shall be stated)

Sl.No.	Name and Description of main products / services	NIC Code of the Products / services	% to total turnover of the company
1	Modified Thermoplastics	22209	100%

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

Foreign Holding Company

Sl. No.	Name and Address of the Company	CIN / GIN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
1.	Kingfa Sci. & Tech. Co., Ltd. No. 33, Kefeng Road, Science City, Guangzhou, 510663 China	--	Holding Company	74.99%	Section 2 (46)

## IV. Shareholding Pattern (Equity Share Capital Break-up as percentage of Total Equity)

## (i) Category-wise Shareholding

Category Code	Category of Shareholder	No. of shares held at the beginning of the year			No. of shares held at the end of the year			% Change during the year	
		Demat	Physical	Total	% of Total Shares	Demat	Physical		Total
<b>A.</b>	<b>SHAREHOLDING OF PROMOTER AND PROMOTER GROUP</b>								
(1)	<b>Indian</b>								
a)	Individual/Hindu Undivided Family	0	0	0	0.00	0	0	0.00	0.00
b)	Central Government/ State Governments	0	0	0	0.00	0	0	0.00	0.00
c)	Bodies Corporate	0	0	0	0.00	0	0	0.00	0.00
d)	Financial Institutions / Banks	0	0	0	0.00	0	0	0.00	0.00
e)	Any other (Specify)	0	0	0	0.00	0	0	0.00	0.00
	<b>Sub Total A(1)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
(2)	<b>Foreign</b>								
a)	Individual (Non resident Individuals / Foreign individuals)	0	0	0	0.00	0	0	0.00	0.00
b)	Bodies Corporate	9082214	0	9082214	74.99	9082214	0	9082214	74.99
c)	Institutions	0	0	0	0.00	0	0	0.00	0.00
d)	Qualified Foreign Investor	0	0	0	0.00	0	0	0.00	0.00
e)	Any other (Specify)	0	0	0	0.00	0	0	0.00	0.00
	<b>Sub Total A(2)</b>	<b>9082214</b>	<b>0</b>	<b>9082214</b>	<b>74.99</b>	<b>9082214</b>	<b>0</b>	<b>9082214</b>	<b>74.99</b>
	<b>Total shareholding of Promoter and Promoter Group (A)= (A)(1) + (A)(2)</b>	<b>9082214</b>	<b>0</b>	<b>9082214</b>	<b>74.99</b>	<b>9082214</b>	<b>0</b>	<b>9082214</b>	<b>74.99</b>
<b>B</b>	<b>Public Shareholding</b>								
(1)	<b>Institutions</b>								
a)	Mutual Funds / UTI	0	0	0	0.00	0	0	0.00	0.00
b)	Financial Institutions / Banks	20	0	20	0.00	2584	0	2584	0.02
c)	Central Government/ State Governments	0	0	0	0.00	0	0	0.00	0.00
d)	Venture capital Funds	0	0	0	0.00	0	0	0.00	0.00
e)	Insurance Companies	0	0	0	0.00	0	0	0.00	0.00
f)	Foreign Institutional Investors	0	0	0	0.00	0	0	0.00	0.00
g)	Foreign Venture Capital Investors	0	0	0	0.00	0	0	0.00	0.00
h)	Qualified Foreign Investor	0	0	0	0.00	0	0	0.00	0.00
i)	Foreign Port Folio Investor - Corporate	793471	0	793471	6.55	793471	0	793471	6.55
j)	Any other	0	0	0	0.00	0	0	0.00	0.00
	<b>Sub Total B(1)</b>	<b>793491</b>	<b>0</b>	<b>793491</b>	<b>6.55</b>	<b>796055</b>	<b>0</b>	<b>796055</b>	<b>6.57</b>

## (i) Category-wise Shareholding cont....

Category Code	Category of Shareholder	No. of shares held at the beginning of the year			No. of shares held at the end of the year			% Change during the year		
		Demat	Physical	Total	% of Total Shares	Demat	Physical		Total	% of Total Shares
<b>(2)</b>	<b>Non-Institutions</b>									
a)	Bodies Corporate	119011	501	119512	0.99	101758	501	102259	0.84	(0.14)
b)	Individuals									
(i)	Individual Shareholders holding Nominal Share Capital upto ₹ 1 Lakh	1473225	57485	1530710	12.64	1506456	53741	1560197	12.88	0.24
(ii)	Individual Shareholders holding Nominal Share Capital in excess of ₹ 1 Lakh	458345	21588	479933	3.96	443382	21588	464970	3.84	(0.12)
c)	Qualified Foreign Investor									
<b>d)</b>	<b>Any other</b>									
d(i)	CLEARING MEMBER	8306	0	8306	0.07	5072	0	5072	0.04	(0.03)
d(ii)	CORPORATE CM/TM - CLIENT MARGIN A/C	29691	0	29691	0.25	4	0	4	0.00	(0.25)
d(iii)	IEPF	58767	0	58767	0.49	57335	0	57335	0.47	(0.01)
d(iv)	CORPORATE CM/TM-COLLATERAL ACCOUNT	1136	0	1136	0.01	13303	0	13303	0.11	0.10
d(v)	CORPORATE CM/TM-PROPRIETARY ACCOUNT	4058	0	4058	0.03	4213	0	4213	0.03	0.00
d(vi)	CORPORATE BODY-LIMITED LIABILITY PARTNER	433	0	433	0.00	4843	0	4843	0.04	0.04
d(vii)	LIMITED LIABILITY PARTNERSHIP	1645	0	1645	0.01	1637	0	1637	0.01	(0.00)
d(viii)	TRUST	565	0	565	0.00	65	0	65	0.00	(0.00)
d(ix)	CORPORATE - MARGIN TRADING ACCOUNT	0	0	0	0.00	520	0	520	0.00	0.00
d(x)	CORPORATE CLIENT COLLATERAL ACCOUNT	0	0	0	0.00	17774	0	17774	0.15	0.15
	<b>Sub Total B(2)</b>	<b>2155182</b>	<b>79574</b>	<b>2234756</b>	<b>18.45</b>	<b>2156362</b>	<b>75830</b>	<b>2232192</b>	<b>18.43</b>	<b>(0.02)</b>
	<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	<b>2948673</b>	<b>79574</b>	<b>3028247</b>	<b>25.01</b>	<b>2952417</b>	<b>75830</b>	<b>3028247</b>	<b>25.01</b>	<b>0.00</b>
	<b>TOTAL (A) + (B)</b>	<b>12030887</b>	<b>79574</b>	<b>12110461</b>	<b>100.00</b>	<b>12034631</b>	<b>75830</b>	<b>12110461</b>	<b>100.00</b>	<b>0.00</b>
<b>C</b>	<b>Shares held by Custodians and against which Depository Receipts have been issued</b>									
1	Promoter and Promoter Group	0	0	0	0.00	0	0	0	0.00	0.00
2	Public	0	0	0	0.00	0	0	0	0.00	0.00
	<b>Grand Total (A) + (B) + (C)</b>	<b>12030887</b>	<b>79574</b>	<b>12110461</b>	<b>100.00</b>	<b>12034631</b>	<b>75830</b>	<b>12110461</b>	<b>100.00</b>	<b>0.00</b>

**(ii) Shareholding of Promoters**

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year		Shareholding at the end of the year			% Change during the year
		No. of shares	% of total shares of the Company	% of Shares pledged / encumbered to total shares	No. of shares	% of total shares of the Company	
1.	KINGFA SCI. AND TECH. CO. LTD	9082214	74.99	-	9082214	74.99	0.00
	<b>TOTAL</b>	<b>9082214</b>	<b>74.99</b>	<b>-</b>	<b>9082214</b>	<b>74.99</b>	<b>0.00</b>

**(iii) Change in Promoters Shareholding**

Particulars	Shareholding at the beginning of the year		Increase / Decrease		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
Date wise increase / Decrease in Promoters Shareholding during the year KINGFA SCI. AND TECH. CO. LTD PAN : AAFCK0816Q						
<b>Opening Balance as on 01/04/2019</b>	9082214	74.99	No Change			
<b>Closing Balance as on 31/03/2020</b>					9082214	74.99

**(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	HONGKONG VICTORY INVESTMENT CO LIMITED	765100	6.318	765100	6.318
2	MUKUL MAHAVIRPRASAD AGRAWAL	140000	1.156	140000	1.156
3	RAJKUMARI VIMALCHAND	126757	1.047	123346	1.019
4	DARSHAN DILIP BABOO	39800	0.329	40350	0.333
5	AMIT GUNCHANDRA MEHTA	28969	0.239	28969	0.239
6	SRIKALA RAVIKUMAR	21588	0.178	21588	0.178
7	GLOBE CAPITAL MARKET LIMITED	7479	0.062	20067	0.166
8	INDIA MAX INVESTMENT FUND LIMITED	19556	0.161	19556	0.161
9	CERAMET CONSULTANTS PVT LTD	6000	0.050	18172	0.150
10	BALJINDER SINGH	7302	0.060	14584	0.120

## (v) Shareholding of Directors and Key Managerial Personnel :

Sl. No.	Shareholding of each Directors and Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
<b>DIRECTORS</b>					
<b>1.</b>	<b>Mr. Bo Jingen, Managing Director</b>				
	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):	-	-	-	-
	At the End of the year	-	-	-	-
<b>2.</b>	<b>Mr. Wu Xiaohui, Whole-time Director</b>				
	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):	-	-	-	-
	At the End of the year	-	-	-	-
<b>3.</b>	<b>Mr. N.Subramanian, Independent Director</b>				
	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):	-	-	-	-
	At the End of the year	-	-	-	-
<b>4.</b>	<b>Mr. Dilip Dinkar Kulkarni, Independent Director</b>				
	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus / sweat equity etc):	-	-	-	-
	At the End of the year	-	-	-	-
<b>5.</b>	<b>Ms. Nilima Ramrao Shinde, Independent Director</b>				
	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):	-	-	-	-
	At the End of the year	-	-	-	-
<b>6.</b>	<b>Mr.D.Balaji, WTD / Executive Director</b>				
	At the beginning of the year	255	0.00	255	0.00
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	No Change			
	At the End of the year			255	0.00

Sl. No.	Shareholding of each Directors and Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
<b>KEY MANAGERIAL PERSONNEL</b>					
<b>1.</b>	<b>Mr. Xie Dongming, Chief Financial Officer</b>				
	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
	At the End of the year	-	-	-	-
<b>2.</b>	<b>Mr. Nirnoy Sur, Company Secretary</b>				
	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
	At the End of the year	-	-	-	-

## V. INDEBTEDNESS

### Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹ In Lakhs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	-	1,660.11	-	1,660.11
ii) Interest due but not paid	-	91.51	-	91.51
iii) Interest accrued but not due	-	23.21	-	23.21
<b>Total (i+ii+iii)</b>	-	<b>1,774.83</b>	-	<b>1,774.83</b>
<b>Change in Indebtedness during the financial year</b>				
• Addition	-	106.46	-	106.46
• Reduction	-	-	-	-
<b>Net Change</b>	-	<b>106.46</b>	-	<b>106.46</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	-	1,815.96	-	1,815.96
ii) Interest due but not paid	-	45.32	-	45.32
iii) Interest accrued but not due	-	20.01	-	20.01
<b>Total (i+ii+iii)</b>	-	<b>1,881.29</b>	-	<b>1,881.29</b>

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

## A. Remuneration to Managing Director, Whole-time Directors and/or Manager :

(₹ In Lakhs)

Sl. No.	Particulars of Remuneration	Name of MD / WTD / Manager			Total Amount
		Mr. Bo Jingen - MD	Mr. Wu Xiaohui - WTD	Mr. D. Balaji - WTD / ED	
1.	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-Tax Act, 1961	20.16	18.82	28.72	67.70
	(b) Value of perquisites u/s 17 (2) Income -Tax Act, 1961	2.70	2.52	-	5.22
	(c) Profits in lieu of salary under section 17(3) Income-Tax Act, 1961	-	-	-	-
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission				
	- as % of profit	-	-	-	-
	- others, specify...	-	-	-	-
5.	Others, please specify- Performance Incentive	-	-	16.38	16.38
	Total (A)	22.86	21.34	45.10	89.30
	Ceiling as per the Act				411.28

## B. Remuneration to other directors :

(₹ In Lakhs)

Sl. No.	Particulars of Remuneration	Name of Directors			Total Amount
		Mr. N. Subramanian	Mr. Dilip Dinkar Kulkarni	Ms. Nilima Ramrao Shinde	
1.	Independent Directors				
	- Fee for attending board / committee meetings	4.20	4.40	4.20	12.80
	- Commission	-	-	-	-
	- Others, please specify	-	-	-	-
	Total (1)	4.20	4.40	4.20	12.80
2.	Other Non-Executive Director				
	- Fee for attending board / committee meetings	-	-	-	-
	- Commission	-	-	-	-
	- Others, please specify	-	-	-	-
	Total (2)	-	-	-	-
	Total (B) = (1+2)	4.20	4.40	4.20	12.80
	Total Managerial Remuneration				12.80
	Overall Ceiling as per the Act				411.28



## C. Remuneration to Key Managerial Personnel Other than MD / Manager / WTD

(₹ In Lakhs)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		Company Secretary Mr. Nirnoy Sur	CFO Mr. Xie Dongming	
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-Tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-Tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-Tax Act, 1961	20.38 - -	16.80 2.25 -	37.18 2.25 -
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission - as % of profit - others, specify...	- -	- -	- -
5.	Others, please specify	0.32	-	0.32
	Total	20.70	19.05	39.75

## VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES :

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment / Compounding fees imposed	Authority (RD/NCLT / COURT)	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>B. DIRECTORS</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

## ANNEXURE - V

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

The information under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 for the year ended March 31, 2020 is given here below and forms part of the Directors' Report.

**(A) CONSERVATION OF ENERGY****(a) Steps taken or impact on conservation of energy and Steps taken by the company for utilising alternate sources of energy:**

1. Products are redistributed among the line such that best throughput is achieved with the result of energy reduction per ton of production in all Plants.
2. Air line Jenetics solenoid valves are replaced with air leakage proof Asco Pneumatic Valve that prevent air leakages and increasing the air compressor efficiency that reduce power consumption in Jejuri Plant.
3. Optimised the extruder heater ON/OFF frequency by making the minimum ON/OFF band within 5 deg. from 10 deg. in Jejuri Plant.
4. In the shop floor, tube lights and plant highway lights were replaced with LED lights resulting in reduction of electricity power in all Plants.

**(b) The Capital investment on energy conservation equipment - Nil****(B) TECHNOLOGY ABSORPTION****(i) The efforts made by the Company towards Technology Absorption and Benefits derived**

Our key area of focus, being a material solution provider is to deliver the evolving requirements of the customers/end users of our material by developing formulations at optimal cost that help customers design and manufacture products that are successful in the market place. The requirement from customers are material with greater strength, gloss, scratch resistance, avoidance of post molding operations, ease of assembly, environment friendly (energy consumption), processing flexibility among other requirements.

Manufacturing methods like multiple controls and feeding options, blending and mixing techniques have enable us to modify the material properties and performance of our material solutions. Our R&D focus continues to develop grades which deliver these performance needs

effectively and optimal cost. Our Customers have shown real appreciation for the same and are providing newer opportunities and challenges.

(ii)	<b>Imported Technology</b>	: Not applicable
(iii)	<b>Expenditure on R &amp; D</b>	(₹ in Lakhs)
(a)	Capital	- 10.99
(b)	Recurring	- 289.13
	<b>Total</b>	- <b>300.12</b>

**(C) FOREIGN EXCHANGE EARNINGS & OUTGO**

(₹ in Lakhs)

Foreign Exchange Earnings	- 83.18
Foreign Exchange Outgo	- 27,939.76

The Company is taking continuous steps to develop export markets as appropriate to the nature of its products.

**Disclosures required with respect to Section 197(12) of the Companies Act, 2013 :**

The ratio of the remuneration of each Director to the median employee's remuneration and such other details in terms of Section 197(12) of the Companies Act, 2013 read with rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

**(i) The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year :**

Mr. Bo Jingen (Managing Director)	5.42:1
Mr. Wu Xiaohui (Whole-time Director)	5.05:1
Mr. D. Balaji (WTD / Executive Director)	8.27:1

**(ii) The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year:**

The percentage of increase in remuneration of each Whole-time Director, Chief Financial Officer and Company Secretary ranges from 0% to 15%.

**(iii) The percentage increase in the median remuneration of employees in the financial year:**

The percentage increase in the median remuneration of employees in the financial year is from 0% to 20%.

**(iv) The number of permanent employees on the rolls of company**

The total number of permanent employees in the Company is 210 as of 31.03.2020.

(v) Affirmation that the remuneration is as per the remuneration policy of the company:

YES

For and on behalf of the Board of Directors

**BO JINGEN**  
Managing Director

**D. Balaji**  
Executive Director

Place : Pune

Date : 22<sup>nd</sup> June, 2020

## ANNEXURE - VI

### BUSINESS RESPONSIBILITY REPORT

Pursuant to Regulation 34(2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

For the Financial Year Ended March 31, 2020

#### SECTION A : GENERAL INFORMATION ABOUT THE COMPANY

- Corporate Identity Number (CIN) of the Company : L25209TN1983PLC010438
- Name of the Company : Kingfa Science & Technology (India) Limited  
(formerly Hydro S & S Industries Limited) ("the Company/we/our")
- Registered Address : Dhun Building, III Floor, 827, Anna Salai, Chennai – 600 002.
- Website : www.kingfaindia.com
- E-mail id : cs@kingfaindia.com
- Financial Year reported : April 01, 2019 - March 31, 2020
- Sector(s) that the Company is engaged in (industrial activity code-wise) :

Sl.No.	Name and Description of main products / services	NIC Code of the Products/ services
1.	Modified Thermoplastics	22209

- List three key products/services that the Company manufactures/provides (as in balance sheet): (a) Modified Polypropylene Compound (b) Engineering Plastic Compound.
- Total number of locations where business activity is undertaken by the Company:

(a) Number of International Locations (Provide details of major 5) : Nil

(b) Number of National Locations : The Company carries out business activities across India and has manufacturing facilities situated at Chakan and Jejuri in Pune, Puducherry, Manesar, Marketing Offices and Warehouses situated in auto hubs and industrial belts.

- Markets served by the Company – Local / State / National / International : In addition to serving the Indian market, the Company exports to USA, South Africa, Thailand and China.

#### SECTION B: FINANCIAL DETAILS OF THE COMPANY

- Paid up Capital : ₹ 1,211.05 Lakhs
- Total Turnover : ₹ 74,406.21 Lakhs
- Total profit after taxes : ₹ 2,444.36 Lakhs
- Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%) : 2% of average net profit of the Company for last three financial years.
- List of activities in which expenditure in 4 above has been incurred : Please refer to the Report on CSR Activities attached as Annexure – I to the Director's Report, forming part of the Annual Report.

#### SECTION C : OTHER DETAILS

- Does the Company have any Subsidiary Company/ Companies? : NO
- Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s) : NA
- Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]: NO

**SECTION D: BR INFORMATION**

## 1. Details of Director / Directors responsible for BR

(a) Details of the Director / Director responsible for implementation of the BR policy / policies

1. DIN Number : 08256342
2. Name : D.Balaji
3. Designation : Executive Director

## (b) Details of the BR head

No.	Particulars	Details
1.	DIN Number	08256342
2.	Name	D.Balaji
3.	Designation	Executive Director
4.	Telephone number	+91 – 44 - 28521736
5.	E-mail id	cs@kingfaindia.com

## 2. Principle wise (as per NVGs) BR Policy / policies :

The National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs) released by the Ministry of Corporate Affairs has adopted nine areas of Business Responsibility. These briefly are as follows:

- P1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability
- P2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle
- P3: Businesses should promote the well being of all employees
- P4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.
- P5: Businesses should respect and promote human rights
- P6: Business should respect, protect, and make efforts to restore the environment
- P7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner
- P8: Businesses should support inclusive growth and equitable development.
- P9: Business should engage with and provide value to their customers and consumers in a responsible manner.

## (a) Details of compliance [Reply in Yes (Y) / No (N)] :

Sr. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy/ policies for....	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders	The Company has formulated the policies and adopted best practices in its own volition, while being sensitive to the interest of all stakeholders.								
3	Does the policy conform to any national / international standards? If yes please specify in brief	The policies are based on the respective Principles of NVG Guidelines and the relevant provisions of applicable law.								
4	Has the policy being approved by the Board?  Is yes, has it been signed by MD/ Owner/ CEO/ Appropriate Board Director	Since all the policies are not required to be approved by the Board of Directors, the approval of the Board has been obtained wherever it is mandatory. Yes, however not all policies as it is not a mandatory requirement.								
5	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy	Y	Y	Y	Y	Y	Y	Y	Y	Y
6	Indicate the link for the policy to be viewed online?	The policies formulated and adopted by the Company are available on the website of the Company <a href="http://www.kingfaindia.com">www.kingfaindia.com</a> .								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Internal stakeholders are made aware of the policies. External stakeholders are communicated to the extent applicable.								

8	Does the company have in-house structure to implement the policy/ policies	Y	Y	Y	Y	Y	Y	Y	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	The working of all the policies is internally monitored. Audit / evaluation by external agencies is carried out wherever mandatory.								

(b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options):

Sr.No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	The company has not understood the Principles	NOT APPLICABLE								
2	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles									
3	The company does not have financial or manpower resources available for the task									
4	It is planned to be done within next 6 months									
5	It is planned to be done within the next 1 year									
6	Any other reason (please specify)									

**3. Governance related to BR**

(a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year :

The BR performance of the Company is periodically assessed by the BR Head during the year.

(b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

Yes, the Business Responsibility Report forms part of the Annual Report.

The same can be viewed on the website of the Company [www.kingfaindia.com](http://www.kingfaindia.com)

**SECTION E : PRINCIPLE - WISE PERFORMANCE**

**Principle 1**

Business should conduct and govern themselves with ethics, transparency and accountability:

1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes / No. Does it extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?

Yes it covers only the Company. However, the Company shall impress upon other entities in the value chain to follow such policy.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the

**management? If so, provide details thereof, in about Principle**

During the year under review, the Company did not receive any such complaint.

**Principle 2 :**

**Business should provide goods and services that are safe and contribute to the sustain ability throughout their life cycle:**

- 1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.**

The products are (a) Use of Recycle Input (b) In house waste generated is recycled within the Company. We make all efforts to ensure that we produce, in a safe and environmental friendly responsible manner.

- 2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional) :**

**(a) Reduction during sourcing/production / distribution achieved since the previous year throughout the value chain? :**

The Company is committed to environment sustainability. For this, the Company constantly works to adapt new techniques & ideas towards efficient and optimal utilization of resources, energy, water, raw material etc.

**(b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?**

The Company's products do not have any broad-based impact on energy and water consumption by consumers. However, the Company has taken several measures to reduce the consumption of energy and water.

- 3. Does the company have procedures in place for sustainable sourcing (including transportation)?**

**(a) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.**

The Company constantly emphasizes on cost effectiveness while procuring any raw material or inputs. The key raw material(s) are procured from approved vendors to ensure consistency in quality and delivery timelines. The Company has long standing business relations with regular vendors. Adequate steps are followed by the Company to ensure safety & optimization

during transportation which, in a way, contributes towards minimizing the impact on environment. The Company continues to receive sustained support from its vendors.

- 4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?**

**(a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors.**

The Company procures goods and avail services from local and small vendors, particularly those located around its manufacturing locations. As a result of procurement of goods from local vendors, the Company saves on transportation as also on inventory carrying costs.

- 5. Does the company have a mechanism to recycle products and waste?**

If yes what is the percentage of recycling of products and waste (separately as 10%). Also, provide details thereof, in about 50 words or so.

We Kingfa have a practise to consume in house generated lumps and recycles in selected grade with optimal dosage. The recycle consumed grades are tested as per ROHS compliance and ensure it passes the requirement and no hazardous elements are present more than the level agreed as per compliance. The Testing is carried out in both in house and Government accredited lab at Guangzhou for verification. We, at Kingfa ensure that no material is discarded to environment as waste and causing pollution to surrounding.

**Principle 3**

**Business should promote the well being of all employees:**

The Company has amicable employee relations at all locations and would like to place on record its sincere appreciation for the unstinted support it continues to receive from all its employees.

- Please indicate the Total number of employees : 210
- Please indicate the Total number of employees hired on temporary/contractual/casual basis : 99
- Please indicate the Number of permanent women employees : 10
- Please indicate the Number of permanent employees with disabilities : NA

5. Do you have an employee association that is recognized by management : Kingfa Science & Technology (India) Ltd., Employees Union, Reg. No 1562/RTU/2008, 1/115, Mylam Road, V.Parangini Post, Vanur.
6. What percentage of your permanent employees is members of this recognized employee association? : 100% total strength is 19 worker, all of them Member of The Association.
7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

No.	Category	No of complaints filed during the financial year	No of complaints pending as on end of the financial year
1	Child labour / forced labour / involuntary labour	Nil	Nil
2	Sexual Harassment	Nil	Nil
3	Discriminatory employment	Nil	Nil

8. What percentage of your under mentioned employees were given safety & skill upgradation training in the last year? : Nearly 20%

**Principle 4**

**Business should respect the interest of and be responsible towards all stakeholders especially those who are disadvantaged, vulnerable and marginalised.**

1. **Has the company mapped its internal and external stakeholders? Yes/No : Yes**
2. **Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders.**

Identification of the disadvantaged, vulnerable and marginalised stakeholders is an on-going process. The Company's Corporate Social Responsibility (CSR) policy intends to focus on certain initiatives, inter alia, in the fields of education, skill development, health care,

sanitation, environment sustainability, women empowerment and rural development.

3. **Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.**

The Company has contributed through its CSR activities. Please refer to the Report on CSR Activities attached as Annexure – I to the Director's Report, forming part of the Annual Report.

**Principle 5**

**Business should respect and promote human rights**

1. **Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures / Suppliers / Contractors / NGOs / Others?**

Yes, the policy extends only to the Company.

2. **How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?**

No complaint was received for human rights violation during the last financial year.

**Principle 6**

**Business should respect, protect and make effort to restore the environment.**

1. **Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures / Suppliers / Contractors / NGOs / others.**

Yes, the policy extends only to the Company.

2. **Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.**

Yes we have environment policy in place. We have taken green initiative through paperless office etc.

3. **Does the company identify and assess potential environmental risks? Y/N : Yes**

4. **Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed? :**

As on 31st March, 2020, the Company don't have such Mechanism.

5. **Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.**

The Company has taken initiatives on conservation of energy and technology absorption as mentioned in Annexure - V to the Director's Report, forming part of the Annual Report.

6. **Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?**

Yes

7. **Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.**

Nil

#### Principle 7

**Business when engaged in influencing public and regulatory policy should do so in a responsible manner**

1. **Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:**

(a) All India Plastic Manufacturing Association (AIPMA)

(b) We are regular sponsor of Indian Plastic Association (IPA)

2. **Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No;if yes specify the broad areas ( drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others):**

Not Applicable

#### Principle 8

**Business should support inclusive growth and equitable development**

1. **Does the company have specified programmes / initiatives / projects in pursuit of the policy related to Principle 8? If yes details thereof.**

The Company has a Corporate Social Responsibility (CSR) policy in line with the requirement of the Companies Act, 2013 and rules made thereunder. The

details of the CSR initiatives of the Company are provided in the Annexure – I to the Director's Report, forming part of the Annual Report.

2. **Are the programmes / projects undertaken through in-house team/own foundation/external NGO / government structures/any other organization?**

The Company, through in-house team, undertakes various CSR initiatives in a project / program mode.

3. **Have you done any impact assessment of your initiative?**

The initiatives undertaken are reviewed by the CSR Committee, constituted by the Board.

4. **What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken.**

Please refer to the "Report on CSR Activities" attached as Annexure - I to the Director's Report, forming part of the Annual Report.

5. **Have you taken steps to ensure that this community development initiative is successfully adopted by the Community? Brief reply**

The Company undertakes its CSR activities after assessing the needs of the location and the community.

#### Principle 9

**Business should engaged with and provide value to their customers and consumers in a responsible manner:**

1. **What percentage of customer complaints / consumer cases are pending as on the end of financial year.**

The Company obtains the feedback from its various customer(s), from time to time. In case any complaint is received from the customer, the same is appropriately attended, addressed & resolved by the Company. The customers of the Company have various options to connect with the Company's representatives i.e. through email and telephone. As on March 31, 2020, there was negligible percentage of unresolved customer complaints and Nil consumer cases.

2. **Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks(additional information)**

The Company adheres to the applicable laws & regulations regarding the display of the product label and the information related thereto.



3. **Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.**
- No such case is pending against the Company as on end of the financial year.
4. **Did your company carry out any consumer survey/ consumer satisfaction trends?**
- No

## CORPORATE GOVERNANCE REPORT

The Directors present the Company's Report on Corporate Governance for the year ended March 31, 2020, in terms of Regulation 34(3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements, 2015 ("The Listing Regulations").

### 1) **Brief statement on Company's Philosophy on Code of Governance.**

The Company believes in usage of appropriate Corporate Governance policy to achieve the corporate goal of enhancing stakeholder value. The cornerstones of this policy include transparency, empowerment with accountability, respect for people and environment, compliance with law and to follow fair business practices with all its stakeholders. These principles being followed since inception, have helped the Company to build credibility with all its stakeholders.

The Company has adopted a code of conduct for Members of the Board and Senior Management Personnel. All Directors have affirmed in writing their adherence to the above code.

### 2) **Board of Directors**

#### **Composition**

The Board of Directors currently has a mix of Executive and Non-Executive Directors. The Board comprises a Managing Director, two Whole-time Directors (the Executive Directors) and three Non-Executive Directors. All three Non-Executive Directors are Independent Directors.

The Board has identified the following skill sets with reference to its Business and Industry which are available with the Board:

<b>Name of the Director</b>	<b>Expertise in Specific functional area</b>
Mr. Bo Jingen	Business Strategy, Planning, Marketing and Sales
Mr. Wu Xiaohui	Product Development and Technical Support
Mr. N.Subramanian	Accounts, Finance, Audit, Taxation and Corporate Law matters
Mr. Dilip Dinkar Kulkarni	Internal, Operational & Management Audit and Management Consultancy
Ms. Nilima Ramrao Shinde	Legal
Mr. D.Balaji	Marketing, Operations and TQM

The Board is satisfied that the current composition meets the requirements of skills, expertise and competencies as identified above in the context of the Company's business and sector(s) for it to function effectively.

The following table gives the details of category of Board of Directors and their attendance at Board Meetings and last AGM and details of Memberships in other Boards and Board Committees as on 31st March, 2020.

### **Meetings**

During the year 2019 - 20, the Board met 4 times on 28th May, 2019, 29th July, 2019, 13th November, 2019 and 12th February, 2020. The last AGM was held on 27th September, 2019.

Name of the Director	Category	No. of Board Meetings Attended	Attendance at the Last AGM	Directorships in other Boards		Committee(s) @ Membership (Inclusive of Kingfa India)	
				Directorships	Chairmanships	Memberships	Chairmanships
Mr. Bo Jingen (DIN 06617986)	NI-EX	4	Yes	-	-	1	-
Mr. Wu Xiaohui (DIN 06617977)	NI-EX	1	Yes	-	-	-	-
Mr. N.Subramanian (DIN 03602858)	IN-NE	4	Yes	2	-	3	2
Mr. Dilip Dinkar Kulkarni (DIN 07272118)	IN-NE	4	Yes	-	-	1	-
Ms. Nilima Ramrao Shinde (DIN 07646156)	IN-NE	4	Yes	-	-	2	-
Mr. D.Balaji (DIN 08256342)	NI-EX	4	Yes	-	-	-	-

NI – Non Independent NE – Non-Executive EX – Executive IN – Independent

@ Memberships / Chairmanships of only Audit Committee and Stakeholders' Relationship Committee have been included.

Details of name of other listed entities where Directors of the Company are Directors and the category of Directorship are as under:

Mr. N.Subramanian : Cella Space Limited (formerly known as Sakthi Paper Mills Limited (Independent Director).

None of the Directors are related to each other.

The number of Directorships, Committee Membership(s) / Chairmanship(s) of all Directors are within respective limits prescribed under the Companies Act, 2013 and Listing Regulations.

### Independent Directors

The Non-Executive Independent Directors fulfil the conditions of independence specified both under the Companies Act and the Listing Regulations.

### Board Procedure

The Board is presented with information on matters pertaining to working of the Company for their consideration and approval, wherever required. Among others, this includes

- operating plans, capital budgets.
- quarterly results of the company.
- risks faced and steps taken to mitigate / minimize the risks, if any.
- minutes of meeting of audit committee and other committees.
- information on recruitment and remuneration of senior officers just below the level of board of directors, including appointment or removal of Chief Financial Officer and the Company Secretary.
- significant developments in the industrial and human relations front.
- materially important show cause, demand and penalty notices and prosecutions, if any.
- fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
- materially relevant defaults in financial obligations to and by the company or substantial non payment for goods sold by the company.
- foreign exchange exposure and steps taken by management to limit the risks of adverse exchange rate movement.

- any issue, which involves possible public or product liability claims of substantial nature, including any judgement order.
- details of any joint venture or collaboration agreement.
- transactions that involve substantial payment towards goodwill, brand equity, or intellectual property.
- proposals for diversification, investment, disinvestments and restructuring; and
- non-compliance with any regulatory or statutory provision or listing requirements as well as shareholder services.

### Information placed before the Board

The Company provides the information as set out in Regulation 17 read with Part A of Schedule II of the Listing Regulations to the Board and the Board Committees to the extent it is applicable and relevant. Such information is submitted either as part of the agenda papers in advance of the respective Meetings or by way of presentations and discussions during the Meetings.

### Number of Independent Directorships

As per Regulation 17A of the Listing Regulations, Independent Directors of the Company do not serve as Independent Directors in more than seven listed entities. Further, the Managing Director / Whole-time Directors of the Company does not serve as an Independent Director in not more than three listed entities.

### Familiarisation Programmes for Board Members

At the time of appointing a Director, a formal letter of appointment is given to him / her. The Director is also explained in detail the compliance required from him / her under the Companies Act, 2013, the Listing Regulations and other various statutes. The Managing Director also has a one to one discussion with the newly appointed Director to familiarize him / her with the Company's operations.

The Board Members are provided with necessary information to enable them to familiarize themselves with the Company's procedures and practices. Periodic presentations are made to the Board on business and performance of the Company.

The details of such familiarization programmes for Independent Directors of the Company are posted on the website of the Company viz. [www.kingfaindia.com](http://www.kingfaindia.com).

## 3) Audit Committee

### Terms of reference

The Audit Committee of the Company functions under the mandate stipulated under the SEBI (Listing obligations and disclosure requirements) Regulation, 2015 and the Companies Act, 2013 which includes reviewing and taking corrective actions as and when required, in consultation with the Internal Auditors.

### A. Powers of Audit Committee

The Audit Committee shall have powers, including the following:

- To investigate any activity within its terms of reference.
- To seek information from any employee.
- To obtain outside legal or other professional advice.
- To secure attendance of outsiders with relevant expertise, if it considers necessary.

### B. Role of Audit Committee and Review of Information by Audit Committee

The role of the Audit Committee and Review of Information by Audit Committee shall include the following:

1. Oversight of the Issuer's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of auditors;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
  - i. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013;
  - ii. Changes, if any, in accounting policies and practices and reasons for the same;
  - iii. Major accounting entries involving estimates based on the exercise of judgment by management;

- iv. Significant adjustments made in the financial statements arising out of audit findings;
  - v. Compliance with listing and other legal requirements relating to financial statements;
  - vi. Disclosure of any related party transactions;
  - vii. Modified opinion(s) in the draft audit report;
  5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
  6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
  7. Reviewing and Monitoring the auditor's independence and performance, and effectiveness of audit process;
  8. Approval or any subsequent modification of transactions with related parties;
  9. Scrutiny of inter-corporate loans and investments;
  10. Valuation of undertakings or assets, wherever it is necessary;
  11. Evaluation of internal financial controls and risk management systems;
  12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
  13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
  14. Discussion with internal auditors any significant findings and follow up there on;
  15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
  16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
  17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors;
  18. To review the functioning of the Whistle Blower mechanism;
  19. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate;
  20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
- Further, the Audit Committee shall mandatorily review the following information:
- Management discussion and analysis of financial condition and results of operations;
  - Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
  - Management letters / letters of internal control weaknesses issued by the statutory auditors;
  - Internal audit reports relating to internal control weaknesses; and
  - The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee.
  - Statement of deviations.
- Presently, it comprises three Non-Executive Directors - all of whom are independent. The Members of the Committee have exposure to Finance, Accounts, Company Law and General Business Practices.
- The Composition of the Audit Committee are as under:
- A) Mr. N.Subramanian – Chairman
  - B) Mr. Dilip Dinkar Kulkarni – Member
  - C) Ms. Nilima Ramrao Shinde - Member

## Meetings

During the financial year 2019 - 20, four Audit Committee Meetings were held on 28th May, 2019, 29th July, 2019, 13th November, 2019 and 12th February, 2020.

## Attendance

Name of Director	No. of Meetings Attended
Mr. N.Subramanian	4
Mr. Dilip Dinkar Kulkarni	4
Ms. Nilima Ramrao Shinde	4

Besides the above, Managing Director, Whole-time Directors, Chief Financial Officer, the representatives of the Statutory Auditors and Internal Auditors are invitees to the Audit Committee Meetings. The representatives of the Cost Auditor attend such Meetings of the Audit Committee where matters relating to the Cost Audit Report are discussed. The Company Secretary acts as a Secretary to the Committee as required by Regulation 18(1)(e) of the Listing Regulations.

## 4) Nomination and Remuneration Committee

### Terms of reference

The Nomination and Remuneration (N&R) Committee has adopted a broad principles which, inter alia, deals with the manner of selection of Board of Directors and covers the areas as contemplated under Act and Listing Regulations.

The Non Executive Directors shall be of high integrity with relevant expertise and experience so as to have a diverse Board with Directors having expertise in the fields of manufacturing, marketing, finance, taxation, law, governance and general management.

In case of appointment of Independent Directors, the N&R Committee shall satisfy itself with regard to the independent nature of the Directors vis-à-vis the Company so as to enable the Board to discharge its function and duties effectively.

The N&R Committee shall ensure that the candidate identified for appointment as a Director is not disqualified for appointment under Section 164 of the Companies Act, 2013.

The N&R Committee shall consider the following attributes / criteria, whilst recommending to the Board the candidature for appointment as Director.

- i. Qualification, expertise and experience of the Directors in their respective fields;
- ii. Personal, Professional or business standing;
- iii. Diversity of the Board.

In case of re-appointment of Non Executive Directors, the Board shall take into consideration the performance evaluation of the Director and his engagement level.

## Remuneration

The Non Executive Directors shall be entitled to receive remuneration by way of sitting fees, reimbursement of expenses for participation in the Board and Committee Meetings.

A Non Executive Director shall be entitled to receive sitting fees for each meeting of the Board and Committee Meetings attended by him / her, of such sum as may be approved by the Board of Directors within the overall limits prescribed under the Companies Act, 2013. Criteria of making payments to Non-Executive Directors / Independent Directors is displayed on the Company's website viz. [www.kingfaindia.com](http://www.kingfaindia.com)

A Nomination and Remuneration Committee has been constituted to determine the quantum and components of the remuneration to be paid to the Managing Director / Whole-time Directors.

The Nomination and Remuneration Committee consists of four Directors, three of whom are Independent.

The Composition of the Nomination and Remuneration Committee are as under:

- A) Mr. N.Subramanian – Chairman
- B) Mr. Bo Jingen – Member
- C) Mr. Dilip Dinkar Kulkarni – Member
- D) Ms. Nilima Ramrao Shinde – Member

## Meeting and Attendance

During the financial year 2019 - 20, three meetings of the Nomination and Remuneration Committee were held on 28th May, 2019, 29th July, 2019 and 12th February, 2020 and it was attended by all the four Members.

## Remuneration policy

The Remuneration Committee determines and recommends to the Board, the quantum of remuneration including incentives and perquisites payable to Whole Time Directors / Directors of the Company as and when they come for review. The details of the policy is available on Company's website.

## Remuneration of Directors

The compensation of the Managing Director / Whole-time Directors comprises of Salary, Perquisites, Allowances etc plus Commission / Incentive. The Managing Director / Whole-time Directors are not paid Sitting fees for any Board / Committee Meetings attended by them. The Agreements with the

Managing Director / Whole-time Directors are contractual in nature.

The term of office of Mr.Bo Jingen as Managing Director expires on February 26, 2022 and consented to retire by rotation.

Mr.Wu Xiaohui was reappointed as Whole-time Director, consented to retire by rotation, for a further period of two years with effect from February 27, 2020.

The term of office of Mr. D.Balaji as Whole-time Director, designated as Executive Director expires on October 28, 2021 and consented to retire by rotation.

There are no stock options available / issued to any Director of the Company.

Details of Sitting fees paid per Meeting to Non-Executive Directors are as follows:

Board Meetings	₹ 40,000/-
Audit Committee Meetings	₹ 30,000/-
Nomination and Remuneration Committee Meetings	₹ 20,000/-
Stakeholder Relationship Committee Meetings	₹ 10,000/-
Corporate Social Responsibility Committee Meetings	₹ 20,000/-

Sitting Fees for the Meeting of the Independent Directors and any other Committee of Board, not mentioned above will be as per Board Meeting Sitting Fees.

The details of the remuneration paid / payable to the Directors for the year 2019 - 20 together with sitting fees paid and the shareholding held by the Non Executive Directors as on 31st March, 2020 are as under :

#### Managing Director / Whole-time Directors

(₹ in Lakhs)

Name of Director	Salary	Perquisites	Commission	Performance Incentive	Total
Mr. Bo Jingen	20.16	2.70	-	-	22.86
Mr. Wu Xiaohui	18.82	2.52	-	-	21.34
Mr. D.Balaji	28.72	-	-	16.38	45.10

#### Non - Executive Directors

Name of Director	Sitting fees paid for Board and Committee Meetings (₹ in Lakhs)	Commission (₹)	Shares held in the Company (Nos.)
Mr. N.Subramanian	4.20	Nil	Nil
Mr. Dilip Dinkar Kulkarni	4.40	Nil	Nil
Ms. Nilima Ramrao Shinde	4.20	Nil	Nil

No other remuneration is being paid by the Company to any of the Non - Executive Directors other than the sitting fees. No convertible instruments are held by the Non - Executive Directors.

#### Performance Evaluation

Pursuant to the provisions of the Companies Act, 2013 and Regulation 17 of the Listing Regulations, the Board has carried out the performance evaluation of its own performance, its Committees and Directors individually. A structured questionnaire was prepared 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. The performance evaluation was then discussed and noted.

The performance evaluation of the Chairman of the Board and Managing Director / Board / Executive / Non Independent / Independent Directors was carried out. In the evaluation of the Directors, the Directors being evaluated had not participated and the Board evaluation process was completed. The Directors expressed their satisfaction with the evaluation process.

**5) Stakeholder Relationship Committee****Terms of Reference**

The Board of Directors has constituted a Stakeholder Relationship Committee to approve the share transfers and other investor related matters and also to attend to the investor grievances.

The Composition of the Stakeholder Relationship Committee are as under:

- A) Mr. N.Subramanian – Chairman
- B) Mr. Bo Jingen – Member
- C) Ms. Nilima Ramrao Shinde - Member

The Compliance Officer is Mr. Nirnoy Sur, Company Secretary.

To expedite the process of Share Transfer, the Board has delegated the power to approve Share Transfers to Compliance Officer and those transfers which are so approved are ratified at the immediately following Stakeholder Relationship Committee Meeting.

**Meetings**

During the year 2019 - 20, the Stakeholder Relationship Committee met four times on 28th May, 2019, 29th July, 2019, 13th November, 2019 and 12th February, 2020.

**Attendance**

Name of Director	No. of Meetings Attended
Mr. N.Subramanian	4
Mr. Bo Jingen	4
Ms. Nilima Ramrao Shinde	4

The Company confirms that there were no share transfers pending for approval as on 31st March, 2020 and all requests for de-materialization and re-materialization as on that date were confirmed / rejected through NSDL / CDSL system.

No complaints received during the year 2019 – 20 and there are no complaints pending to be resolved as on 31st March, 2020.

**6) Corporate Social Responsibility Committee****Terms of Reference**

To review the Corporate Social Responsibility (CSR) Policy and to make it more comprehensive so as to indicate the activities to be undertaken by the Company as specified in the Companies Act, 2013 and to provide guidance on various CSR activities to be undertaken by the Company and to monitor process.

The Composition of the CSR Committee are as under:

- A) Mr. Dilip Dinkar Kulkarni – Chairman
- B) Mr. Wu Xiaohui - Member
- C) Mr. D.Balaji - Member

**Meeting and Attendance**

The Committee met three times during the financial year 2019 – 20 on 29th July, 2019, 13th November, 2019 and 12th February, 2020.

**Attendance**

Name of Director	No. of Meetings Attended
Mr. Dilip Dinkar Kulkarni	3
Mr. Wu Xiaohui	1
Mr. D.Balaji	3

**7) Independent Directors' Meeting**

During the year under review, the Independent Directors met on 12th February, 2020 inter alia, to:

- Evaluate performance of Non-Independent Directors and the Board of Directors as a whole;
- Evaluate performance of the Chairman, taking into account the views of the Executive and Non-Executive Directors;
- Evaluation of the quality, content and timeliness of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

All the Independent Directors were present at this Meeting.

8) **General Body Meetings**(A) **The details of location and time of holding the last three Annual General Meetings are as under:**

Financial Year Ended	Date	Time	Venue
31.03.2019	27.09.2019	10.30 a.m.	Raj Park Chennai, 'Opal Hall', 180, T.T.K.Road, Alwarpet, Chennai – 600 018.
31.03.2018	27.09.2018	10.00 a.m.	Raj Park Chennai, 'Ruby Hall', 180, T.T.K.Road, Alwarpet, Chennai – 600 018.
31.03.2017	25.09.2017	11.30 a.m.	Raj Park Chennai, 'Summit Hall', 180, T.T.K.Road, Alwarpet, Chennai – 600 018.

(B) **Details of Special Resolutions passed at the last three Annual General Meetings:**I. **At the 35th Annual General Meeting held on 27th September, 2019.**

- a) Appointment of Mr.D.Balaji as Whole-time Director designated as Executive Director of the Company.
- b) Re-appointment of Mr. N.Subramanian as an Independent Non-Executive Director.
- c) Re-Appointment of Mr.Bo Jingen as Managing Director.

II. **At the 34th Annual General Meeting held on 27th September, 2018.**

- a) Authorisation to borrow money exceeding aggregate of the Paid up Capital and Free Reserves of the Company.

III. **At the 33rd Annual General Meeting held on 27th September, 2017.**

- a) Re-appointment of Mr.Bo Jingen as Managing Director for a period of 3 years with effect from February 27, 2017.
- b) Re-appointment of Mr.Wu Xiaohui as Whole-time Director for a period of 3 years with effect from February 27, 2017.

(C) **Postal Ballot**

During the year, no resolutions have been passed through Postal Ballot.

None of the Businesses proposed to be transacted in the ensuing Annual General Meeting require passing of a resolution through Postal Ballot.

Prescribed procedure for Postal Ballot as per the provisions contained in this behalf in the Companies Act, 2013, read with rules made there under as amended from time to time shall be complied with whenever necessary.

(D) **A brief resume and name of the companies in which Directors, who are being appointed / re-appointed, hold Directorships / Committee Memberships and Shareholding in the Company.**

Details of Director(s) retiring or being appointed or re-appointed are given in the notice of the Annual General Meeting which is forming part of the Annual Report of the Company.

9) **Disclosures**

➤ **Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature, with its Promoters, the Directors or the Management, their Subsidiaries or relatives etc. that may have potential conflict with the interests of the company at large:**

All transactions entered into with the Related Parties during the financial year were in the ordinary course of business and on arm's length basis. Transactions with Related Parties have been disclosed in the Notes to and forming part of Financial Statements.

Prior omnibus approval obtained and a statement in summary form of transactions with related parties in the ordinary course of business and arm's length basis is periodically placed before the Audit Committee for review and recommendation to the Board for their approval.



None of the transactions with related parties were in conflict with the interest of the Company. All the transactions are in the normal course of business and have no potential conflict with the interest of the Company at large and are carried out on an arm's length basis or fair value.

The Company has formulated a policy on related party transactions. The policy is placed on the website of the Company at [www.kingfaindia.com](http://www.kingfaindia.com).

**Details of non-compliance by the company, penalties, strictures imposed on the company by Stock Exchanges or SEBI or any statutory authority on any matter related to the capital markets, during the last three years:**

No penalties or strictures have been imposed by any regulatory authority on any matter related to capital markets during the last three years.

**Code of conduct for prevention of Insider Trading:**

The company has framed a code of conduct for prevention of Insider Trading based on SEBI (Prohibition of Insider Trading), Regulations.

This code is applicable to Promoter, all Directors, Designated Employees, Connected and Specified persons having access to unpublished price sensitive information.

The Company has also formulated 'The Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information' in compliance with SEBI (Prohibition of Insider Trading), Regulations. This Code is displayed on the Company's website viz. [www.kingfaindia.com](http://www.kingfaindia.com)

**Vigil Mechanism, Whistle Blower Policy and affirmation that no personnel has been denied access to the audit committee:**

The Company confirms that it has not denied access to any personnel to approach the Management or the Audit Committee on any issue.

**Details of Compliance with mandatory requirements and adoption of the non-mandatory requirements:**

The Company has complied with the mandatory requirements entered into with the Stock Exchanges and under Listing Regulations. Adoption of non-mandatory requirements is being reviewed by the Board from time-to-time.

**Disclosure of commodity price risks and commodity hedging activities**

The details have been disclosed in Note No. 5.9.a.(iii) of Notes to and forming part of Financial Statements.

**Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A).**

The Company has not raised funds through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A).

**Certificate from Company Secretary in Practice**

As required under SEBI Listing Regulations, the Company has received a Certificate from Ms. Shaswati Vaishnav, Practicing Company Secretaries, M/s. Vaishnav Associates, certifying that none of our directors on the Board of the company have been debarred or disqualified from being appointed or to continue as directors of Company by the SEBI or Ministry of Corporate Affairs or any such statutory authority. This document is annexed to the report.

**Where the board had not accepted any recommendation of any committee of the board which is mandatorily required, in the relevant financial year.**

Not Applicable

**Fees to the Statutory Auditors of the Company**

The total fees for all services paid to the Statutory Auditors of the Company (Net of Goods Service tax) are as follows. The Company has not availed any services from the network firm/network entity of which the Statutory Auditors is a part.

(₹ in Lakhs)

Particulars	2019-20
Statutory Auditors	
a. As Auditors	
Audit & Assurance Fees	6.50
Tax Audit Fees	-
GST Audit Fees	4.25
b. Limited Review	1.50
c. Reimbursement of expenses	0.57
d. Certification & others	1.30

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

As required by the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 and the Rules made thereunder, the Company has

formulated and implemented a policy on prevention of sexual harassment at the workplace with a mechanism of lodging complaints. The Company has not received any complaint under this policy during the year under review.

#### Discretionary Requirements

The Company has also complied with discretionary requirements as specified in the Listing Regulations regarding unmodified Financial Statements and Reporting of Internal Auditors.

#### Compliance with corporate governance requirements

The Company has complied with the requirements of corporate governance specified in Regulation 17 to 27 and clause (b) to (i) of sub-regulation (2) of Regulation 46 of the SEBI Listing Regulations.

### 10) Means of Communication

1.	Quarterly Results	: Communicated through advertisement in newspapers.
2.	Newspapers wherein results normally published	: Financial Express (English) and Maalai Sudar (Tamil).
3.	Any Website where displayed	: www.kingfaindia.com, www.bseindia.com, www.nseindia.com
4.	Any official news release published	: No
5.	Details of presentation needs to Institutional Investors/Analysts	: Nil

The Management's Discussion and Analysis highlighting specific details of the operations has been included in the Directors' Report.

### 11) General Shareholder Information

- a) **Registered Office** : Dhun Building, III Floor,  
827, Anna Salai, Chennai - 600 002.
- b) **Annual General Meeting** :  
Day  
Date  
Time  
Venue  
} Details are given in the notice of the Annual General Meeting which is forming part of the Annual Report of the Company.
- c) **Financial Year** : 1st April to 31st March

**d) Financial Calendar for 2020 – 2021 :**

(\*tentative schedule excluding Extraordinary General Meeting(s) if any)

First Quarter Results (30th June, 2020)	on or before August 14, 2020
Second Quarter Results (30th September, 2020)	on or before November 14, 2020
Third Quarter Results (31st December, 2020)	on or before February 14, 2021
Fourth Quarter Results (31st March, 2021)	before end of May, 2021
Annual General Meeting (2020-2021)	In accordance with Companies Act, 2013

\* or such other date as may be allowed by SEBI / MCA

**e) Date of Book Closure** : Details are given in the notice of the Annual General Meeting which is forming part of the Annual Report of the Company.

**f) Dividend Payment Date** : Equity Shares – Not Applicable

**g) Listing on Stock Exchanges** **Stock Code**

(1) **BSE Limited (BSE)** 524019

(Scrip ID – KINGFA)

Phiroze Jeejeebhoy Towers,

Dalal Street, Mumbai - 400 001.

(2) **National Stock Exchange of India Limited (NSE)** KINGFA

Exchange Plaza,

Bandra Kurla Complex,

Bandra East, Mumbai - 400051

Demat ISIN No. for CDSL and NSDL is INE473D01015.

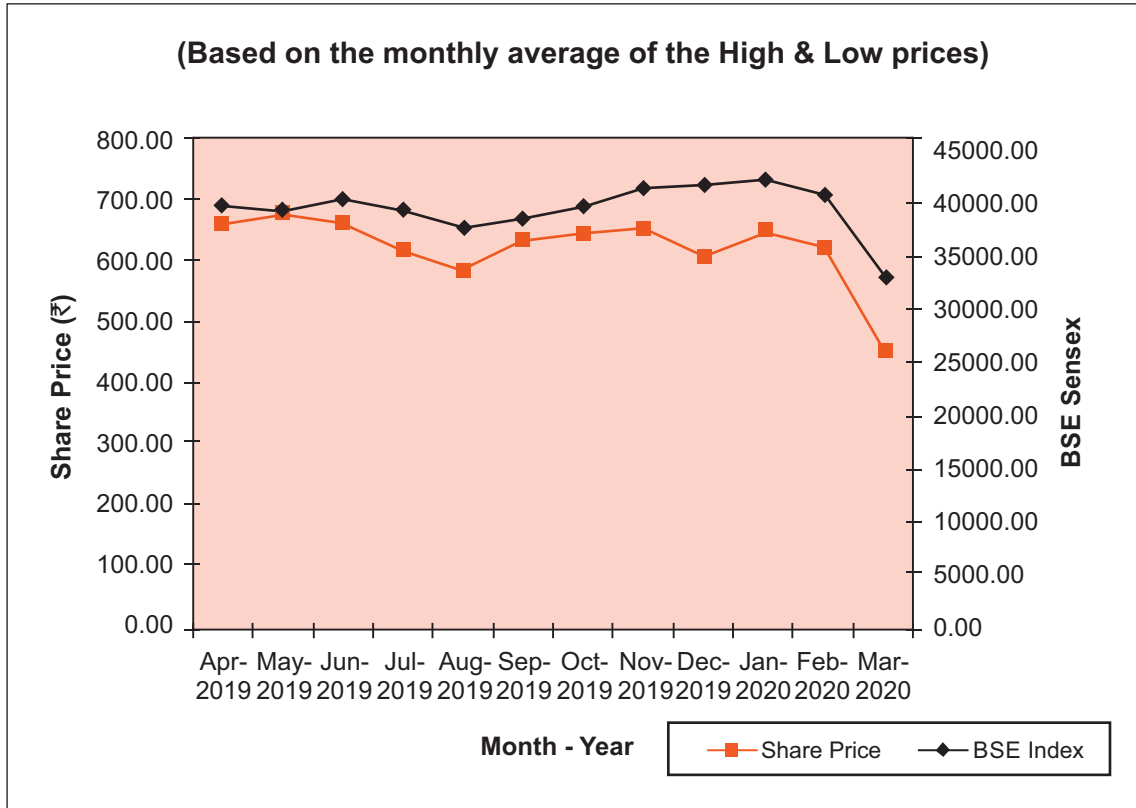
The Listing fees to BSE and NSE have been paid.

**h) Market Price Data – High & Low of Equity Shares of the Company**

( in ₹ )

Month	Year	BSE		NSE	
		High	Low	High	Low
April	2019	697.60	627.00	716.30	632.30
May	2019	770.00	589.00	769.85	585.00
June	2019	750.00	581.05	729.00	582.25
July	2019	680.00	561.30	684.00	560.15
August	2019	634.95	540.00	624.00	531.00
September	2019	689.90	585.00	690.00	585.00
October	2019	700.00	596.05	704.00	608.10
November	2019	710.00	605.10	710.00	605.25
December	2019	630.00	588.25	631.40	585.00
January	2020	705.00	600.00	707.90	598.90
February	2020	695.00	554.10	688.90	552.55
March	2020	602.35	306.00	638.90	301.55

i) Performance of Share Price of the Company in comparison to BSE Sensex



j) **Registrar & Share Transfer Agent :** M/s. Integrated Registry Management Services Private Limited,  
 Unit : Kingfa Science & Technology (India) Limited  
 2nd Floor, “Kences Towers”,  
 No. 1, Ramakrishna Street,  
 North Usman Road, T. Nagar,  
 Chennai - 600 017.  
 Phone Nos : +91-44-28140801 - 803  
 Fax No. : +91-44-28142479  
 E-Mail : yuvraj@integratedindia.in  
 Contact Person : K. Suresh Babu, Director

- k) **Share Transfer System :**
1. Transfer of the shares held in electronic form are done through the depositories.
  2. Transfer of shares in the physical form are done by Registrar & Share transfer agent within statutory time limit.
  3. The power to approve the transfer, transmission and other Share Certificate related matters has been delegated by the Board to Compliance Officer and his action is ratified at the next Stakeholder Relationship Committee Meeting.
  4. Certificate is obtained from a Practising Company Secretary every six months confirming the transfer, transmission etc. of equity shares within stipulated time from the date of their lodgement and sent to Stock Exchanges where the Company’s shares are listed.
  5. Reconciliation of Share capital Audit as stipulated by SEBI is conducted on quarterly basis reconciling the admitted equity share capital with the shares in electronic and physical form and Certificate issued in this regard by Practising Company Secretary is forwarded to Stock Exchanges where the Company’s shares are listed.

l) **Distribution of Shareholding and Shareholding Pattern as on 31.03.2020.**i) **Distribution of Shareholding**

CATEGORY	SHAREHOLDERS		SHARES	
	NUMBER	% TO TOTAL	NUMBER	% TO TOTAL
Upto 2500	8281	98.52	1200837	9.92
2501 - 5000	71	0.84	245375	2.03
5001 - 10000	31	0.37	219789	1.81
10001 – 20000	14	0.17	185558	1.53
20001 – 30000	2	0.02	50557	0.42
30001 – 40000	0	0.00	0	0.00
40001 – 50000	1	0.01	40350	0.33
50001 – 100000	1	0.01	57335	0.47
100000 & above	4	0.05	10110660	83.49
<b>TOTAL</b>	<b>8405</b>	<b>100.00</b>	<b>12110461</b>	<b>100.00</b>

ii) **Shareholding Pattern**

CATEGORY	HOLDERS	SHARES	VOTING STRENGTH (PERCENTAGE)
Promoter	1	9082214	74.99
Non-Resident Individuals / OCBs	272	124901	1.03
Foreign Port Folio Investor – Corporate / Foreign National	4	793781	6.55
Bodies Corporate	118	107102	0.88
FIs/Mutual Funds/Banks	1	2584	0.02
Resident Individuals	7933	1899956	15.69
Others	76	99923	0.83
<b>Total</b>	<b>8405</b>	<b>12110461</b>	<b>100.00</b>

m) **Dematerialisation of Shares & liquidity**

The shares of the Company can be held and traded in electronic form. As on March 31, 2020, 99.33% of the Company's total equity shares representing 1,20,34,631 shares were held in dematerialised form and the balance 0.63% representing 75,830 shares in the physical form.

n) **Outstanding GDRs / ADRs / Warrants or any Convertible instruments, conversion date and likely impact on equity**

- Nil

o) **Commodity price risk or foreign exchange risk and hedging activities**

The details have been disclosed in Note Nos.5.9.a.(iii), 5.9.a.(ii) of Notes to and forming part of Financial Statements.

**p) Plant Locations**

- Plot No : F 5/5, Chakan Industrial Area,  
Phase-2, MIDC, Village - Vasuli – Shinde,  
Tal Khed, Pune – 410501. - Modified Thermoplastics
- RS No.38/1, Sedarapet Industrial Area,  
Sedarapet, Puducherry - 605 111. - Modified Thermoplastics
- G 34, Addl. Jejuri Industrial Area  
Jejuri, Tal. Purandar, Pune – 412303. - Modified Thermoplastics
- Plot No-406, Sector-8, IMT Manesar,  
Gurgaon – 122050, Haryana. - Modified Thermoplastics
- Plot No.15C, SIPCOT Industrial Complex,  
Pudukkottai - 622 002. - (Ceased operation from May 2014 onwards)

**q) Address for Correspondence**

**(i) Share related matters :**

M/s.Integrated Registry Management Services  
Private Limited  
Unit : Kingfa Science & Technology (India) Limited  
2nd Floor, “Kences Towers”,  
No. 1, Ramakrishna Street,  
North Usman Road, T. Nagar, Chennai – 600 017.  
Phone Nos : +91-44-28140801 - 803  
Fax No. : +91-44-28142479  
E-Mail : yuvraj@integratedindia.in  
Contact Person : K. Suresh Babu, Director

**(ii) Other matters :**

Company Secretary and Compliance Officer  
Kingfa Science & Technology (India) Limited  
Regd. Office : Dhun Building, III Floor,  
827, Anna Salai,  
Chennai – 600 002.  
Phone Nos : +91-44-28521736  
Fax No : +91-44-28520420  
E-Mail : cs@kingfaindia.com

**For and on behalf of the Board of Directors**

**BO JINGEN**  
**Managing Director**

**D. BALAJI**  
**Executive Director**

Place : Pune

Date : 22<sup>nd</sup> June, 2020

**CERTIFICATE ON COMPLIANCE WITH CONDITIONS OF CORPORATE GOVERNANCE UNDER CHAPTER IV OF THE  
SECURITIES AND EXCHANGE BOARD OF INDIA  
(LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015**

To

**The Members of  
Kingfa Science & Technology (India) Limited,  
Dhun Building, III Floor,  
827, Anna Salai,  
Chennai - 600 002.**

I have examined the compliance of conditions of Corporate Governance by Kingfa Science & Technology (India) Limited (“the Company”) for the year ended 31st March, 2020 as stipulated in Chapter IV of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Regulations”).

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned regulations.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

**For VAISHNAV ASSOCIATES**

Practicing Company Secretaries

**Shaswati Vaishnav**

ACS: 11392 CP No : 8675

UDIN A011392B000581161

Place : Pune

Date : June 22, 2020

**CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS (Pursuant to Regulation 34(3) and Schedule V Para C  
clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)**

To

The Members,  
Kingfa Science & Technology (India) Limited,  
Dhun Building III Floor,  
827, Anna Salai,  
Chennai - 600 002.

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Kingfa Science & Technology (India) Limited CIN L25209TN1983PLC010438 and having registered office at Dhun Building, III floor, 827 Anna Salai, Chennai 600 002 hereinafter referred to as (“the Company”), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers.

I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2020 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Sr. No.	Name of Director	DIN	Date of Appointment
1.	NARAYANASWAMY SUBRAMANIAN	03602858	16/05/2014
2.	XIAOHUI WU	06617977	27/02/2014
3.	JINGEN BO	06617986	27/02/2014
4.	DILIP DINKAR KULKARNI	07272118	28/08/2015
5.	NILIMARAMRAO SHINDE	07646156	01/11/2016
6.	BALAJI DORAISWAMI	08256342	29/10/2018

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. My responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For VAISHNAV ASSOCIATES**

Practicing Company Secretaries

**Shaswati Vaishnav**

ACS: 11392 CP No : 8675

UDIN A011392B000581161

Place : Pune

Date : June 22, 2020

### CEO / CFO CERTIFICATION

We the undersigned, in our respective capacities as Managing Director and Chief Financial Officer of Kingfa Science & Technology (India) Limited ("the Company") to the best of our knowledge and belief certify that:

- a. We have reviewed Financial Statements and the Cash Flow Statement for year ended 31<sup>st</sup> March, 2020 and that to the best of our knowledge and belief, we state that:
  - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. We further state that to the best of our knowledge and belief, no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's code of conduct.
- c. We are responsible for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting of the Company and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d. We have indicated to the Auditors and the Audit Committee:
  - i. significant changes, if any, in internal control over financial reporting during the year;
  - ii. significant changes, if any, in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - iii. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

for Kingfa Science & Technology (India) Limited,

Place : Pune

Date : 22<sup>nd</sup> June, 2020

**BO JINGEN**  
Managing Director

**XIE DONGMING**  
Chief Financial Officer



## MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT

## A) INTRODUCTION

This report addresses the Management views and perceptions of the business considering the current scenario based on the market environment and possible growth opportunities with the visible and imminent headwinds and challenges while analyzing the performance for the year under review. The report also presents the summary of control and counter measures being initiated and also the Development of Human resources. The report should be read in conjunction with the Director's report to the shareholders, the Financial reports and other notes provided as a part of the annual report.

## B) ECONOMIC SCENARIO

This year's economic situation was dominated by the Covid-19 pandemic towards the last quarter. The exchange rate which was below ₹ 70/US\$ in the Q1 slipped down and crossed beyond the ₹ 70/US\$ mark in Q3 and went to cross ₹ 75/US\$ towards the year end. Companies depending on imports suffered on account of this and the unpredictability on exchange rate continued to dictate profitability of companies. Oil prices which were stable for most part of the year dropped drastically as we closed the year.

With all such unpredictabilities dominating the global scenario, India continued to remain a market with abundant opportunities for growth. The double impact of GST implementation and Demonetization in the previous years were well absorbed by the economy. India GDP growth which was reported at 4.8% for H1 2019-20 came down towards the year end.

With India having become the fifth largest economy in the world in 2019 and aspiring to be the third largest by 2025, expectations on the developments activities to

gear up further is large on the government. The theme of the Economic Survey 2019-20 published by the Government attempts to craft a framework of policies that can foster wealth creation in India. As India aspires to become a \$5 trillion economy by 2025 – an ambitious vision that should create, as the famous economist Adam Smith observed, “*Universal opulence which extends itself to the lowest ranks of the people*”, the industries in India see big opportunities coming in their way. This is backed by India's strong democracy and partnerships fostered with other nations.

## C) INDUSTRY STRUCTURE AND DEVELOPMENTS

During the year under review, the expected festival demand for automotive and appliances was missing like in the previous year. The industry continued to feel the pressure on the cost front everywhere. Though the built-up inventory posed a big challenge, the industries revived to increase the output as indicated by the higher PMIs witnessed during Jan'20 (55.3) and Feb'20 (54.5). This run was abruptly disturbed by the Covid-19 crisis. With India getting locked down from 25th Mar'2020, the PMI for Mar'2020 came down to 51.8.

The year in discussion was bad for the automobile industry in that the overall production came down by 14.73% compared to the previous year. This has halted the growth curve seen in the past several years in the Indian automotive industry. The Commercial vehicles which witnessed a robust growth of more than 24% during the previous year came down by more than 32% falling to a production level witnessed only four years back. Similar was the case with Passenger vehicles which dropped by 14.75% in production numbers compared to the previous year and went back to the volume recorded way back in 2015-16.

## AUTOMOTIVE INDUSTRY IN INDIA PRODUCTION TREND

Category	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Passenger Vehicles	3,221,419	3,465,045	3,801,670	4,020,267	4,028,471	3,434,013
Commercial Vehicles	698,298	786,692	810,253	895,448	1,112,405	752,022
Three Wheelers	949,019	934,104	783,721	1,022,181	1,268,833	1,133,858
Two Wheelers	18,489,311	18,830,227	19,933,739	23,154,838	24,499,777	21,036,294
Quadricycle		531	1,584	1,713	5,388	6,095
<b>Grand Total</b>	<b>23,358,047</b>	<b>24,016,599</b>	<b>25,330,967</b>	<b>29,094,447</b>	<b>30,914,874</b>	<b>26,362,282</b>

Source: Siamindia.com

## D) COMPANY PERFORMANCE

As indicated above with the automotive industry performance failing to meet the projected growth and recording huge fall, all the associated industries also fared badly. However your company sustained the growth levels on year-on-year basis which is notable considering the allied industry performance. This was made possible through our engagements with the OEMs on a continuous basis to support them in their cost and product optimization efforts resulting in enhanced market share with almost all the OEMs. Resourcing the front end & development teams and enhancing production capacity enabled us to increase our scope of engagement.

With this kind of growth sustaining we were also able to record continuous growth in volumes year on year and continue to more than double the volume in a shorter span compared to our competition. This was the result of increased focus on all key OEMs across the country. Our focus on Appliances and other product lines in the recent years is yielding tangible results with our business in Non-automotive sector continuing to grow at faster pace.

### 1) Operations

Our company is successful in our efforts to build capacity ahead of the growth curve so that we have the capacity to fully capture the growth opportunity that presents itself as well as through our efforts. With our new green field manufacturing facility at Chakan near Pune getting commissioned and starting first phase of operations from Sep'19, we are well prepared to meet any growth opportunities that present itself in the coming years.

Raw material prices remained more or less volatile for better part of the year due to increasing trend in exchange rates. The near flat oil prices kept the prices of polymers at stable levels for most part of the year.

We continue to take support of our principals in creating multiple and alternate options to have a greater control on key RM prices. Inventory management both at RM and FG level continue to remain a big challenge demanding our full focus due to the fact that the volumes are increasing and the number of grade/Color combinations are going up. We have established a robust Supply chain team and IT enabled

process to manage the entire order to delivery process which is a key to managing larger capacities and multiple production lines in the coming years.

### 2) Marketing Initiatives

All the OEMs have shown significant interest in taking advantage of our material offering in the design and manufacture of their passenger cars. In recent times, the Automobile industry started laying stress on Styling, environment friendly materials, Safety, Comfort, Convenience and feeling of luxury as against mere Fuel economy in earlier days. Apart from these, demands in terms of fool proof quality systems, supply chain robustness, JIT, service, support during development stages and cost played crucial role in winning the RFQ. Any material option which addresses these significantly is always on OEM's radar. We have on a continuous basis increased multiple material options that addresses these key needs to varying extent. Our company offers the optimal mix of customer needs that helped gain new business. Our company has become the pioneers in offering paint free solutions to the automotive industry.

Our focus on larger OEMs continued and we have made significant progress with respect to approvals for new specifications and business awards for new models. We should see these efforts reflecting in sizeable business in the coming years.

Sustained engagement with the OEMs, both auto and non-auto, is of prime importance and we have increased our scope of engagement with all OEMs across all levels with frequent Technology Shows, Focused Interactions across various departments at OEMs as well as inviting our customers to our facilities to make them acquainted with the test facilities that we have. This has helped us in evolving a number of leads and opportunities which is the corner stone for future business and volume growth.

Our technical team members are in the forefront on all the technical platforms related to plastics to showcase the new material solutions created by Kingfa R&D. Our team is successful in publishing technical articles in industry forums/ magazines/ seminars, relevant for designers, material specialists and decision makers.

We have been emphasizing that it is always important to have multiple options for growth and managing risks associated with any one industry. With the growth in economy and also available disposable income industries like white goods, Small appliances, water treatment and handling, mass transportation are seeing newer market segments and growth. The construction industry is looking at dismantlable structures for faster work completion and your company has become a major supplier for the same having successfully developed the right materials for the same.

The need for newer material options will continue to grow and change with the time. One such opportunity is the foray into health and sanitation needs of the society. Your company is successful in developing a special compound called 'Melt Blown PP' to cater to the health sector for making masks and sanitary items. With Covid-19 threatening the world with faster spread through contact / closer proximity to affected people, the need for personal protective equipment will be on the rise. Our company's 'Melt Blown PP compound' will be a key ingredient for the manufacture of filtering layer that forms part of the Masks to make them effective against infection.

### 3) **Human Resources & Industrial Relations**

The demands from the market in terms of performance expectations are going up continuously and as a company we attach real importance to the skill set of our people to be ready and primed to take on the fresh challenges and opportunities the markets would throw up. We have already integrated our front end team with our Global team to make them current with the technological advancements in the automotive and allied industry. We have embarked on a program to relocate our front-end team at overseas locations to give them exposure to overseas markets. The experience that the team gains in getting new business abroad is immense for the future of the company. This has also assisted us in seamlessly engaging with transnationals who are setting up manufacturing in India. Your company will benefit from this greatly when they commence operations in India.

Training has been the focus in order to gear up the manpower to meet the enhanced requirements thrown up by the industry. While the plant personnel were trained in analyzing and getting to the root causes for problem solving, the front end sales team got exposed to newer selling skills in order to clinch the new business with speed. The technical team continued to get the training at our HQ on the latest advancements. Incentives and rewards in line with the company's goals and being worked out on a continuous basis. The team felt charged with the opportunity given to them. The permanent employees on the rolls of the company stood at 210 as of 31st March 2020.

### 4) **Business Opportunity**

The Company's key focus and objective continues to be growth much above the market trend by aggressively pursuing all opportunities while continuously investing in people, technology and capacity ahead of the demand curve. We are supremely confident that this objective would put us in the right place to fully capitalize and upswing in manufacturing growth in India.

Our construction of Global Scale Manufacturing and Contemporary Design and Development Center at Chakan, Pune is nearing completion. This facility has latest facilities for new product development and would enable your company to develop material and formulations within a short period.

As mentioned earlier, our program to relocate our front-end team at overseas locations to give them exposure to overseas markets is proceeding as per plan. The potential for business in overseas market is essential to utilize the enhanced capacity that we are building.

New automobile brands have entered India now and have offered a big opportunity for the company to benefit from their new requirement. We are happy to inform that our team has been successful in getting new business from all the new entities that have set up manufacturing recently. Similarly, we also see new brands from abroad entering into Indian space in the appliances segment and your company will play a key part for significant contributions to their

material needs. As consolidation happens in the industry, we also see the leaders in their respective businesses growing stronger with additional portfolios added giving us more opportunity to grow with them.

With the expanded capacity, our focus is now moving towards offering more and more engineering plastics. The experience gained in the modification of PP & TPE compounds is at hand for the team to move fast on the engineering plastics products as well. The technical expertise of the parent company will make this happen faster.

## E) RISKS AND CONCERNS AND THREATS

The exposure of the Company to various types of risks is detailed below along with the strategy employed to manage / mitigate the same.

### Business risks

Business Risks are permanent and cyclical with lot of factors contributing to the same and also the ability of the customers to expand and spend. We are sensitive to the same and are focussing our efforts across Industry segments and also expanding our product basket. By continuously engaging with wide spectrum of Industry we feel that we will be able to significantly mitigate if any one segment runs into rough patch.

### Financial Risks

Financial risks are real and permanent and usual part of business and the company always views the same seriously and continuously. Inventory and receivables are continuously reviewed and working capital is managed tightly and ensure optimal cash flow. We apply the lean principle in both while being adaptive to the market swings to get the best benefit out of the customers demand swing. With the implementation of SAP, we are able to review these real time and make effective business decisions.

As our key inputs are derivatives of Petroleum price variations and volatility are normal and secondly not in our control. Multiple options and sources and robust planning and analysis helps us mitigate the over all risk.

We have effectively used resources from our HQ to mitigate interest cost risk. However we continue our focus on receivables and creditors management to reduce risk.

### Commodity Price Risks

The Company is affected by the price volatility of certain commodities. Its operating activities require the on-going manufacture of and therefore require a continuous supply of polypropylene. However, the company being indirect user of these commodities and based on past trend to pass on these volatility to customers, does not have direct impact on profitability over a period of time.

### Foreign Exchange Risks

Adverse movement of Foreign exchange does present a risk and the same arises as we do import critical raw material components. We use the services of professional advisory with an structured and planned approach to manage and reduce the impact of any adverse movement. .

- i) To reduce the probability and potential cause of financial risks by making the Company as neutral as possible to currency and interest rate fluctuations.
- ii) We have made significant progress in looking for export markets and should soon be exporting to Europe & East Asia. This would help us hedge our US \$ variation risk significantly.
- iii) To create a stable planning environment by taking steps to reduce the impact of currency and interest rate fluctuations both in respect of short term and long term commitments.

### Credit risk

Credit risk is the risk that counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

**Asset protection**

The Company has ensured that all of its assets are properly safeguarded against all insurable risks using appropriate and current valuation methods and the adequacy of the same is reviewed periodically with the assistance of professional independent agencies.

Our exposure to automotive Industry passenger car segment is still very significant and any risk of depression would adversely impact car production. This risk is factored adequately in our growth plans and we have increased our engagement with non Automotive markets to reduce our growth risks. We are confident that we would be able to ride through effectively any downside in the Auto Industry.

**F) INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

The objective of the internal control systems is to ensure optimal use of resources, safeguard the Company's assets, exercise control, and minimise system deficiencies and weaknesses. Internal Audit is carried out by an independent professional audit firm to review all aspects of the internal control system and adherence to policies and procedures. The Audit Committee of the Board of Directors reviews the internal audit reports and the implementation of corrective actions and also addresses all aspects of the Company's functioning from this perspective as required under SEBI and Company Law guidelines.

**G) FINANCIAL PERFORMANCE OF THE COMPANY****Revenues**

Sales revenue of the company grew by 5.7% over the previous year, As the key prices of RM like PP trended lower during the year some of the selling prices had to be reduced in line with the pricing agreements in place.

Engineering Plastic compounds continue to get customer approval for Auto and non Auto sectors.

**Input costs**

There was an overall decrease in the input costs during the year. A combination of sourcing action, Formulation rationalization and Optimization

coupled with price softness helped us achieve this. Production process improvement and planning was utilized to reduce our manufacturing costs significantly.

**Financial costs**

Reduction in interest rates negotiated with the Bankers helped in savings in the interest cost.

Higher level of Working capital necessitated was managed through longer negotiated credit period from group companies.

**H) OUTLOOK –**

- a) Only if the trend in increasing offtake of vehicles is sustained will the volume of tonnage increases materialise. Such increased volumes and management of supply chain and logistics should help in bettering margins during the current year subject of course to the price behavior of Polypropylene and other crude oil based inputs.
- b) New commercial vehicles call for increased usage of PP compounds on interior parts and your Company is already working with major companies in this segment to benefit from this approach.
- c) Control of receivables and inventory and improved process efficiency, should also contribute to the reduction of working capital requirement leading to a reduction in interest costs.
- d) Company's strategy is to broadbase its product offerings into other segments of manufacturing, viz, Electrical, Power tools, Appliances through aggressive marketing and also offer products higher in the value chain (viz. Engineering Plastics).

The overall outlook looks promising with the stable Government at the Centre.

**I) DETAILS OF SIGNITIFICANT CHANGES –**

As per Listing Regulations, details (i.e. change of 25% or more as compared to the immediately previous financial year) in key financial ratios, along with explanations therefor, are given below :

Particulars	2019-20	2018-19
(i) Debtors Turnover :	3.65	3.59
(ii) Inventory Turnover :	5.69	5.44
(iii) Interest Coverage Ratio :	10.90	15.10
(iv) Current Ratio:	1.65	1.81
(v) Debt Equity Ratio (%):	5%	5%
(vi) Operating Profit Margin (%) :	4.96%	4.46%
(vii) Net Profit Margin (%) :	3.32%	2.72%

### Cautionary Statement

Statements in the Management's Discussion and Analysis Report describing the Company's projections, estimates, expectations or predictions may be 'forward-looking statements' within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that would make a difference to the Company's operations include demand-supply conditions, raw material prices, changes in Government regulations, tax regimes, economic developments within the country and other factors such as litigation and labour negotiations.

### DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT

This is to confirm that the Company has adopted a code of conduct for the members of its Board and Senior Management Personnel. We confirm that the Company has, in respect of the Financial year ended 31st March, 2020, received from the members of the Board and Senior Management Team of the Company, a declaration of compliance with the code of conduct as applicable to them.

**BO JINGEN**  
Managing Director

**D.BALAJI**  
Executive Director

Place : Pune

Date : 22nd June, 2020

**INDEPENDENT AUDITOR'S REPORT****To the Members of Kingfa Science & Technology (India) Limited****Report on the Audit of the Standalone Indian Accounting Standards (Ind AS) Financial Statements****Opinion**

We have audited the standalone Financial Statements of Kingfa Science & Technology (India) Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2020, and the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the Financial Statements, including a summary of Significant Accounting Policies and other explanatory information (hereinafter referred to as "the Standalone Ind AS Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Financial Statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the standalone state of affairs of the Company as at March 31, 2020, and its standalone profit (including Other Comprehensive Income), standalone changes in equity and its standalone cash flows for the year ended on that date.

**Basis for Opinion**

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone Financial Statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Emphasis of Matter**

We draw your attention to Note No.33 to the financial statement, which describes uncertainty of impact due to COVID-19 pandemic on Company's financial performance, which is dependent on future developments

Our audit opinion is not modified in respect of these matters.

**Other Information**

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management and Discussion Analysis, Shareholder Information and Director's report, but does not include the standalone Ind AS Financial Statements and our auditor's report thereon.

Our opinion on the standalone Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact.

We have nothing to report in this regard.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone Financial Statements of the current period. These matters were addressed in the context of our audit of the standalone Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	How our audit addressed the key audit matters
<p><b>Valuation of Trade Receivable</b></p> <p>As outlined in Note 6, there were trade receivables as at 31 March 2019 more than 180 days past dues. The collectability of the Companies trade receivables and the valuation of the allowance for impairment of the trade receivables is a key audit matter due to the judgement involved.</p>	<ul style="list-style-type: none"> <li>- We have evaluated and tested the Company's process for trade receivables including the provisioning and collection process.</li> <li>- We tested on sample basis that trade receivables were subsequently collected.</li> <li>- Where there were indicators that the trade receivables were unlikely to be collected within contracted payment terms, we assessed the adequacy of the allowance for impairment of trade receivables. To do this:               <ol style="list-style-type: none"> <li>a. We assessed the aging of trade receivables quantum of claims with and from the customers.</li> <li>b. We have evaluated the independent confirmations from customers and performed alternate audit procedures on sample basis.</li> <li>c. We considered the historical accuracy of forecasting the allowance for impairment of trade receivables.</li> </ol> </li> </ul>
<p><b>Valuation of Inventory</b></p> <p>At the 31 March 2020 the value of inventory amounted to Rs.11,108.77 lakhs representing 31.87% of total equity and 18.63% of total assets. Inventories have been considered key audit matter due to the size of the balance, nature of the product, price volatility of raw material and finished product, process of manufacture and management judgements involved. Refer note 32.4.12 to the Standalone Ind AS Financial Statements for accounting policy for valuation of inventories.</p>	<ul style="list-style-type: none"> <li>- We have evaluated and tested the design of internal controls relating to the process of inventory recording and valuation.</li> <li>- We have conducted physical verification of inventory on a sample basis at the year-end in order to test the assertion of existence.</li> <li>- We have conducted analysis of net realisable value (NRV) and cost of inventory on a sample basis in order to ascertain that inventory is carried at lower of NRV and Cost.</li> <li>- We have evaluated on a test check basis the process followed by the management to identify non-moving, slow moving, obsolete inventory and we have evaluated on a test check basis the appropriateness of the estimates for impairment (if any) accounted for on such inventory.</li> <li>- We have conducted cut off procedures on a test check basis to ensure completeness of inventory recorded in the books of account.</li> <li>- We have tested on a sample basis compliance of the cost formulae as specified in the accounting policy adopted by the company.</li> </ul>



Key Audit Matters	How our audit addressed the key audit matters
<p><b>Completeness and Valuation of Property, plant and equipment</b></p> <p>As at 31 March 2020, the capital WIP is Rs. 11,454.06 Lakhs which is 19.21 % of the total assets of the company. During the year Company has capitalised part of Chakan project</p>	<ul style="list-style-type: none"> <li>- We have tested on sample basis the capitalisation done by the Company during the year to assure the completeness and valuation assertion by verifying the date of capitalisation, amount of capitalisation, classification under appropriate category of Property, Plant and Equipment</li> <li>- We have test checked on sample basis additions to capital work in progress.</li> <li>- We have performed Perform analytical procedures on depreciation and amortization expense.</li> </ul>

### Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone Financial Statements that give a true and fair view of the standalone financial position, standalone financial performance (including other comprehensive income), standalone changes in equity and standalone cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone Financial Statements, the management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

### Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also :

- Identify and assess the risks of material misstatement of the standalone Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(1) of the Act we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone Financial Statements, including the disclosures, and whether the standalone Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the

Act, we give in the Annexure A; a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143(3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid standalone Financial Statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended.
  - e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
  - g) As required by section 197 (16) of the Act; in our opinion and according to information and explanation provided to us, the remuneration paid by the company to its directors is in accordance with the provisions of section 197 of the Act and remuneration paid to directors is not in excess of the limit laid down under this section.
  - h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - (i) The Company has disclosed the impact of pending litigations on its financial position in its Financial Statements – Refer Note 32.5.1 to the Financial Statements;
    - (ii) The Company has long-term contracts including derivative contracts as at March 31, 2020 for

- which there were no material foreseeable losses.
- (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- (iv) The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2020

For M/s P G Bhagwat

Chartered Accountants

Firm Registration Number: 101118W

Purva Kulkarni

Partner

Membership Number: 138855

UDIN:20138855AAAADG8723

Place : Pune

Date : June 22, 2020

### Annexure A to Independent Auditors' Report

#### Referred to in paragraph 1 of the Independent Auditors' Report of even date to the members of Kingfa Science & Technology (India) Limited on the standalone Ind AS financial statements as of and for the year ended 31 March 2020

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
- (b) The fixed assets of the Company have not been physically verified by the Management during the year. Accordingly, the discrepancies, if any, could not be ascertained and therefore, we are unable to comment on whether the discrepancies, if any have been properly dealt with in the books of account.
- (c) The title deeds of immovable properties, as disclosed in Note 1 on fixed assets to the financial statements, are held in the name of the Company.
- ii. The physical verification of inventory have been conducted at reasonable intervals by the Management during the year. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
- iii. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.

iv. The Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Section 185 and 186. Therefore, the provisions of Clause 3(iv) of the said Order are not applicable to the Company.

v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.

vi. Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products.

We have broadly reviewed the same, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, except for dues in respect of Profession Tax, the Company is generally regular in depositing undisputed statutory dues, including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, Goods and Service Tax, cess and other material statutory dues, as applicable, with the appropriate authorities. The extent of the arrears of statutory dues outstanding as at March 31, 2020, for a period of more than six months from the date they became payable are as follows:

Name of the statute	Nature of dues	Amount (Rs. In Lakhs)	Period to which the amount relates	Due date	Date of Payment
Profession Tax	Employee Profession tax	0.46	FY 2018-19	March 31, 2019	NA

- (b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of income tax, sales tax, service tax, duty of customs and duty of excise duty, value added tax, Goods and Service Tax, as at 31 March 2020 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount (₹ in lakhs)	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Income Tax	44.36	AY 2007-08, AY 2008-09, AY 2010-11 and AY 2011-12	Appeal to Commissioner of Income Tax
Sales Tax Act and VAT Laws	Sales Tax	29.83	FY 2014-15	Joint Excise and Taxation Commissioner Appeal
	Transit pass	14.57	FY 2005-06 to FY 2014-15	First Appellate Authority issue
Central Excise Act, 1944	Excise Duty	4.17	FY 2012-13	Assistant Commissioner of Central Excise
	Excise Duty	8.06	FY 2009-15 and FY 2016-17	Commissioner (Appeals) of Central Excise
Finance Act, 1994	Service Tax	5.35	FY 2015-16	Commissioner (Appeals) of Service Tax
	Service Tax	25.91	FY 2017-18 to 2018-19	Assistant Commissioner of GST and Central Excise
	Service Tax	6.23	FY 2015-16 to June 2017	Assistant Commissioner of GST and Central Excise

- viii. viii. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank or Government or dues to debenture holders as at the balance sheet date.
- ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.
- x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
- xi. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.
- xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party

- transactions have been disclosed in the financial statements as required under Ind AS 24, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.
- xv. The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.

- xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

**For M/s. P. G. Bhagwat**

Firm Registration Number: 101118W

Chartered Accountants

**Purva Kulkarni**

Partner

Membership Number 138855

UDIN : 20138855AAAADG8723

Pune

June 22, 2020

## **Annexure B to the Independent Auditors' Report**

### **Referred to in paragraph 2 (f) of the Independent Auditors' Report of even date to the members of Kingfa Science & Technologies (India) Limited on the standalone Ind AS financial statements for the year ended 31 March 2020**

#### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act**

We have audited the internal financial controls with reference to financial statements of Kingfa Science & Technologies (India) Limited ("the Company") as of 31 March 2020 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal controls with reference to financial statements criteria established by the Company considering the essential components of internal controls stated in the Guidance Note on Audit of Internal financial controls over financial reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements

based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal financial controls over financial reporting (the "Guidance Note") and the Standards on Auditing, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal controls based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditor in terms of their report referred to in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

#### **Meaning of Internal financial controls with reference to financial statements**

A Company's internal financial controls with reference to financial statements is a process designed to provide reasonable

assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial controls with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal financial controls with reference to financial statements**

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate

because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31 March 2020, based on the internal controls with reference to financial statements criteria established by the Company considering the essential components of internal controls stated in the Guidance Note on Audit of Internal financial controls over financial reporting issued by the Institute of Chartered Accountants of India.

For **M/s. P. G. Bhagwat**

Firm Registration Number: 101118W

Chartered Accountants

**Purva Kulkarni**

Partner

Membership Number: 138855

UDIN:20138855AAAADG8723

Pune

June 22, 2020

## Balance Sheet as at 31 March 2020

₹ in Lakhs

Particulars	Note No.	As at 31 March 2020	As at 31 March 2019
<b>ASSETS</b>			
<b>I. Non-current assets</b>		<b>23,467.92</b>	<b>17,913.41</b>
(a) Property, plant and equipment	1	10,671.08	8,490.32
(b) Capital work-in-progress	1	11,454.06	7,859.93
(c) Intangible assets	1	4.60	8.75
(d) Financial assets			
(i) Other financial assets	2	7.58	615.12
(e) Current tax(net)	3	464.87	120.57
(f) Other non-current assets	4	865.73	818.72
<b>II. Current assets</b>		<b>36,162.07</b>	<b>37,226.54</b>
(a) Inventories	5	11,108.77	10,256.24
(b) Financial assets			
(i) Trade receivables	6	19,674.22	20,955.52
(ii) Cash and cash equivalents	7.a	228.91	1,310.25
(iii) Bank balance other than (iii) above	7.b	2,054.73	4,000.00
(iv) Other financial assets	8	967.21	314.24
(c) Other current assets	9	2,128.23	390.29
<b>Total Assets</b>		<b>59,629.99</b>	<b>55,139.95</b>

## Balance Sheet as at 31 March 2020

₹ in Lakhs

Particulars	Note No.	As at 31 March 2020	As at 31 March 2019
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>		<b>34,858.95</b>	<b>32,449.25</b>
(a) Equity share capital	10	1,211.05	1,211.05
(b) Other equity			
(i) Capital reserve	11	67.18	67.18
(ii) Capital redemption reserve	11	87.09	87.09
(iii) Securities premium reserve	11	24,878.38	24,878.38
(iv) General reserve	11	1,122.76	1,122.76
(v) Retained earnings	11	7,492.49	5,082.79
<b>Liabilities</b>			
<b>I. Non-current liabilities</b>		<b>2,061.05</b>	<b>2,077.27</b>
(a) Financial liabilities			
(i) Borrowings	12	1,815.96	1,660.11
(ii) Other financial liabilities	13.a	4.50	4.50
(iii) Lease liability	13.b	6.90	-
(b) Deferred tax liabilities (net)	14	118.08	295.68
(c) Government grants	15	115.61	116.98
<b>II. Current liabilities</b>		<b>22,709.99</b>	<b>20,613.42</b>
(a) Financial liabilities			
(i) Borrowings	16	2,694.23	-
(ii) Trade and other payables	17	-	-
--total outstanding dues of micro enterprises and small enterprises			
--total outstanding dues of creditors other than micro enterprises and small enterprises		19,066.05	19,493.70
(iii) Other financial liabilities	18.a	199.58	275.10
(iv) Lease liabilities	18.b	90.98	-
(b) Other current liabilities	19	616.18	426.45
(c) Short-term provisions	20	42.97	18.17
(d) Current tax liabilities(net)	21	-	400.01
<b>Total Equity and Liabilities</b>		<b>59,629.99</b>	<b>55,139.94</b>

Significant accounting policies 32

The accompanying notes are an integral part of the financial statements.

As per our attached report of even date

For and on behalf of the board of directors

For **M/S. P. G. BHAGWAT****BO JINGEN****D. BALAJI**

Chartered Accountants

Managing Director

Executive Director

Firm Registration Number : 101118W

DIN : 0006617986

DIN : 08256342

**PURVA KULKARNI****XIE DONGMING****NIRNOY SUR**

Partner

Chief Financial Officer

Company Secretary

Membership Number : 138855

Pune : 22 June 2020



## Statement of profit and loss for the year ended 31 March 2020

₹ in Lakhs

Particulars	Note No.	2019-20	2018-19
<b>Income</b>			
Revenue from operations	22	74,150.03	70,152.45
Other income	23	256.18	437.69
<b>Total Income</b>		<b>74,406.21</b>	<b>70,590.14</b>
<b>Expenses</b>			
Cost of raw materials and components consumed	24	57,860.76	55,637.45
Purchase of traded goods	25	3,580.10	3,731.76
Changes in inventories of finished goods, work-in-progress and traded goods	26	(684.45)	308.95
Employee benefits expense	27	1,542.39	1,123.03
Finance costs	28	354.77	237.24
Depreciation and amortisation expense	29	895.62	800.80
Other Expenses	30	7,522.62	5,828.55
<b>Total expenses</b>		<b>71,071.81</b>	<b>67,667.78</b>
<b>Profit before exceptional items and tax</b>		<b>3,334.40</b>	<b>2,922.36</b>
Exceptional items		-	-
<b>Profit before tax</b>		<b>3,334.40</b>	<b>2,922.36</b>
<b>Tax expense</b>		<b>872.75</b>	<b>1,016.85</b>
Current tax	31	1,025.90	1,090.00
Deferred tax	31	(153.15)	(73.15)
<b>Profit for the year</b>		<b>2,461.65</b>	<b>1,905.51</b>
<b>Other comprehensive income</b>			
<b>A. Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</b>			
Re-measurement gains/(losses) on defined benefit plans		(23.11)	22.20
Income tax effect on above		5.82	(7.77)
<b>Total other comprehensive income for the year, net of tax [A]</b>		<b>(17.29)</b>	<b>14.43</b>
<b>Total comprehensive income for the year, net of tax</b>		<b>2,444.36</b>	<b>1,919.94</b>
<b>Earnings per equity share [nominal value per share ₹ 10/- (31 March 2019: ₹ 10/- )]</b>			
Basic		20.33	15.73
Diluted		20.33	15.73
Significant accounting policies	32		

The accompanying notes are an integral part of the financial statements.

As per our attached report of even date

For **M/S. P. G. BHAGWAT**

Chartered Accountants

Firm Registration Number : 101118W

**PURVA KULKARNI**

Partner

Membership Number : 138855

Pune : 22 June 2020

For and on behalf of the board of directors

**BO JINGEN**

Managing Director

DIN : 0006617986

**XIE DONGMING**

Chief Financial Officer

**D. BALAJI**

Executive Director

DIN : 08256342

**NIRNOY SUR**

Company Secretary

## Statement of Cash Flow for the year ended 31 March 2020

Particulars	₹ in Lakhs	
	2019-20	2018-19
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Profit before Tax</b>	<b>3,334.40</b>	<b>2,922.35</b>
Adjustments to reconcile profit before tax to net cash flows:		
<b>Add:</b>		
Depreciation and Amortisation	895.62	800.80
Provision for doubtful debts and advances (net)	609.63	65.87
Net gain / (Loss) on ECB Scheme	155.85	99.05
Loss / ( Profit ) on Revalorisation on Imports	1,193.96	(437.67)
Loss / ( Profit ) on Revalorisation on Exports	(109.52)	5.84
Finance cost	336.94	207.24
Interest on lease liability	17.84	
	<b>3,100.32</b>	<b>741.13</b>
<b>Less:</b>		
Gain on reversal of lease liability	3.55	-
Surplus on sale of assets	-	1.16
Interest received	246.75	426.45
	<b>250.30</b>	<b>427.61</b>
<b>Operating Profit before working capital changes</b>	<b>6,184.42</b>	<b>3,235.87</b>
<b>Working Capital Adjustments</b>		
(Increase) / Decrease in Government Grant	(1.37)	
(Increase) / Decrease in Trade and Other Receivables	930.25	716.78
(Increase) / Decrease in Inventories	(852.53)	1,332.87
Increase / ( Decrease ) in Trade and other Payables	(1,457.99)	5,371.49
Increase / ( Decrease ) in Provisions	1.69	(78.45)
	<b>(1,379.94)</b>	<b>7,342.70</b>
<b>Net Cash generated from operations</b>	<b>4,804.49</b>	<b>10,578.57</b>
Direct taxes paid	(1,770.20)	(1,022.93)
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>3,034.28</b>	<b>9,555.63</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
<b>Add :</b>		
Sale of Property, Plant and Equipment	-	80.35
Interest received	260.91	449.46
	<b>260.91</b>	<b>529.82</b>
<b>Less :</b>		
Purchase of Property, Plant and Equipment	6,553.10	8,209.26
	<b>6,553.10</b>	<b>8,209.26</b>
<b>NET CASH GENERATED FROM INVESTING ACTIVITIES</b>	<b>(6,292.19)</b>	<b>(7,679.44)</b>

## Statement of Cash Flow for the year ended 31 March 2020

Particulars	₹ in Lakhs	
	2019-20	2018-19
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Borrowings	2,694.22	(585.04)
Interest paid (finance cost)	(368.49)	(113.46)
Payment of lease	(131.32)	-
Interest on Lease Liability	(17.84)	-
<b>NET CASH USED IN FINANCING ACTIVITY</b>	<b>(2,176.57)</b>	<b>(698.50)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(1,081.33)</b>	<b>1,177.69</b>
<b>Opening Cash and Cash equivalents</b>	<b>1,310.24</b>	<b>132.55</b>
<b>Cash and Cash equivalents received from the Transferor Company under Composite Scheme</b>		
<b>Closing Cash and Cash equivalents (Refer Note 7a)</b>	<b>228.91</b>	<b>1,310.24</b>

As per our attached report of even date For and on behalf of the board of directors

For **M/S. P. G. BHAGWAT**

Chartered Accountants

Firm Registration Number : 101118W

**BO JINGEN**

Managing Director

DIN : 0006617986

**D. BALAJI**

Executive Director

DIN : 08256342

**PURVA KULKARNI**

Partner

Membership Number : 138855

Pune : 22 June 2020

**XIE DONGMING**

Chief Financial Officer

**NIRNOY SUR**

Company Secretary

## Statement of changes in Equity for the year ended 31 March 2020

₹ in Lakhs			
A. Equity Share Capital (Refer Note 10)			
Equity Shares of ₹ 10 each issued, subscribed and fully paid	No. of Shares	Amount	
As at 01 April 2019	1,21,10,461	1,211.05	
Issue / Reduction, if any during the year			
As at 31 March 2020	1,21,10,461	1,211.05	

Particulars	Reserves and Surplus						Total equity
	Capital Reserve	Capital Redemption Reserve	Securities Premium	General Reserve	Retained Earnings		
At as 01 April 2019	67.18	87.09	24,878.38	1,122.76	5,082.80		31,238.21
Impact of Ind AS 116 (Net of deferred tax)	-	-	-	-	(34.67)		(34.67)
Profit/(Loss) for the year	-	-	-	-	2,461.65		2,461.65
Other comprehensive income for the year	-	-	-	-	(17.29)		(17.29)
<b>Total Comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,409.69</b>		<b>2,409.69</b>
As at 31 March 2020	67.18	87.09	24,878.38	1,122.76	7,492.49		33,647.90
As at 31 March 2020	67.18	87.09	24,878.38	1,122.76	7,492.49		33,647.90

₹ in Lakhs

As per our attached report of even date For and on behalf of the board of directors

For **M/S. P. G. BHAGWAT**  
Chartered Accountants  
Firm Registration Number : 101118W

**BO JINGEN**  
Managing Director  
DIN : 0006617986

**D. BALAJI**  
Executive Director  
DIN : 08256342

**PURVA KULKARNI**  
Partner  
Membership Number : 138855

**XIE DONGMING**  
Chief Financial Officer

**NIRNOY SUR**  
Company Secretary

Pune : 22nd June 2020

## Notes to the Financial Statements

## Note 1: Property, plant and equipment, Intangible assets and Capital work in progress

Fixed Assets	₹ in Lakhs												
	Land Freehold	Land Leasehold	Buildings	Plant & Equipment	Furniture & Fixture	Vehicles	Office Equipment	Computers	Right to use	Total	Intangible Assets Software	Grand Total	Capital work in progress
<b>Gross Block</b>													
As At 01 April 2019	31.62	4,299.92	1,647.54	5,944.59	89.44	107.98	83.17	129.20	-	12,333.45	31.63	12,365.08	7,859.93
Additions	-	-	2,007.47	887.59	0.39	-	2.76	10.78	180.29	3,089.28	1.63	3,090.91	6,504.41
Deductions/Transfer	-	-	-	-	-	-	-	-	(37.34)	(37.34)	-	(37.34)	(2,910.28)
<b>As At 31 March 2020</b>	<b>31.62</b>	<b>4,299.92</b>	<b>3,655.01</b>	<b>6,832.18</b>	<b>89.83</b>	<b>107.98</b>	<b>85.93</b>	<b>139.98</b>	<b>142.95</b>	<b>15,385.39</b>	<b>33.26</b>	<b>15,418.65</b>	<b>11,454.06</b>
<b>Depreciation</b>													
Upto 01 April 2019	-	110.56	581.88	2,723.62	84.72	85.79	74.60	114.97	-	3,776.14	22.89	3,799.03	-
For The Year	-	45.25	77.26	646.82	1.24	8.72	4.42	11.45	94.69	889.85	5.77	895.62	-
Deductions	-	-	-	-	-	-	-	-	(18.67)	(18.67)	-	(18.67)	-
<b>As At 31 March 2020</b>	<b>-</b>	<b>155.81</b>	<b>659.14</b>	<b>3,370.44</b>	<b>85.96</b>	<b>94.51</b>	<b>79.02</b>	<b>126.42</b>	<b>76.02</b>	<b>4,647.32</b>	<b>28.66</b>	<b>4,675.98</b>	<b>-</b>
<b>Provision for Impairment Loss</b>													
Upto 01 April 2019	-	3.82	59.04	4.13	-	-	-	-	-	66.99	-	66.99	-
For The Year	-	-	-	-	-	-	-	-	-	-	-	-	-
Deductions	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>As At 31 March 2020</b>	<b>-</b>	<b>3.82</b>	<b>59.04</b>	<b>4.13</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>66.99</b>	<b>-</b>	<b>66.99</b>	<b>-</b>
<b>Net Block</b>													
As At 31 March 2019	31.62	4,185.54	1,006.63	3,216.83	4.72	22.20	8.57	14.22	-	8,490.32	8.75	8,499.07	7,859.93
As At 31 March 2020	31.62	4,140.28	2,936.83	3,457.60	3.87	13.47	6.92	13.55	66.93	10,671.08	4.60	10,675.68	11,454.06

## Notes :

- Gross block is at Cost except leasehold land which is net of amount written off.
- For Depreciation and amortisation refer accounting policy (Note 32.4.4 and 32.4.6).
- Capital work in progress : Capital work-in-progress comprises cost of assets that are not yet installed and ready for their intended use at the balance sheet date. Capital work in progress as on 31 March 2020 mainly comprises of Chakan Project.
- Company has made a provision for impairment loss of Rs. 66.98 Lakhs in FY 2018-2019 for asset relating to pudukottai land, building, plant and machinery. Since operations at Pudukottai have been discontinued.
- The information relating to Gross block, accumulated Depreciation, and Impairment has been disclosed as an additional information since the company has adopted deemed cost exemption under Ind AS 101, on first time adoption.

## Notes to the Financial Statements

## Note 2 : Other financial assets (non current)

₹ in Lakhs

Particulars	As at 31 March 2020	As at 31 March 2019
Security deposits	7.58	577.55
Advance to employees	-	37.57
<b>Total</b>	<b>7.58</b>	<b>615.12</b>

**Security Deposit****Break-up for security details**

Secured, considered good	-	-
Unsecured, considered good	7.58	615.12
Doubtful	-	-
Security deposit which have significant increase in credit risk	-	-
Security deposit - credit impaired	-	-
<b>Total</b>	<b>7.58</b>	<b>615.12</b>

1. Other financial assets are measured at amortised cost

**Note 3 : Current tax(net)**

Tax paid in advance(net of provision)	464.87	120.57
<b>Total</b>	<b>464.87</b>	<b>120.57</b>

**Note 4 : Other non-current assets**

Capital advances		
Unsecured considered good	813.55	765.20
Unsecured considered doubtful	23.68	23.68
Less: Allowance for credit loss	(23.68)	(23.68)
	<b>813.55</b>	<b>765.20</b>
Balance with Government authorities	52.18	50.28
Advance Gratuity	-	3.24
<b>Total</b>	<b>865.73</b>	<b>818.72</b>

**Note 5 : Inventories**

Particulars	₹ in Lakhs	
	As at 31 March 2020	As at 31 March 2019
<b>Raw materials</b>	<b>5,665.05</b>	<b>5,489.98</b>
Raw materials and components	5,665.05	5,096.49
Raw materials in transit	-	393.49
Work-in-progress	137.80	123.15
Finished goods	4,669.58	3,882.18
Traded goods	480.71	598.31
Stores and spares	155.62	162.62
<b>Total</b>	<b>11,108.77</b>	<b>10,256.24</b>

1. Inventories written down to net realisable value during the year ended 31 March 2020 ₹ 76.30 Lakhs (₹ 74.99 Lakhs in 31 March 2019) were recognised in the statement of profit and loss during the year.

**Note 6 : Trade receivables**

<b>Trade Receivables</b>		
Trade receivables	19,674.22	20,955.52
<b>Break-up for security details</b>		
Secured, considered good	-	-
Unsecured, considered good	19,674.22	20,955.52
Doubtful	670.64	407.99
Impairment Allowance (allowance for bad and doubtful debts)	(670.64)	(407.99)
Trade receivables which have significant increase in credit risk	-	-
Trade receivables - credit impaired	-	-
<b>Total</b>	<b>19,674.22</b>	<b>20,955.52</b>

1. Trade receivables are measured at amortised cost.
2. No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person. Trade or other receivables due from firms or private companies respectively in which any director is a partner, a director or member ₹ NIL (₹ NIL in 31 March 2019). Refer Note 32.5.6 for terms and conditions related to Related party receivables
3. Movement of impairment Allowance (allowance for bad and doubtful debts)
- |                          |          |        |
|--------------------------|----------|--------|
| Opening Balance          | 407.99   | 342.11 |
| Provided During the year | 609.63   | 65.88  |
| Amounts written off      | (346.98) | -      |
| Amount written back      | -        | -      |
| Closing Balance          | 670.64   | 407.99 |
4. Refer Note 32.5.9.b on credit risk of trade receivables, which explains how the Company manages and measures credit quality of trade receivables that are neither past due nor impaired.

**Note 7.a : Cash and cash equivalents**

Particulars	₹ in Lakhs	
	As at 31 March 2020	As at 31 March 2019
<b>Balance with Bank</b>	<b>226.80</b>	<b>1,305.00</b>
Current accounts and debit balance in cash credit accounts	226.80	1,305.00
Cash on hand	2.11	5.25
Bank Balance in Fixed Deposits (which is less than three months of maturity)	-	-
<b>Total</b>	<b>228.91</b>	<b>1,310.25</b>

**Note 7.b : Other bank balances**

Unpaid dividend accounts	-	-
Deposits with original maturity of more than three months but less than 12 months	2,054.73	4,000.00
<b>Total</b>	<b>2,054.73</b>	<b>4,000.00</b>

1. Refer Note 32.4.13 for further details on cash and cash equivalent

**Note 8 : Other financial assets (Current)**

Security Deposits (Unsecured, Considered good)	571.88	-
Discount Receivable	300.92	243.65
Others	94.41	70.59
<b>Total</b>	<b>967.21</b>	<b>314.24</b>

**Security Deposit****Break-up for security details**

Secured, considered good	-	-
Unsecured, considered good	571.88	-
Doubtful	-	-
Security deposit which have significant increase in credit risk	-	-
Security deposit - credit impaired	-	-
<b>Total</b>	<b>571.88</b>	<b>-</b>

1. Other financial assets are measured at amortised cost

2. Others includes interest receivable on fixed deposit

**Note 9 : Other current assets**

Prepaid expenses	11.18	14.18
Advance to Vendor	1,943.35	344.68
Others	173.70	31.43
<b>Total</b>	<b>2,128.23</b>	<b>390.29</b>



**Note 10 : Share capital**

Particulars	No. of shares	₹ in Lakhs
Authorised equity share capital (Shares of ₹ 10 each)		
<b>As at 01 April 2019</b>	<b>1,80,00,000</b>	<b>1,800.00</b>
Increase/(decrease) during the year	-	-
<b>As at 31 March 2020</b>	<b>1,80,00,000</b>	<b>1,800.00</b>
<b>Authorised 16% Cumulative Redeemable Preference Shares</b> (Shares of ₹100 each)		
<b>At 1 April 2019</b>	<b>3,00,000</b>	<b>300.00</b>
Increase/(decrease) during the year	-	-
<b>At 31 March 2020</b>	<b>3,00,000</b>	<b>300.00</b>
<b>Issued, subscribed and fully paid up equity share capital</b> (Shares of ₹10 each)		
<b>As at 01 April 2019</b>	<b>12,110,461</b>	<b>1,211.05</b>
Increase/(decrease) during the year	-	-
<b>As at 31 March 2020</b>	<b>12,110,461</b>	<b>1,211.05</b>
<b>Total</b>	<b>12,110,461</b>	<b>1,211.05</b>

**Terms / Rights attached to the equity shares**

- The company is authorised to issue Equity and 16% Cumulative Redeemable Preference shares. However the Company has only one class of equity shares having a par value of ₹ 10/- each. Each equity shareholder is entitled to one vote per share and has a right to receive dividend as recommended by Board of Directors subject to the necessary approval from the shareholders.
- In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.
- 9,082,214 (31 March 2019 - 9,082,214) equity shares are held by the holding company, Kingfa Sci. & Tech. Co. Ltd., China in the paid-up share capital of the company.
- Number of Shares held by each shareholder holding more than 5% Shares in the Company

Particulars	Kingfa Sci. & Tech. Co. Ltd. China	Hongkong Victory Investment Co., Ltd, Hongkong
<b>As at 01 April 2019</b>		
No. of Shares	90,82,214	7,65,100
% of Shareholding	74.99%	6.32%
<b>As at 31 March 2020</b>		
No. of Shares	90,82,214	7,65,100
% of Shareholding	74.99%	6.32%

**5. The Company has issued Right Issue as under :**

"During the previous year ended on 31 march 2018, the Company had invited its shareholders to subscribe to a right issue of 19,99,893 equity shares at an issue price of ₹ 750 each share, with such shares to be issued on and rank for dividend after the closer of the issue. The issue was fully subscribed in the previous year."

## Note 11 : Other Equity

₹ in Lakhs

Particulars	As at 31 March 2020	As at 31 March 2019
<b>CAPITAL RESERVE</b>		
Opening Balance	67.18	67.18
Add : Transferred during the year	-	-
<b>Closing Balance</b>	<b>67.18</b>	<b>67.18</b>
<b>CAPITAL REDEMPTION RESERVE</b>		
Opening Balance	87.09	87.09
Add : Transferred during the year	-	-
<b>Closing Balance</b>	<b>87.09</b>	<b>87.09</b>
<b>SECURITIES PREMIUM RESERVE</b>		
Opening Balance	24,878.38	24,878.38
Add : Premium received on Rights Issue	-	-
Less : Rights Issue Expenses	-	-
<b>Closing Balance</b>	<b>24,878.38</b>	<b>24,878.38</b>
<b>GENERAL RESERVE</b>		
Opening Balance	1,122.76	1,122.76
Add : Transferred from Retained earnings	-	-
<b>Closing Balance</b>	<b>1,122.76</b>	<b>1,122.76</b>
<b>RETAINED EARNINGS</b>		
<b>Opening Balance</b>	<b>5,082.80</b>	<b>3,162.86</b>
Less : Impact of Ind AS 116 (Net of deferred tax)	(34.67)	-
Less : Transferred to Capital Redumption Reserve	-	-
Add : Profit/(loss) for the year	2,461.65	1,905.50
Add : Other Comprehensive income / (Loss)	(17.29)	14.43
<b>Less : Appropriations</b>		
Transferred to General reserve	-	-
Final dividend	-	-
Tax on proposed dividend	-	-
<b>Closing Balance</b>	<b>7,492.49</b>	<b>5,082.79</b>
<b>Share application money pending allotment</b>		
Opening Balance	-	-
Add : Received during the year	-	-
Less : Allotment of shares	-	-
<b>Closing Balance</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>33,647.90</b>	<b>31,238.20</b>

- The Capital Reserve includes subsidies received from Maharashtra and Tamil Nadu Government.
- The Capital Redemption Reserve was created for the purpose of redemption of preference shares and can be utilised to issue fully paid bonus share to the members of the Company.
- In the financial year 2017-18 securities premium is received against issue of right equity shares.
- Under the erstwhile Companies Act, 1956, a general reserve was created through an annual transfer of net profit at a specified percentage in accordance with applicable regulations. Consequent to the introduction of the Companies Act 2013, the requirement to mandatory transfer a specified percentage of net profit to general reserve has been withdrawn. There is no movement in general reserve during the current and previous year.

**Note 12 : Borrowings**

₹ in Lakhs

Particulars	As at 31 March 2020	As at 31 March 2019
<b>Unsecured loans</b>	<b>1,815.96</b>	<b>1,660.11</b>
Loan from Related Party under ECB Scheme	1,815.96	1,660.11
<b>Total</b>	<b>1,815.96</b>	<b>1,660.11</b>

- Borrowings are measured at amortised cost.
- The Company has availed External Commercial Borrowing (ECB) from its holding company, Kingfa Sci. & Tech. Co. Ltd. of USD 24 Lakhs (PY USD 24 Lakhs) at the rate of LIBOR + 3.50% as per ECB loan agreement executed on 18th November 2013. As per the agreement, the loan is repayable in full as on 31st May 2021.
- For explanations on the company's Interest risk, Foreign currency risk and liquidity risk management processes, refer to Note 32.5.9

**Note 13.a : Other financial liabilities (Non current )**

Earnest Money Deposits	4.50	4.50
<b>Total</b>	<b>4.50</b>	<b>4.50</b>

- Other financial liabilities are measured at amortised cost.
- For explanations on the company's Interest risk, Foreign currency risk and liquidity risk management processes, refer to Note 32.5.9

**Note 13.b : Lease Liabilities**

Lease Liability	6.90	-
<b>Total</b>	<b>6.90</b>	<b>-</b>

- Refer Note 32.5.11

**Note 14: Deferred tax liability (Net)**

<b>Deferred Tax Assets</b>	<b>194.01</b>	<b>156.33</b>
Others : Employee benefits expenses, provision for doubtful debts, Lease liabilities, etc.	194.01	156.33
<b>Deferred Tax Liability</b>	<b>312.09</b>	<b>452.01</b>
Depreciation	312.09	452.01
<b>Total</b>	<b>118.08</b>	<b>295.68</b>

**1. Reconciliation of deferred tax (assets) / liabilities, net**

<b>Opening balance as of 1 April</b>	<b>295.68</b>	<b>361.06</b>
Tax income/(expense) during the year recognised in profit or loss	153.15	73.15
Tax income/(expense) during the year recognised in OCI	5.82	(7.77)
Tax Income / Expense during the year recognised in retained earning	18.62	-
<b>Closing balance as at 31 March</b>	<b>118.09</b>	<b>295.68</b>

- The Company does not have any unused Tax Losses on which the deferred tax asset is required to be calculated.
- The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.
- Deferred tax is measured on temporary differences at the rate of 25.17%.

**Note 15 : Other non-current liabilities**

₹ in Lakhs

Particulars	As at 31 March 2020	As at 31 March 2019
Government Grant	115.61	116.98
<b>Total</b>	<b>115.61</b>	<b>116.98</b>

1. In accordance with the "Package Scheme of Incentive-2013" (PSI-2013), the Company has planned / initiated the setup of plant at Chakan, Pune (Maharashtra) as a eligible industrial unit. In accordance with the said Scheme, the Company is required to fulfill certain conditions including investment over a period of time. Under the said scheme, the Company has availed the exemption of Stamp duty on purchase of Lease Hold land at Chakan.

2. Government grant :

<b>As at 1 April</b>	<b>116.98</b>	<b>118.19</b>
Availed during the year	-	-
Released to statement of profit and loss	1.37	1.21
<b>As at 31 March</b>	<b>115.61</b>	<b>116.98</b>

**Note 16 : Borrowings**

<b>Secured loans from bank</b>	<b>2,694.23</b>	-
Cash Credit	2,694.23	-
<b>Total</b>	<b>2,694.23</b>	-

- Borrowings are measured at amortised cost.
- Company's fund and non fund based working capital facilities of ₹ 11,200.00 Lakhs from The Hongkong and Shanghai Banking Corporation Limited (the HSBC Bank) are secured by corporate guarantee of Kingfa Sci. & Tech. Company Limited (the holding company).
- For explanations on the company's Interest risk, Foreign currency risk and liquidity risk management processes, refer to Note 32.5.9

**Note 17 : Trade and other payables**

Trade payables

- total outstanding dues of micro enterprises and small enterprises	-	-
- total outstanding dues of creditors other than micro enterprises and small enterprises	19,066.05	19,493.70
<b>Total</b>	<b>19,066.05</b>	<b>19,493.70</b>

- Trade and other payables are measured at amortised cost
- In the absence of information from the suppliers with regard to their registration with the specified authority, despite the company calling for such information through a circular letter, the additional disclosure as required under the Micro, Small and Medium Enterprises Development Act, 2006 is not furnished.
- For related parties, refer to Note 32.5.6
- For explanations on Company's Foreign currency risk and liquidity risk management processes, refer to Note 32.5.9

<b>Note 18.a : Other financial liabilities (Current)</b>		₹ in Lakhs	
<b>Particulars</b>	<b>As at 31 March 2020</b>	<b>As at 31 March 2019</b>	
Interest accrued but not due	20.01	23.21	
Interest accrued and due	45.31	91.51	
Employee benefits payable	80.52	101.84	
Capital Payables	53.74	58.54	
<b>Total</b>	<b>199.58</b>	<b>275.10</b>	
1. Other financial liabilities are measured at amortised cost			
2. For explanations on Company's Foreign currency risk and liquidity risk management processes, refer to Note 32.5.9			
<b>Note 18.b : Lease liabilities</b>			
Lease Liability	90.98	-	
<b>Total</b>	<b>90.98</b>	<b>-</b>	
1. Refer Note 32.5.11			
<b>Note 19 : Other Current liabilities</b>			
<b>Other payables</b>	<b>616.18</b>	<b>426.45</b>	
Statutory dues including provident fund and tax deducted at source	150.19	141.32	
Deferred revenue	-	-	
Retention Money	465.99	277.86	
Advance to Customer	-	7.27	
<b>Total</b>	<b>616.18</b>	<b>426.45</b>	
<b>Note 20 : Short-term provisions</b>			
<b>Provision for employee benefits</b>			
Provision for gratuity	5.79	-	
Provision for leave encashment	37.18	18.17	
<b>Total</b>	<b>42.97</b>	<b>18.17</b>	
1. Employee benefits obligations			
a. Gratuity			
The Company provides gratuity for employees as per the Gratuity Act, 1972. Employees who are in continuous service for a period of five years are eligible for gratuity. The amount of gratuity is payable on retirement or termination whichever is earlier. The level of benefits provided depends on the member's length of service and salary at retirement age. The gratuity plan is a funded plan. Refer Note 32.5.5			
b. Compensated absences			
The leave obligation cover the Company's liability for earned leaves which is expected to be paid-off in next 12 months. Refer Note 32.5.5			
<b>Note 21 : Current tax liabilities(net)</b>			
Provision for income tax (net of advance tax)	-	400.01	
<b>Total</b>	<b>-</b>	<b>400.01</b>	
<b>Note 22 : Revenue from operations</b>			
<b>Particulars</b>	<b>2019-20</b>	<b>2018-19</b>	
<b>Revenue from contracts with customers</b>			
Sale of products	74,150.03	70,152.45	
<b>Total</b>	<b>74,150.03</b>	<b>70,152.45</b>	

**Note 23 : Other Income**

Particulars	₹ in Lakhs	
	2019-20	2018-19
<b>Interest</b>	<b>246.75</b>	<b>426.45</b>
On Bank Deposits	210.18	426.45
On Others	36.57	-
Gain on disposal of property, plant and equipment	-	1.16
Miscellaneous income	9.43	10.08
<b>Total</b>	<b>256.18</b>	<b>437.69</b>

**Note 24 : Cost of raw materials and components consumed**

Raw materials and components consumed	57,860.76	55,637.45
<b>Total</b>	<b>57,860.76</b>	<b>55,637.45</b>
Raw material at the beginning of the year	5,489.98	6,560.86
Add: Purchases	58,035.83	54,566.57
Less : Raw material at the end of the year	5,665.05	5,489.98
<b>Total</b>	<b>57,860.76</b>	<b>55,637.45</b>

**Note 25 : Purchases of Traded goods**

Polymers	3,580.10	3,731.76
<b>Total</b>	<b>3,580.10</b>	<b>3,731.76</b>

**Note 26 : Changes in inventories of finished goods, work-in-progress and traded goods**

<b>Opening inventory</b>	<b>4,603.64</b>	<b>4,912.59</b>
Work-in-process	123.15	224.57
Finished goods	3,882.18	3,853.46
Traded goods	598.31	834.56
<b>Closing Inventory</b>	<b>5,288.09</b>	<b>4,603.64</b>
Work-in-process	137.80	123.15
Finished goods	4,669.58	3,882.18
Traded goods	480.71	598.31
<b>(Increase)/decrease in inventory</b>	<b>(684.45)</b>	<b>308.95</b>
<b>Total</b>	<b>(684.45)</b>	<b>308.95</b>

**Note 27 : Employee benefits expense**

Salaries, wages, bonus, etc.	1,351.16	966.60
Contribution to provident and other funds	79.56	65.13
Welfare and training expenses	111.67	91.30
<b>Total</b>	<b>1,542.39</b>	<b>1,123.03</b>

**Note 28 : Finance costs**

₹ in Lakhs

Particulars	2019-20	2018-19
Interest and bill discounting charges	94.17	108.22
Interest on Working Capital	87.45	14.47
Interest on Lease Liability	17.84	-
Interest expense - others	27.48	21.48
Other bank charges	127.83	93.07
<b>Total</b>	<b>354.77</b>	<b>237.24</b>

**Note 29 : Depreciation and amortization expense**

<b>Depreciation and amortization expense</b>	<b>895.62</b>	<b>800.80</b>
Depreciation on Tangible assets	749.51	744.01
Amortization on Intangible assets	5.77	11.65
Amortization of Leasehold land	45.25	45.14
Amortization of right to use	94.69	-
<b>Total</b>	<b>895.62</b>	<b>800.80</b>

**Note 30 : Other expenses**

<b>Manufacturing expenses</b>	<b>2,488.39</b>	<b>1,755.72</b>
Stores and spares material consumed	229.02	118.24
Power and fuel	1,715.69	1,298.46
Repairs to machinery	54.59	20.29
Wages	489.09	318.73
<b>Selling expenses</b>	<b>2,216.87</b>	<b>1,594.97</b>
Freight and forwarding	1,534.80	1,483.06
Advertisement and publicity	72.44	46.04
Provision for doubtful debts (net)	262.65	65.87
Bad debts written off	346.98	-
<b>Administration expenses</b>	<b>2,817.36</b>	<b>2,477.86</b>
Rent	92.84	202.15
Rates and taxes	119.66	162.92
Insurance	39.75	32.16
Repairs to building	10.11	2.41
Other repairs and maintenance	128.93	98.38
Travelling and conveyance	575.82	441.06
Communication expenses	76.16	63.78
Printing and stationery	23.03	15.87
Professional charges	82.88	100.74
Auditor's remuneration	15.79	9.00
Donations	0.13	0.08
Spend on CSR activities	107.52	13.92
Directors' Sitting Fees	12.80	11.10
Miscellaneous expenses	322.96	421.80
Loss on Exchange difference	1208.98	811.83
Provision for Impairment Loss	-	66.98
Provision for Bad and Doubtful advances	-	23.68
<b>Total</b>	<b>7,522.62</b>	<b>5,828.55</b>

For auditor's remuneration refer note 32.5.4

For CSR activity expenditure refer note 32.5.12

## Note 31 : Income Tax

	₹ in Lakhs	
Particulars	2019-20	2018-19
<b>Current tax</b>	<b>1,025.90</b>	<b>1,090.00</b>
Current income tax	1,025.90	1,090.00
<b>Deferred tax</b>	<b>(153.15)</b>	<b>(73.15)</b>
Relating to origination and reversal or temporary difference	(153.15)	(73.15)
<b>Income tax expense reported in the statement of profit and loss</b>	<b>872.75</b>	<b>1,016.85</b>
<b>Other Comprehensive Income (OCI)</b>		
Deferred tax related to items recognised in OCI during the year	5.82	(7.77)
Net loss/(gain) on actuarial gains and losses	5.82	(7.77)
<b>Deferred tax charged to OCI</b>	<b>5.82</b>	<b>(7.77)</b>
Reconciliation of tax expense and the accounting profit multiplied by applicable tax rate as notified under Income Tax Act, 1961 enacted in India for the years ended 31 March 2020 and 31 March 2019.		
<b>Current tax</b>		
<b>Accounting profit before income tax expense</b>	<b>3,334.40</b>	<b>2,922.36</b>
<b>Tax @ 25.168% (31 March 2019 : 34.944%)</b>	<b>839.20</b>	<b>1,021.18</b>
<b>Tax effect of adjustments in calculating taxable income:</b>	<b>33.55</b>	<b>(4.33)</b>
Corporate Social Responsibility expenses/Donations (net)	27.09	4.89
Non deduction of TDS	-	-
Expenditure debited to P&L, not allowed in income tax	18.88	28.91
Bonus and Professional Tax disallowance	-	-
Amortization of Leasehold land	-	-
Closing deferred tax rate difference	-	-
MAT Credit	-	-
Additional Allowances under income tax Act	-	(23.25)
Other Disallowances / (allowances)	(12.42)	(14.88)
<b>At the effective income tax rate of 26.17% (31 March 2019 : 34.80%)</b>	<b>872.75</b>	<b>1016.85</b>



**NOTE 32: NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2020****1. Corporate Information**

The Company is a Public Limited Company domiciled in India and is incorporated under the provisions of the Companies Act 1956. The registered office of the Company is located at Dhun Building, III Floor, 827, Anna Salai, Chennai – 600002.

The equity shares of the Company are listed on two recognised stock exchanges in India i.e. BSE Limited and National Stock Exchange of India Limited.

The Company is a subsidiary company of M/s Kingfa Science & Technology Co. Ltd China.

The Company is engaged in the business of manufacturing and supplier of high quality reinforced polypropylene compounds, thermoplastics elastomers and fibre re-inforced composites.

The standalone financial statements were approved by the Board of Directors and authorized for issue on 22 June 2020.

**2. Basis of preparation of Financial Statements**

The standalone financial statements have been prepared in accordance with Indian Accounting Standards (“Ind AS”) as issued under the Companies (Indian Accounting Standards) Rules, 2015.

The standalone financial statements have been prepared to comply in all material respects with the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the said Act.

The standalone financial statements have been prepared on a historical cost basis, except for defined benefits plans- plan assets measured at fair value.

**3. Significant accounting judgments, estimates and assumptions**

The preparation of the Company’s financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. This note provides an overview of the areas that involve a higher degree of judgments or complexities and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these judgments, estimates and assumptions is mentioned below.

Judgments, estimates and assumptions are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the company and that are believed to be reasonable under the circumstances.

**(a) Judgements**

In the process of applying the Company’s accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the financial statements:

**1. Legal Contingencies**

The Company has received various orders and notices from tax authorities in respect of direct and indirect taxes. The outcome of these matters may have a material effect on the financial position, results of operations or cash flows. Management regularly analyzes current information about these matters and provides provisions for probable contingent losses including the estimate of legal expense to resolve the matters. In making the decision regarding the need for loss provisions, management considers the degree of probability of an unfavorable outcome and the ability to make a sufficiently reliable estimate of the amount of loss. The filing of a suit or formal assertion of a claim against the Company or the disclosure of any such suit or assertions, does not automatically indicate that a provision of a loss may be appropriate.

**2. Segment Reporting**

Ind-AS 108 Operating Segments requires Management to determine the reportable segments for the purpose

of disclosure in financial statements based on the internal reporting reviewed by Chief Operating Decision Maker (CODM) to assess performance and allocate resources. The standard also requires Management to make judgments with respect to aggregation of certain operating segments into one or more reportable segment.

The Company has determined that the Chief Operating Decision Maker (CODM) is the Board of Directors (BoD), based on its internal reporting structure and functions of the BoD. Operating segments used to present segment information are identified based on the internal reports used and reviewed by the BoD to assess performance and allocate resources.

### 3. Leases

The company has applied provisions of IND AS 116 effective from 1st April 2019. The said standard provides for certain recognition exemptions for short term leases as well as provides for certain criteria when the lease contracts are non-enforceable. The determination of lease term for the purpose of availing such exemptions and evaluation of such criteria for non-enforceability of a contract involve significant judgment.

## (b) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

### 1. Defined benefit plans

The cost of the defined benefit plan and other post-employment benefits and the present value of such obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation. The mortality rate is based on Indian Assured Lives Mortality (2012-14) Ultimate. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and benefit increases are based on expected future inflation rates. Further details about employee benefit obligations are given in Note 4.16.

### 2. Impairment of Financial Assets

The impairment provisions for financial assets disclosed under note 4.9.a.(v) are based on assumptions about risk of default and expected loss rates. The company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

### 3. Deferred Tax

At each balance sheet date, the Company assesses whether the realization of future tax benefits is sufficiently probable to recognize deferred tax assets. This assessment requires the use of significant estimates with respect to assessment of future taxable income. The recorded amount of total deferred tax asset could change if estimates of projected future taxable income or if changes in current tax regulations are enacted.

## 4. Significant Accounting Policies

### 4.1. Amended standards adopted by the Company

The Company has applied the following standards and amendments for the first time for their annual reporting period commencing April 1, 2019.

- Ind AS 116 Accounting of lease transactions.

Standard and amendments listed above did not have any impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods.

### 4.2. Current Vs Non-Current Classification

**The company presents assets and liabilities in the Balance Sheet based on current / non-current classification.**

**An asset is current when it is:**

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non - current.

**A liability is current when it is :**

- Expected to be settled in normal operating cycle
- Held primarily for the purpose of trading
- Due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are treated as non - current.

Deferred tax assets and liabilities are classified as non - current assets and liabilities.

### 4.3. Fair value measurement

The Company measures financial instruments such as Investments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability

Or

- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company's management determines the policies and procedures for both recurring fair value measurement, such as derivative instruments and unquoted financial assets measured at fair value.

External valuation experts are involved for valuation of significant assets and liabilities. Involvement of external valuation experts is decided upon annually by the management.

#### 4.4. Property, Plant and Equipment

- a. The Company has elected to continue with the carrying value of all of its Property, plant and equipment measured as per the Indian GAAP as at 31 March 2016 and use those values as deemed cost as at the date of transition to Ind AS i.e. 1 April 2016.

Property, plant and equipment; and construction in progress are stated at cost, net of accumulated depreciation and accumulated impairment losses. Such cost includes the cost of replacing parts of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Company recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the Property, Plant and Equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the Standalone Statement of Profit and Loss as incurred.

- b. Capital work-in-progress comprises cost of fixed assets that are not yet installed and ready for their intended use at the balance sheet date.
- c. Own manufactured assets are capitalised at cost including an appropriate share of allocable expenses.

#### Depreciation and Amortization

**Depreciation is charged on the basis of useful life of assets on Straight Line method for Buildings, Plant & Machinery and Electrical Installations and Written down value method for other assets.**

**Depreciation is charged on the basis of useful life as per following:**

Asset Category	Life in Years	Basis for useful life
Leasehold Land	(a)	Amortised over lease period
Plant & Equipment	7.5 to 15	Useful life based on Number of Shifts as prescribed under Schedule-II of Companies Act, 2013
Buildings	30	Life as prescribed under Schedule-II of Companies Act, 2013
Computers	(b)	©
Network	6	Life as prescribed under Schedule-II of Companies Act, 2013
End user devices, such as, desktops, laptops, etc.	3 to 6	
Servers	6	
Electrical Installations	10	Life as prescribed under Schedule-II of Companies Act, 2013
Furniture & Fixture	(d)	(e)
Furniture, Fixtures and Electrical Fittings	10	Life as prescribed under Schedule-II of Companies Act, 2013
(f) Office Equipment	5	Life as prescribed under Schedule-II of Companies Act, 2013
(g) Vehicles	6	Life as prescribed under Schedule-II of Companies Act, 2013

- Depreciation on additions is provided from the date when asset is put to use.
- Depreciation on assets sold, discarded or demolished during the year is being provided at their respective rates on pro-rata basis up to the date on which such assets are sold, discarded or demolished.
- Foreign exchange fluctuation gain/ loss on imported plant and equipment were charged to Profit & Loss statement up to transition date of Ind AS.

The Company, based on technical assessments made by technical experts and management estimates, depreciates certain items assets over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Standalone Statement of Profit and Loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

#### 4.5. Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

The cost includes the cost of replacing parts and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of the property are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognised in the statement of profit and loss as incurred.

An investment property is derecognised on disposal or on permanent withdrawal from use or when no future economic benefits are expected from its disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

Transfers are made to (or from) investment property only when there is a change in use. Transfers between investment property, owner-occupied property and inventories are at carrying amount of the property transferred.

#### 4.6. Intangible Assets

The Company has elected to continue with carrying value for all of the intangible assets and use those values as deemed cost as at the date of transition to Ind-AS i.e. 1 April, 2016

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the assets will flow to the Company and the cost of the asset can be measured reliably.

Internally generated intangibles, excluding capitalised developments costs, are not capitalised and the related expenditure is reflected in the statement of profit and loss for the period in which expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. The amortisation period and amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with finite useful lives are amortised by using Written down value over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset maybe impaired. Amortisation of Intangible assets is included in the depreciation and amortisation in the statement of Profit and Loss.

Sr. No.	Asset category	Life in years
1.	Computer Software	3-6

Intangible assets with indefinite useful lives, if any are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

Intangible assets are recorded at the consideration paid for acquisition. In case of internally generated intangible assets, expenditure incurred in development phase, where it is reasonably certain that the outcome of development will be commercially exploited to yield future economic benefits to the Company, is considered as an intangible asset. Such developmental expenditure is capitalized at cost including a share of allocable expenses.

#### 4.7. Borrowing Cost

Borrowing Costs directly attributable to the acquisition, construction or production of qualifying assets are capitalized till the month in which the asset is ready to use, as part of the cost of that asset. Other borrowing costs are recognised as expenses in the period in which these are incurred.

#### 4.8. Impairment of Assets

The Company assesses at each balance sheet date whether there is any indication due to internal or external factors that an asset or a group of assets comprising a Cash Generating Unit (CGU) may be impaired. If any such indication exists, the Company estimates the recoverable amount of the assets. If such recoverable amount of the assets or the recoverable amount (economic value in use) of the CGU to which the asset belongs is less than the carrying amount of the assets or the CGU as the case may be, the carrying amount is reduced to its recoverable amount and the reduction is treated as an impairment loss and is recognized in the profit and loss account. If at any subsequent balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at recoverable amount subject to a maximum of depreciated historical cost and is accordingly reversed in the profit and loss account.

#### 4.9. Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

##### a) Financial assets

###### (i) Initial recognition and measurement of financial assets

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial assets.

###### (ii) Subsequent measurement of financial assets

For the purposes of subsequent measurement, financial assets are classified in three categories:

- Financial assets at amortised cost
- Financial assets at fair value through other comprehensive income (FVOCI)
- Financial assets at fair value through profit or loss (FVTPL)
- Financial assets at amortised cost:

A financial asset is measured at amortised cost if:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured by applying the effective interest rate (EIR) to the gross carrying amount of a financial asset if applicable. The EIR amortisation is included in finance income in the statement of profit and loss. The losses arising from impairment are recognised in the statement of profit and loss.

- Financial assets at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial measurement, such financial assets, until they are derecognised or reclassified, are subsequently measured at fair value with unrealised gains or losses recognised in other comprehensive income except for interest income, impairment gains or losses and foreign exchange gains and losses which are recognised in the statement of profit and loss.

- Financial assets at fair value through profit or loss

A financial asset is measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income.

In addition, the Company may elect to classify a financial asset, which otherwise meets amortized cost or fair value through other comprehensive income criteria, as at fair value through profit or loss. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

After initial measurement, such financial assets are subsequently measured at fair value with unrealised gains or losses recognised in the statement of profit and loss.

### (iii) Derecognition of financial assets

A financial asset is derecognised when:

- the contractual rights to the cash flows from the financial asset expire,
- or
- The Company has transferred its contractual rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

### (iv) Reclassification of financial assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.



The following table shows various reclassifications and how they are accounted for.

Original classification	Revised classification	Accounting treatment
Amortised cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognised in the statement of Profit and loss.
FVTPL	Amortised Cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
Amortised cost	FVOCI	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification.
FVOCI	Amortised cost	Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
FVTPL	FVOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognized in OCI is reclassified to statement of profit and loss at the reclassification date.

#### (v) Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- Financial assets that are debt instruments, and are measured at amortised cost.
- Financial assets that are debt instruments and are measured as at FVOCI
- Lease receivables
- Trade receivables

The Company follows 'simplified approach' for recognition of impairment loss allowance on:

- Trade receivables, if they do not contain a significant financing component.
- Trade receivables or contract assets that contain a significant financing component, if the Company applies practical expedient to ignore separation of time value of money, and
- All lease receivables.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events on a financial instrument that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the Company is required to use the remaining contractual term of the financial instrument.
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/expense in the statement of profit and loss. This amount is reflected in a separate line in the P&L as an impairment gain or loss. The balance sheet presentation for various financial instruments is described below:

- Financial assets measured as at amortised cost, contract assets and lease receivables: ECL is presented as an allowance, i.e. as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not derecognize impairment allowance from the gross carrying amount.
- Loan commitments: ECL is presented as a provision in the balance sheet, i.e. as a liability.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

The Company does not have any purchased or originated credit-impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase/origination.

## b) Financial Liabilities

### (i) Initial recognition and measurement of financial liabilities

All financial liabilities are recognised initially at fair value minus, in the case of financial liabilities not recorded at fair value through profit or loss, transaction costs that are attributable to the issue of the financial liabilities.

### (ii) Subsequent measurement of financial liabilities

For the purposes of subsequent measurement, financial liabilities are classified and measured as follows:

- Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109.

Gains or losses on liabilities held for trading are recognised in the statement of profit and loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risks are recognised in OCI. These gains/loss are not subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit and loss. The Company has not designated any financial liability as at fair value through profit and loss.

- Loans and Borrowings at amortised Cost

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other gains/(losses).

**(iii) Derecognition of financial liabilities**

A financial liability (or a part of a financial liability) is derecognised from its balance sheet when, and only when, it is extinguished i.e. when the obligation specified in the contract is discharged or cancelled or expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

#### 4.10. Foreign Currency Transactions

##### Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Indian rupee (INR), which is the Company's functional and presentation currency.

a. Initial Recognition

Foreign currency transactions are recorded in Indian currency, by applying the exchange rate between the Indian currency and the foreign currency at the date of the transaction.

b. Conversion

Current assets and current liabilities, Secured Loans, being monetary items, designated in foreign currencies are revalored at the rate prevailing on the date of Balance Sheet or forward contract rate or other appropriate rate.

c. Exchange Differences

Exchange differences arising on the settlement and conversion of foreign currency transactions are recognised as income or as expenses in the year in which they arise.

#### 4.11. Leases

Lease is a contract that provides to the customer (lessee) the right to use an asset for a period in exchange for consideration.

a. **Company as a lessee**

A lessee is required to recognise assets and liabilities for all leases and to recognise depreciation of leased assets separately from interest on lease liabilities in the statement of Profit and Loss. The Company uses the practical expedient to apply the requirements of this standard to a portfolio of leases with similar characteristics if the effect on the financial statements of applying to the portfolio does not differ materially from applying the requirement to the individual leases within that portfolio.

However according to Ind AS 116, for leases with a lease term of 12 months or less (short-term leases) and for leases for which the underlying asset is of low value, not to recognize a right-of-use asset and a lease liability. The Company applies

both recognition exemptions. The lease payments associated with those leases are generally recognized as an expense on a straight-line basis over the lease term or another systematic basis if appropriate.

#### **Right to use asset**

Right-of-use assets, which are included under property, plant and equipment, are measured at cost less any accumulated depreciation and, if necessary, any accumulated impairment. The cost of a right-of-use asset comprises the present value of the outstanding lease payments plus any lease payments made at or before the commencement date less any lease incentives received, any initial direct costs and an estimate of costs to be incurred in dismantling or removing the underlying asset. In this context, the Company also applies the practical expedient that the payments for non-lease components are generally recognized as lease payments. If the lease transfers ownership of the underlying asset to the lessee at the end of the lease term or if the cost of the right-of-use asset reflects that the lessee will exercise a purchase option, the right-of-use asset is depreciated to the end of the useful life of the underlying asset. Otherwise, the right-of-use asset is depreciated to the end of the lease term.

#### **Lease liability**

Lease liabilities, which are assigned to financing liabilities, are measured initially at the present value of the lease payments. Subsequent measurement of a lease liability includes the increase of the carrying amount to reflect interest on the lease liability and reducing the carrying amount to reflect the lease payments made.

#### **b. Company as a Lessor**

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Where the Company is a lessor under an operating lease, the asset is capitalised within property, plant and equipment and depreciated over its useful economic life. Payments received under operating leases are recognised in the Statement of profit and Loss on a straight-line basis over the term of the lease.

#### **4.12. Inventories**

- a. Raw materials, components, stores and spares are valued at cost or net realizable value whichever is lower. Cost includes all cost of purchase and incidental expenses incurred in bringing the inventories to their present location and condition. Cost is ascertained using weighted average cost method.
- b. Work-in-process including finished components and finished goods are valued at cost or realisable value whichever is lower. Cost includes direct materials, labor costs and a proportion of manufacturing overheads based on the normal operating capacity.
- c. Materials-in-transit and materials in bonded warehouse are valued at actual cost incurred up to the date of balance sheet.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

#### **4.13. Cash and cash equivalents**

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short term, highly liquid investments that are readily convertible into known amounts of cash which are subject to an insignificant risk of changes in value.

#### **4.14. Taxes**

##### **Current income tax**

Current income tax assets and liabilities are measured at the amounts expected to be recovered from or paid to the taxation authorities; on the basis of the taxable profits computed for the current accounting period in accordance with Income Tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current income tax relating to items recognised in other comprehensive income or directly in equity is recognised in other comprehensive income or in equity, respectively, and not in the statement of Profit and Loss. The Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

**Deferred tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit or taxable profit or loss;

Deferred tax assets are recognised for all deductible temporary differences including, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside the statement of profit and loss is recognised outside the profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

**Goods & Service (GST)**

Expenses and assets are recognised net of the amount of GST, except:

- When the GST incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

**4.15. Non-Current Assets held for sale and Discontinuing operations****A. Non-Current Assets held for sale**

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate use in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

**B. Discontinuing operations**

Discontinuing operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit and loss account.

Assets and liabilities classified as held for distribution are presented separately from others assets and liabilities in the balance sheet.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- a) Represents a separate major line of business or geographical area of operations,
- b) Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations

Or

- c) Is a subsidiary acquired exclusively with a view to resale

An entity does not depreciate (or amortise) a non-current asset while it is classified as held for sale or while it is part of a disposal group classified as held for sale.

**4.16. Employee Benefits****a) Short Term Employee Benefits**

The distinction between short term and long term employee benefits is based on expected timing of settlement rather than the employee's entitlement benefits. All employee benefits payable within twelve months of rendering the service are classified as short term benefits. Such benefits include salaries, wages, bonus, short term compensated absences, awards, ex-gratia, performance pay etc. and are recognised in the period in which the employee renders the related service.

**b) Post-Employment Benefits****(i) Defined contribution plan**

The Company makes payment to state government provident fund scheme and employee state insurance scheme which are defined contribution plans. The contribution paid/payable under the schemes is recognised in the statement of profit and loss during the period in which the employee renders the related service. The Company has no further obligations under these schemes beyond its periodic contributions.

**(ii) Defined benefit plan**

The employee's gratuity fund scheme is Company's defined benefit plans. The present value of the obligation under such defined benefit plans is determined based on the actuarial valuation using the Projected Unit Credit Method as at the date of the Balance sheet. In case of funded plans, the fair value of plan asset is reduced from the gross obligation under the defined benefit plans, to recognise the obligation on a net basis.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the Balance Sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to the profit or loss in subsequent periods.

Past service costs are recognised in the statement of profit and loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and

- Net interest expense or income.

The Employee Group Gratuity Fund and the Employee Superannuation Fund respectively have been constituted through Kingfa Science and Technology (India) Limited Employees Group Gratuity Trust and Kingfa Science and Technology (India) Limited Employee Superannuation Trust in which one of the company's director is a Trustee.

(iii) Other long term employment benefits:

The employee's long term compensated absences are Company's other long term benefit plans. The present value of the obligation is determined based on the actuarial valuation using the Projected Unit Credit Method as at the date of the Balance sheet. In case of funded plans, the fair value of plan asset is reduced from the gross obligation, to recognise the obligation on a net basis.

In regard to other long term employment benefits, the Company recognises the net total of service costs; net interest on the net defined benefit liability (asset); and re-measurements of the net defined benefit liability (asset) in the statement of profit and loss.

(iv) The company does not offer any Termination benefits to its employees.

#### 4.17. Provisions and Contingencies

Necessary provisions are made for the present obligations that arise out of past events entailing future outflow of economic resources. Such provisions reflect best estimates based on available information.

However a disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

#### 4.18. Revenue Recognition

a. The Company manufactures and sells thermoplastic compounds. Sales are recognized when control of the products has been transferred, when the products are delivered to the customer and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the company has objective evidence that all criteria for acceptance have been satisfied.

A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. Sales are stated net of discounts, rebates and returns. It also excludes Goods and Service Tax.

b. Revenue from export incentives are accounted for on export of goods if the entitlements can be estimated with reasonable assurance and conditions precedent to claim are fulfilled.

c. Interest income from - debt instruments is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a timely basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

#### 4.19. Government Grant

Grants and subsidies from the government are recognized if the following conditions are satisfied,

- There is reasonable assurance that the Company will comply with the conditions attached to it.
- Such benefits are earned and reasonable certainty exists of the collection.

#### 4.20. Cash dividend

The Company recognises a liability to make cash distributions to the equity holders of the Company when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the provisions of Companies Act, 2013, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

Non-cash distributions, if any, are measured at the fair value of the assets to be distributed with fair value re-measurement recognised directly in equity.

Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in the statement of profit and loss.

#### 4.21. Earnings Per Share

Earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

#### 4.22. Cash Flow Statement

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non cash nature and any deferral or accruals of past or future cash receipts or payments. The cash flows from regular operating, investing and financing activities of the Company are segregated.

#### 4.23. Segment Reporting

The business of the Company falls under a single primary segment i.e. "Reinforced Polypropylene" for the purpose of Ind AS 108.

### 5. Additional Notes to the Financial Statements

#### 5.1. Contingent Liabilities

		(₹ in Lakhs)	
		As at 31 Mar 2020	As at 31 Mar 2019
(A)	Contingent Liabilities not provided for		
a.	Disputed Sales Tax Demands	44.41	29.83
b.	Disputed Income Tax Demands	33.36	33.66
c.	Disputed Excise duty and Service tax Demands	55.84	29.92
d.	Export obligation for capital goods imported against EPCG license.	3,540.19	2,516.59
5.2.	Estimated amount of Contracts remaining to be executed on capital account and not provided for (Net of advances)	1,008.51	11,743.61
5.3.	Aggregate amount of Letters of Credit outstanding	3,385.45	3,308.35

#### 5.4. Payment to Auditors (Net of Goods Service tax)

		(₹ in Lakhs)	
Sr. No.	Particulars	2019-20	2018-19
A	Statutory Auditors		
a.	As Auditors		
	Audit & Assurance Fees	6.50	6.00
	Tax Audit Fees	-	-
	GST Audit Fees	4.25	-
b.	Limited Review	1.50	1.50
c.	Reimbursement of expenses	0.57	-
d.	Certification & others	1.30	-
	<b>TOTAL (A)</b>	<b>14.12</b>	<b>7.50</b>
B	Cost Auditors		
a.	As auditors	1.25	1.25
b.	In other capacity		
	Certification fees/XBRL	0.25	0.15
	Reimbursement of expenses	0.17	0.10
	<b>TOTAL (B)</b>	<b>1.67</b>	<b>1.50</b>
	<b>Grand Total (A+B)</b>	<b>15.79</b>	<b>9.00</b>



March 31, 2020 : Changes in defined benefit obligation and plan assets										₹ in lakhs		
	Cost charged to statement of profit and loss					Remeasurement gains/(losses) in other comprehensive income					March 31, 2020	
	April 1, 2019	Service Cost	Net Interest Expense	Sub-total included in statement of profit and loss (Note 27)	Benefit paid	Return on plan assets excluding amount recognised in interest income Gain / (Loss)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in OCI		Contributions by employer
<b>Gratuity</b>												
Defined benefit obligation	-127.90	-20.39	-8.98	-29.37	9.78	-	-6.49	-17.32	-23.81	-	-171.29	
Fair value of plan assets	131.14	-	9.43	9.43	-9.78	0.70	-0.89	-	-0.19	34.90	165.49	
Benefit liability	3.24	-20.39	0.45	-19.94	-	0.70	-6.49	-17.32	-24.00	34.90	-5.79	
<b>Leave Encashment</b>												
Defined benefit obligation	-51.15	-8.78	-3.69	-12.48	1.10	-	-9	1	-8.58	-	-71.11	
Fair value of plan assets	32.98	-	2.40	2.40	-1.10	-	-0	-	-0.15	-	34.13	
Benefit liability	-18.17	-8.78	-1.29	-10.07	-	-	-8.74	-	-8.74	-	-36.98	
<b>Total benefit liability</b>	<b>-14.93</b>	<b>-29.17</b>	<b>-0.84</b>	<b>-30.01</b>	<b>-</b>	<b>0.70</b>	<b>-0.89</b>	<b>-17.32</b>	<b>-32.74</b>	<b>34.90</b>	<b>-42.77</b>	

March 31, 2019 : Changes in defined benefit obligation and plan assets										₹ in lakhs		
	Cost charged to statement of profit and loss					Remeasurement gains/(losses) in other comprehensive income					March 31, 2019	
	April 1, 2018	Service Cost	Net Interest Expense	Sub-total included in statement of profit and loss (Note 27)	Benefit paid	Return on plan assets, excluding amount recognised in interest income	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in OCI		Contributions by employer
<b>Gratuity</b>												
Defined benefit obligation	-126.30	-11.15	-8.71	-19.87	20.21	0.01	-1.17	-0.78	-1.94	-	-	-127.90
Fair value of plan assets	96.56	-	7.36	7.36	-20.21	24.15	-	-	24.15	23.28	23.28	131.14
Benefit liability	-29.73	-11.15	-1.36	-2.51	-	24.15	-1.17	-0.78	22.20	23.28	23.28	3.24
<b>Leave Encashment</b>												
Defined benefit obligation	-67.58	13.46	-4.74	8.72	7.71	-	-	-	-	-	-	-51.15
Fair value of plan assets	37.56	-	2.56	2.56	-7.71	-	-	-	-	0.58	0.58	32.98
Benefit liability	-30.03	13.46	-2.18	11.28	-	-	-	-	-	0.58	0.58	-18.17
<b>Total benefit liability</b>	<b>-59.76</b>	<b>2.31</b>	<b>-3.54</b>	<b>-1.23</b>	<b>-</b>	<b>24.15</b>	<b>0.01</b>	<b>-0.78</b>	<b>22.20</b>	<b>23.86</b>	<b>23.86</b>	<b>-14.93</b>

The major categories of plan assets of the fair value of the total plan assets of Gratuity and Leave Encashment are as follows:

Particulars	₹ in lakhs	
	Year ended March 31, 2020	Year ended March 31, 2019
Special Deposit Scheme	-	-
(%) of total plan assets	-	-
Insured managed funds	199.63	164.12
(%) of total plan assets	100%	100%
Others	-	-
(%) of total plan assets	-	-

The principal assumptions used in determining above defined benefit obligations (Gratuity) for the Company's plans are shown below:

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Discount rate	7.30%	7.30%
Future salary increase	8.00%	8.00%
Expected rate of return on plan assets	7.50%	7.50%
Expected average remaining working lives (in years)	6.25	6.25
Withdrawal rate (based on grade and age of employees)	15.00%	15.00%

The principal assumptions used in determining above defined benefit obligations (Leave Encashment) for the Company's plans are shown below:

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Discount rate	7.30%	7.30%
Future salary increase	8.00%	8.00%
Expected rate of return on plan assets	7.44%	7.44%
Expected average remaining working lives (in years)	6.25	6.25
Withdrawal rate (based on grade and age of employees)	15.00%	15.00%

A quantitative sensitivity analysis for significant assumption is as shown below:

Gratuity		₹ in lakhs	
(increase) / decrease in defined benefit obligation (Impact)			
Particulars	Sensitivity level	Year ended March 31, 2020	Year ended March 31, 2019
Discount rate	0.5% increase	4.11	2.89
	0.5% decrease	-4.33	-3.03
Future salary increase	0.5% increase	-3.47	-2.39
	0.5% decrease	3.33	2.30
Attrition rate	5% increase	0.30	0.10
	5% decrease	-0.31	-0.10

Leave Encashment		₹ in lakhs	
(increase) / decrease in defined benefit obligation (Impact)			
Particulars	Sensitivity level	Year ended March 31, 2020	Year ended March 31, 2019
Discount rate	0.5% increase	1.39	0.98
	0.5% decrease	-1.45	-1.03
Future salary increase	0.5% increase	-1.12	-0.78
	0.5% decrease	1.08	0.74
Attrition rate	5% increase	-1.31	-0.85
	5% decrease	1.34	0.86

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligations as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The followings are the expected future benefit payments for the defined benefit plan

₹ in lakhs		
Particulars	Year ended March 31, 2020	Year ended March 31, 2019
<b>Within the next 12 months (next annual reporting period)</b>		
Gratuity	29.46	38.30
Leave Encashment	14.20	14.00
<b>Between 2 and 5 years</b>		
Gratuity	111.88	68.00
Leave Encashment	31.49	18.87
<b>Beyond 5 years</b>		
Gratuity	122.85	105.07
Leave Encashment	18.61	15.07
<b>Total expected payments</b>	<b>328.49</b>	<b>259.31</b>

**Weighted average duration of defined plan obligation (based on discounted cash flows)**

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Gratuity	7.92	7.77
Leave Encashment	4.52	4.46

The followings are the expected contributions to planned assets for the next year:

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Gratuity	35.00	23.00
Leave Encashment	-	0.60

## 5.6. Related parties have been identified as defined under Clause 9 of Accounting Standard (Ind AS 24) “Related Party Disclosures”

## (A) Description of Related Parties

## i) Name of the related party and nature of relationship where control exists :

Sr. No.	Related Party Category	Company
1	Holding Company	Kingfa Science & Tech. Co. Ltd (China)
2	Fellow Subsidiaries	Shanghai Kingfa Science and Tech Co Ltd
		Jaingsu Kingfa Science & Tech Advance Material Co Ltd
		Hong Kong Kingfa Development Co Ltd
		Tianjin Kingfa Advanced Materials Co Ltd
		Kingfa Science & Tech (Europe) Gmbh
		Kingfa Science & Technology Inc,(USA)
		Zhuhai Wantong Special Engineering Plastics Co., Ltd.
		Kingfa Science & tech. (Thailand)
		Kingfa Science & tech. (Malaysia)

## ii) Key Management Personnel

Sr. No.	Name
A	Mr. Bo Jingen, Managing Director
B	Mr. Wu Xiaohui, Whole-time Director
C	Mr. Balaji D, Whole-time Director
D	Mr. Xie Dongming, Chief Financial Officer
E	Mr. Nirnoy Sur, Company Secretary

## (B) Transactions with Related Parties

(₹ in Lakhs)

Sr. No.	Nature of the transaction / relationship / major parties	2019-20		2018-19	
		Amount	Amount	Amount	Amount
1	<b>Gross Sales</b>				
	<b>Holding Company</b>	15.05			
	Kingfa Science & Technology Co. Ltd China	-	15.05		
	<b>Fellow Subsidiaries</b>	237.79		323.51	
	Shanghai Kingfa Science and Tech Co Ltd		1.85		99.29
	Kingfa Science & Technology Inc,(USA)		216.77		224.22
	Kingfa Sci. & Tech (Thailand) Co., Ltd		19.17		
	<b>Total</b>	<b>252.84</b>	<b>252.84</b>	<b>323.51</b>	<b>323.51</b>
2	<b>Purchases Net of Discount</b>				
	<b>Holding Company</b>	2,850.23		3,951.97	
	Kingfa Science & Technology Co. Ltd China		2,850.23		3951.97
	<b>Fellow Subsidiaries</b>	1,059.11		1,219.75	
	Shanghai Kingfa Science and Tech Co Ltd		33.63		64.01
	Jaingsu Kingfa Science & Tech Advance Material Co Ltd		920.22		1,020.24
	Tianjin Kingfa Advanced Materials Co Ltd		67.20		135.50
Zhuhai Wantong Special Engg. Plastics Co., Ltd.		26.16		-	
Kingfa Sci. & Tech. (Europe), Gmbh		11.90		-	
	<b>Total</b>	<b>3,909.34</b>	<b>3,909.34</b>	<b>5,171.72</b>	<b>5,171.72</b>

<b>3</b>	<b>Rendering of Services from</b>				
	<b>Key Management Personnel</b>	<b>129.05</b>		<b>133.12</b>	
	Mr. Bo Jingen		22.86		22.86
	Mr. Wu Xiaohui		21.34		21.34
	Mr. N. K. Ramaswamy		-		27.22
	Mr. Xie Dongming		19.05		19.05
	Mr. Nirnoy Sur		20.70		18.07
	Mr. Balaji D		45.10		24.58

		<b>As at 31 March 2020</b>		<b>As at 31 March 2019</b>	
	<b>Outstanding</b>				
<b>1</b>	<b>Accounts Payable</b>				
	<b>Holding Company</b>	<b>10,352.63</b>		<b>10,204.75</b>	
	Kingfa Science & Technology Co. Ltd China		10,352.63		10,204.75
	<b>Fellow Subsidiaries</b>	<b>1,229.51</b>		<b>2,627.97</b>	
	Shanghai Kingfa Science and Tech Co Ltd		35.86		15.36
	Jaingsu Kingfa Science & Tech Advance				
	Material Co Ltd		1,153.19		1,214.93
	Hong Kong Kingfa Development Co Ltd		1.08		1,397.69
	Kingfa Sci. & Tech. (Europe)		11.90		-
	Zhuhai Wantong Special Engineering				
	Plastics Co., Ltd.		27.48		-
	<b>Total</b>	<b>11,582.14</b>	<b>11,582.14</b>	<b>12,832.72</b>	<b>12,832.72</b>
<b>2</b>	<b>Accounts Receivable</b>				
	<b>Holding Company</b>	<b>6.23</b>		<b>0.06</b>	
	Kingfa Science & Technology Co. Ltd China		6.23		0.06
	<b>Fellow Subsidiaries</b>	<b>248.42</b>		<b>153.08</b>	
	Shanghai Kingfa Science and Tech Co Ltd		(1.13)		(12.65)
	Kingfa Science & Tech (Europe) Gmbh		0.00		15.30
	Kingfa Science & Technology,(USA)		229.18		150.37
	Jiangsu Jinfu Technology New Material Co., Ltd.		0.05		0.05
	Kingfa Sci. & Tech (Thailand). Co., Ltd		20.32		-
	<b>Total</b>	<b>254.65</b>	<b>254.65</b>	<b>153.14</b>	<b>153.14</b>
<b>3</b>	<b>Loan outstanding</b>				
	<b>Holding Company</b>	<b>1,815.96</b>		<b>1,660.11</b>	
	Kingfa Science & Technology Co. Ltd China		1,815.96		1,660.11
	<b>Total</b>	<b>1,815.96</b>	<b>1,815.96</b>	<b>1,660.11</b>	<b>1,660.11</b>

<b>4</b>	<b>Interest Payable</b>			
	<b>Holding Company</b>	<b>93.91</b>		<b>114.72</b>
	Kingfa Science & Technology Co. Ltd China		93.91	114.72

The above figures do not include provision for leave encashment and gratuity, as actuarial valuation of such provision for the Key Management Personnel is included in the total provision for Leave encashment & gratuity.

#### Terms and conditions of transactions with related parties

Transactions entered into with related party are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March 2020, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2019: ₹ Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel.

The above figures do not include provision for leave encashment and gratuity, as actuarial valuation of such provision for the Key Management Personnel is included in the total provision for Leave encashment & gratuity.

#### 5.7. Earnings Per Share (Basic and Diluted)

Particulars	2019-20	2018-19
Profit for the year after taxation (₹ in Lakhs)	2,461.65	1,905.50
Total number of equity shares at the end of the year	121.11	121.11
Weighted average number of equity shares for the purpose of computing Earnings Per Share	121.11	121.11
Basic and Diluted Earnings Per Share (in ₹)	20.33	15.73

Earnings per share are calculated in accordance with Accounting Standard (Ind AS 33) "Earnings Per Share".

#### 5.8. Fair value disclosures for financial assets and financial liabilities

The management believes that the fair values of non-current financial assets (e.g. loans and others), current financial assets (e.g., cash and cash equivalents, trade and other receivables, loans), non-current financial liabilities and current financial liabilities (e.g. Trade payables and other payables and others) approximate their carrying amounts.

#### 5.9. Financial instruments risk management objectives and policies

The Company's principal financial liabilities, other than derivatives, comprise borrowings, trade and other payables and other financial liabilities. The main purpose of these financial liabilities is to finance the Company's operations to support its operations. The Company's principal financial assets include trade and other receivables, cash and short-term deposits and other financial assets that derive directly from its operations.

The company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Audit Committee and Board review financial risks and the appropriate risk governance framework for the company's financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

##### a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include borrowings, deposits, trade and other receivables, trade and other payables and derivative financial instruments.

The sensitivity analyses in the following sections relate to the position as at 31 March 2020 and 31 March 2019.

The analyses exclude the impact of movements in market variables on: the carrying values of gratuity provisions.

The following assumption has been made in calculating the sensitivity analyses:

- The sensitivity of the relevant statement of profit and loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 March 2020 and 31 March 2019.

#### i) Interest rate risk

##### a. Exposure

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

(₹ in Lakhs)

Particulars	As at 31st March 2020	As at 31st March 2019
Long Term Fixed Interest Loans		
Short Term Fixed Interest Loans	-	-
Long Term Floating Interest Loans	1,815.96	1,660.11
Short Term Floating Interest Loans	-	-

##### b. Interest Rate Sensitivity

(₹ in Lakhs)

Financial Year	Change in Interest rate	Effect on profit before tax	Effect on pre-tax equity
March 31, 2020	+50 bps	15.87	15.87
	-50 bps	(15.87)	(15.87)
March 31, 2019	+50 bps	10.34	10.34
	-50 bps	(10.34)	(10.34)

#### ii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency).

Amounts in Foreign Currencies

Nature of Exposure	Currency	31 March 2020	31 March 2019
Receivable	USD	2,32,389	2,15,709
	CNY	35,430	32,079
	ZAR	11,705	0
	EUR	4,500	0
Payable	USD	1,72,45,685	2,03,86,355
	EUR	-1,71,289	0
	CNY	-11,03,601	0
	JPY	-19,99,000	-19,99,000
Cash and cash equivalent	USD	875	3710
	CNY	2	-
	EURO	0	1000



The Company is in the process of managing its foreign currency risk by hedging transactions related to sales & purchases.

**a) Foreign currency sensitivity**

The following tables demonstrate the sensitivity to a reasonably possible change in USD, CNY, JPY, EUR and ZAR exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities. The impact on the Company's pre-tax equity is due to changes in the fair value of forward exchange contracts designated as cash flow hedges and net investment hedges. The Company's exposure to foreign currency changes for all other currencies is not material.

(₹ in Lakhs)

Financial Year	Change in USD rate	Effect on profit before tax	Effect on pre-tax equity
31 March, 2020	+7%	901.07	901.07
	-7%	(901.07)	(901.07)
31 March 2019	+7%	976.48	976.48
	-7%	(976.48)	(976.48)

Financial Year	Change in CNY rate	Effect on profit before tax	Effect on pre-tax equity
31 March 2020	+7%	8.43	8.43
	-7%	(8.43)	(8.43)
31 March 2019	+7%	0.23	0.23
	-7%	(0.23)	(0.23)

Financial Year	Change in JPY rate	Effect on profit before tax	Effect on pre-tax equity
31 March 2020	+7%	0.98	0.98
	-7%	(0.98)	(0.98)
31 March 2019	+7%	0.87	0.87
	-7%	(0.87)	(0.87)

Financial Year	Change in EURO rate	Effect on profit before tax	Effect on pre-tax equity
31 March 2020	+7%	10.02	10.02
	-7%	(10.02)	(10.02)
31 March 2019	+7%	0.05	0.05
	-7%	(0.05)	(0.05)

Financial Year	Change in ZAR rate	Effect on profit before tax	Effect on pre-tax equity
31 March 2020	+7%	0.03	0.03
	-7%	(0.03)	(0.03)
31 March 2019	+7%	0.00	0.00
	-7%	(0.00)	(0.00)

**iii) Commodity price risk**

The Company is affected by the price volatility of certain commodities. Its operating activities require the on-going manufacture of and therefore require a continuous supply of polypropylene. However, the company being indirect user of these commodities and based on past trend to pass on these volatility to customers, does not have direct impact on profitability over a period of time.

**iv) Other Price Risk**

The company does not hold investments in equity or mutual fund as on the date of Balance Sheet and hence it is not exposed to any such risks.

**v) Equity price risk**

The Company has not made any investment in equity instruments and hence, the Company do not foresee any risk from this unlisted equity shares.

**b) Credit risk**

Credit risk is the risk that counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

**Trade receivables**

Receivables are reviewed, managed and controlled for each class of customers separately. Credit exposure risk is mainly influenced by class /type of customers, depending upon their characteristics. Credit risk is managed through credit approval process by establishing credit limits along with continuous monitoring of credit worthiness of customers to whom credit terms are granted. Wherever required, credit risk of receivables is further covered through letter of credit, bank guarantee, business deposits and such other forms of credit assurance schemes.

An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are combined into homogenous category and assessed for impairment collectively. The calculation is based on actual incurred historical data. The Company does not hold collateral as security. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are spread over vast spectrum.

**Financial instruments and cash deposits**

Credit risk from balances with banks and financial institutions is managed by the Company in accordance with the Company's policy. Investments of surplus funds are made as per the approved investment policy. Investment limits are set to minimise the concentration of risks and therefore mitigate financial loss if any.

**c) Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of underlying businesses, company's treasury maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecast of the company's liquidity position and cash and cash equivalents on the basis of expected cash flows. This is generally carried out at the local level in the operating companies of the group in accordance with the practice and limits set by the company. These limits vary by location to take into account the liquidity of the market in which the entity operates. In addition, the company's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

(i) The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

(₹ in Lakhs)

Particulars	On demand	less than 3 months	3 months to 1 year	1 year to 5 years	more than 5 years	Total
Year ended 31 March, 2020						
Interest bearing borrowings	2,694.22			1,815.96		4,510.18
Other financial liabilities	125.83	20.01		4.50		150.34
Trade payables		12,895.27	6,170.78			19,066.05
Derivatives						
	<b>2,825.05</b>	<b>12,915.28</b>	<b>6,170.78</b>	<b>1,820.46</b>		<b>23,727.57</b>
Year ended 31 March, 2019						
Interest bearing borrowings				1,660.11		1,660.11
Other financial liabilities	200.62	23.21		4.50		228.33
Trade payables		13,480.43	6,013.27			19,493.70
Derivatives						
	<b>200.62</b>	<b>13,503.64</b>	<b>6,013.27</b>	<b>1,664.61</b>		<b>21,382.14</b>

**(ii) Net Debt Reconciliation**

This section sets out an analysis of net debt and the movements in net debt for the year ended 31 March 2020 and 31 March 2019.

Particulars	31 March 2020	31 March 2019
Cash and cash equivalents	228.91	1,310.24
Current borrowings	(2,694.22)	-
Non-current borrowings	(1,815.96)	(1,660.11)
<b>Net Debt</b>	<b>(4,281.27)</b>	<b>(349.87)</b>

Particulars	Cash and cash equivalents	Current borrowings	Non-current borrowings	Total
<b>Net debt as on 1 April 2019</b>	<b>1,310.24</b>	<b>-</b>	<b>(1,660.11)</b>	<b>(349.87)</b>
Cash flows	(1,081.34)	(2,694.22)	(155.85)	(3,931.41)
<b>Net debt as on 31 March 2020</b>	<b>228.91</b>	<b>(2,694.22)</b>	<b>(1,815.96)</b>	<b>(4,281.28)</b>

**5.10. Capital management**

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2020 and 31 March 2019.

## 5.11. Leases

### Company as a lessee

The Company applies Ind AS 116 for the first time at 1 April 2019. In compliance with the transition regulations, the Company adopted the modified retrospective method and did not adjust the prior-year figures and has presented the not significant accumulated transitional effects in retained earnings.

The Company as lessee uses the following practical expedients at the date of initial application:

- The lease liability is measured at the present value of the outstanding lease payments only for leases according to IND AS 17 which are discounted using incremental borrowing rate at 1st April 2019. The weighted average incremental borrowing rate was 10%. The respective write of use asset is generally recognized at an amount equal to a lease liability.
- An impairment review is not performed. Instead, a right-of-use asset is adjusted by the amount of any provision for onerous leases recognized in the Balance Sheet as at 31 March 2019.
- Regardless of their original lease term, leases for which the lease term ends at the latest on 31 March 2020 are recognized as short-term leases.
- At the date of initial application, the measurement of a right-of-use asset excludes the initial direct costs.
- Information in hindsight is given due consideration when determining the lease term if the contract contains options to extend or terminate the lease.
- The difference between the lease commitment disclosed under IND AS 17 as at 31st March 2019 and the lease liability recognised in the balance sheet as at 1st April 2019 are in respect of discounting of such lease payments.

The following table shows impact of IND AS 116 on balance sheet and statement of profit or loss:

Particulars	₹ in Lakhs
	2019-20
Initial measurement of right-of-use assets including reclassification under INDAS 116	180.29
De-recognition of balance right-of-use asset due to termination of lease contract during the year	18.67
Initial measurement of lease liability	233.58
De-recognition of balance lease liability due to termination of lease contract during the year	22.22
Amount credited to profit and loss account in result of termination of lease contract during the year	3.55
Depreciation charged on right-of-use asset	139.94
Interest expense on lease liability	17.84
Expense for short term leases/ low value leases	92.83
Cash outflow for leases	131.32
Carrying amount of right-of-use asset as on 31st March 2020	4207.21
Carrying amount of lease liability as on 31st March 2020	97.88

### Company as a lessor

Company is not entered into any finance lease as well as operating lease during the financial year as a lessor.

## 5.12. Expenditure on CSR Activities

(₹ in Lakhs)

1	Gross amount required to be spent by the company during the year	58.89
2	Amount spent during the year 2019-20	107.52
3	Amount unspent for previous year (2018-19)	48.61
4	Amount spent out of previous year	48.61

## NOTE 33 : Impact of COVID-19

## 1. Uncertainty relating to global health pandemic

The Ministry of Corporate Affairs (MCA) notified the Companies (Indian Accounting Standards) Amendment Rules, 2019. The Rules shall be effective from reporting period beginning on or after April 1, 2020 and cannot be early adopted.

The outbreak of novel Corona Virus (Covid-19) has impacted the business operations of the Company by way of interruption in production activities, supply chain and availability of manpower. Also, as demand from Automotive Industry has been reduced significantly, companies sale has been impacted adversely. From predominance of Automotive sector, the Company is also looking into opportunities into non automotive sector, such as raw material requirements of health and allied services.

## a. Ability to maintain operations including the factories/units/office spaces functioning and closed down:

Company has taken all precautions and safety measures while starting the operations with limited manpower, the Company is adhering to the guidelines as specified by the Government of India and respective state government.

## b. Schedule, if any, for restarting the operations:

Since the Company's operations are functional with limited manpower, this question does not arise.

## c. Steps taken to ensure smooth functioning of operations:

The Company has put in place strict monitoring process for covid-19 ensuring the Thermal screening of all employees and visitors, sanitizing the premises and vehicles on regular basis, maintaining social distancing at all work places, implemented wearing of mask and regular cleaning of hand for all employees and visitors, regular update of the health of all the employee and their families, requesting all employees to have Aarogya Setu App.

## d. Estimation of the future impact of CoVID-19 on its operations;

The Company is presently running it's operations with reduced capacity and with limited manpower. The regular demand of the company is missing, this is resulting into reduced sale to the Company during the current quarter which may continue for the next few quarters also.

As part of Companies Vision and Mission and also as per corporate strategy, the Company constantly evaluates various opportunities improving the operations and business of the Company. As and when any proposal of business and operations are considered by the Board of Directors of the warranting disclosures, the Company shall comply with the obligations under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulation").

## e. Details of impact of CoVID-19 on Company (capital and financial resources, profitability, liquidity position, ability to service debt and other financing arrangements, assets, internal financial reporting and control, supply chain, demand of its products/services).

As regular demand of Company's products is missing due to suspension of operations, it may impact the profitability for the current quarter. The Company is currently in comfortable liquidity position to meet its financial and other commitments. Company will continue to monitor the liquidity situation and if required, take appropriate steps to

augment it further. Also companies import clearance got affected due to continuous lock down, supply chain of the company also impacted.

In order to mitigate some of the impacts, the company has taken various initiatives to manage its costs across the organization and also took cost reduction measures.

**f. Existing contracts/agreements where non-fulfilment of the obligations by any party will have significant impact on the listed entity's business:**

At present, we do not anticipate that any contract/arrangements will have significant material impact on the business in case of non-fulfilment of obligations by any party.

**NOTE 34 : PREVIOUS YEAR'S FIGURES HAVE BEEN RE-GROUPED WHEREVER CONSIDERED NECESSARY TO MAKE THEM COMPARABLE WITH THOSE OF THE CURRENT YEAR.**

Signatures to Note 1 to 34, forming part of the Financial Statements.

As per our attached report of even date

For and on behalf of the board of directors

**For M/S. P. G. BHAGWAT**

**BO JINGEN**

**D. BALAJI**

Chartered Accountants

Managing Director

Executive Director

Firm Registration Number : 101118W

DIN : 0006617986

DIN : 08256342

**PURVA KULKARNI**

**XIE DONGMING**

**NIRNOY SUR**

Partner

Chief Financial Officer

Company Secretary

Membership Number : 135734

Pune : 22 June 2020

**'Intentionally Kept Blank'**





# 金发科技(印度)有限公司

**KINGFA SCIENCE & TECHNOLOGY (INDIA) LIMITED**

(formerly Hydro S & S Industries Limited)

CIN : L25209TN1983PLC010438

Regd. Office : Dhun Building, III Floor, 827, Anna Salai,  
Chennai – 600 002. Tamilnadu, India.

Phone : +91 - 44 - 28521736 Fax : +91 - 44 - 28520420

Works : Puducherry, Pune & Manesar

**KINGFA**  
**金发科技(印度)有限公司**  
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Phone : 044 - 28521736, Fax : 044 – 28520420, E – mail : cs@kingfaindia.com, Website : www.kingfaindia.com

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**NOTICE**  
**36<sup>TH</sup> ANNUAL GENERAL MEETING**

**NOTICE** IS HEREBY GIVEN THAT THE 36TH ANNUAL GENERAL MEETING (AGM) OF THE MEMBERS OF KINGFA SCIENCE & TECHNOLOGY (INDIA) LIMITED WILL BE HELD ON TUESDAY, SEPTEMBER 29, 2020 AT 11.30 A.M. (IST) THROUGH VIDEO CONFERENCING (“VC”) / OTHER AUDIO VISUAL MEANS (“OAVM”) TO TRANSACT THE FOLLOWING BUSINESS:

**ORDINARY BUSINESS:**

**Item No. 1: Adoption of Audited Financial Statements of the Company for the Financial Year ended March 31, 2020**

“RESOLVED THAT Audited Financial Statements of the Company for the Financial Year ended 31st March 2020 along with Directors’ Report, Independent Auditors’ Report thereon be and is hereby received, considered, approved and adopted.”

**Item No. 2: Re-appointment of Mr. Wu Xiaohui**

“RESOLVED THAT Mr. Wu Xiaohui (DIN : 06617977), who retires by rotation and being eligible offers himself for re-appointment, be and is hereby re-appointed as Director of the Company liable to retire by rotation.”

**SPECIAL BUSINESS:**

**Item No.3: Ratification of Remuneration to Cost Auditor**

To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **ORDINARY RESOLUTION:**

“RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), and as approved by the Board of Directors of the Company, remuneration of ₹ 1,50,000/- (plus applicable taxes and re-imburement of out of pocket expenses incurred in connection with the audit) to be paid to Mr.K.Suryanarayanan, Cost Accountant (Registration No. 102347), appointed by the Board of Directors of the Company to conduct the audit of the cost records of the Company for the Financial Year ending March 31, 2021, be and is hereby ratified.

RESOLVED FURTHER THAT the Board of Directors of the Company and / or Company Secretary be and are hereby severally authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this Resolution.”

**Item No.4: Re-Appointment of Mr. Wu Xiaohui as Whole-time Director**

To consider, and if thought fit, to pass with or without modification(s), the following resolution as a **SPECIAL RESOLUTION:**

“RESOLVED THAT pursuant to the provisions of Sections 196, 197, 198, 203 and other applicable provisions, if any, of the Companies Act, 2013 (the Act) read with Schedule V of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or enactment thereof for the time being in force) and applicable Regulations of the SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015, as amended from time to time and subject to other sanctions / approvals as may be necessary, consent of the Members of the Company be and is hereby accorded for re-appointment of Mr. Wu Xiaohui (DIN : 06617977), as Whole-time Director of the Company, consented to retire by rotation, for a further period of 2 years w.e.f. February 27, 2020 to February 26, 2022 with such remuneration as set out in the Explanatory Statement provided that the total remuneration (including all perquisites / benefits) shall not exceed the ceiling limit as provided in Schedule V, Part II, of the Companies Act, 2013 or such amounts as may be specified by any amendment to the Act and SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015, as amended from time to time.

RESOLVED FURTHER THAT in case the Company has no profits or its profits are inadequate in any financial year during the tenure of re-appointment of Mr. Wu Xiaohui, it may pay a remuneration to Mr. Wu Xiaohui, which shall not exceed the ceiling as provided in Schedule V, Part II, of the Companies Act, 2013 or such amounts as may be specified by any amendment to the Act.

RESOLVED FURTHER THAT the Board of Directors and / or Company Secretary of the Company be and are hereby severally authorized to do all such acts, deeds and things and execute all

such documents, instruments and writings as may be required and do all statutory filings, as mandated, as per the provisions of Companies Act, 2013.”

**Item No.5: Re-appointment of Mr. Dilip Dinkar Kulkarni as Director of the Company**

To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **ORDINARY RESOLUTION**:

“**RESOLVED THAT** Mr. Dilip Dinkar Kulkarni (DIN : 07272118), who was appointed as an Additional Director of the Company by the Board of Directors with effect from 28th August, 2020 in terms of applicable provisions of the Companies Act, 2013 read with Companies (Appointment and Qualification of Directors) Rules, 2014 and Articles of Association of the Company and whose term of office expires at the Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director be and is hereby appointed as Director of the Company.”

**Item No.6: Re-appointment of Mr. Dilip Dinkar Kulkarni as an Independent Non-Executive Director.**

To consider and if thought fit, to pass, with or without modification(s), the following resolution as a **SPECIAL RESOLUTION**:

“**RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152, 178 and any other applicable provisions of the Companies Act, 2013 (“Act”) and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Act and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. Dilip Dinkar Kulkarni (DIN : 07272118), Independent Non-Executive Director of the Company who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for reappointment, be and is hereby re-appointed as an Independent Non-Executive Director of the Company to hold office for another term of five consecutive years with effect from 28th August, 2020 to 27th August, 2025 and whose office shall not be liable to retire by rotation.

**RESOLVED FUTURE THAT** pursuant to the provisions of Section 149, 197 and any other applicable provisions of the Companies Act, 2013 and rules made thereunder (including any statutory modification(s)) or re-enactment thereof for the time being in force) Mr. Dilip Dinkar Kulkarni be paid such sitting fees for attending Meetings of the Board and Committees thereof, as the Board may approve from time to time and subject to such limits prescribed or as may be prescribed from time to time.

**RESOLVED FURTHER THAT** any Director and/or the Company Secretary of the Company be and are hereby severally authorised to do all acts, deeds and things including filings and take steps as may be deemed necessary, proper or expedient to give effect to this Resolution and matters incidental thereto”.

By Order of the Board of Directors  
for **Kingfa Science & Technology (India) Limited**

Place : Pune

Date : August 12, 2020

**NIRNOY SUR**

Company Secretary

**NOTES:**

1. In view of the massive outbreak of the COVID-19 pandemic, social distancing is a norm to be followed. The Annual General Meeting (“**AGM**”) of the Company is scheduled to be held on Tuesday, September 29, 2020, at 11:30 a.m. (IST) through Video Conferencing (“**VC**”) / Other Audio Visual Means (“**OAVM**”) and the voting for items to be transacted in the Notice to this AGM shall be only through remote electronic voting process or electronic voting during the AGM, in compliance with applicable provisions of the Companies Act, 2013 (**the “Act”**) (including any statutory modification or re-enactment thereof for the time being in force) read with Rule 22 of the Companies (Management and Administration) Rules, 2014 (**the “Rules”**), as amended from time to time, and the General Circular No. 14/ 2020 dated April 8, 2020, the General Circular No. 17/ 2020 dated April 13, 2020, in relation to “Clarification on passing of ordinary and special resolutions by companies under the Companies Act, 2013 and the rules made thereunder on account of the threat posed by COVID-19” and General Circular No. 20/ 2020 dated May 5, 2020, in relation to “Clarification on holding of Annual General Meeting (AGM) through video Conferencing (VC) or Other Audio Visual Means (OAVM)” all issued by the Ministry of Corporate Affairs, Government of India (the “MCA Circulars”) and Regulation 44 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (“**Listing Regulations**”) read with Circular dated May 12, 2020, in relation to “Additional relaxation in relation to compliance with certain provisions of Listing Regulations - COVID-19 pandemic”. The deemed venue for the AGM will be the place from where the Chairman of the Board conducts the meeting.
2. Further, pursuant to the MCA and SEBI Circulars, the Notice of the AGM along with the Annual Report for FY 2019-20 is sent in electronic form only to those Members whose email addresses are registered with the Company/ Depositories. The Notice calling the 36th AGM has been uploaded on the website of the Company at [www.kingfaindia.com](http://www.kingfaindia.com). The Notice can also be accessed

- from the websites of the Stock Exchanges i.e. BSE Limited (“BSE”) and The National Stock Exchange of India Limited (“NSE”) at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively and the AGM Notice is also available on the website of National Securities Depository Limited (“NSDL”) (agency for providing the Remote e-Voting facility) i.e. [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
3. The relative Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 (“Act”) in respect of Item Nos. 3 to 6 are annexed hereto. Information under Regulations 26 (4) and 36 (3) of the Listing Regulations and as required under Secretarial Standard 2 on General Meeting, pursuant to Section 118 (10) of the Act, issued by the Institute of Company Secretaries of India, relating to Directors proposed to be appointed/re-appointed at this Annual General Meeting (“Meeting” or “AGM”) is provided in the Annexure 1 to this Notice. Requisite declarations have been received from the Directors for seeking appointment / re-appointment.
  4. Pursuant to the provisions of the Companies Act, 2013, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since this AGM is being held pursuant to the MCA Circulars through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, in terms of the above-mentioned MCA and SEBI circulars, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.
  5. Members attending the meeting through VC or OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act 2013.
  6. The Members are requested to note that the Company is pleased to provide Video Conferencing Facility (VC) to view the proceedings of the AGM. The Members will be able to view the proceedings on NSDL’s e-Voting website [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  7. Members may use this facility by using the same login credentials as provided for remote e-Voting. Members on the day of the AGM will login through their user ID and password on e-Voting website of NSDL. The link will be available in Member login where the EVEN of Company will be displayed. On clicking this link, the Member will be able to view the webcasting of the AGM proceedings. The VC Facility will be available on September 29, 2020 from 11:30 a.m. (IST) onwards till the conclusion of the Meeting.
  8. Members seeking any information with regard to any items provided in the AGM Notice including the Annual Accounts and any queries relating to the business / operations of the Company, are requested to write to the Company mentioning their name, DP ID and Client ID number /folio number and mobile number, to reach at least forty-eight hours prior to the AGM i.e. on or before 11.30 a.m. (IST) on September 27, 2020 at [cs@kingfaindia.com](mailto:cs@kingfaindia.com) and responses to such queries will be appropriately addressed by the Chairman of the meeting. Due to technical reasons, the length of a question may possibly be limited to a certain number of characters; however, the number of questions a shareholder or its authorized representative can submit will not be affected thereby. The Management will decide, at its due discretion, whether and how it will answer the questions. It can summarize questions and select, in the interest of the other shareholders, meaningful questions. Only questions in the English language will be taken into account.
  9. Corporate members intending to send their authorised representative to attend the AGM through VC / OAVM or to vote through remote e-voting, pursuant to Sections 112 and 113 of the Act, are requested to send a certified copy of the board resolution to the Scrutinizer by e-mail at [shaswati.vaishnav@gmail.com](mailto:shaswati.vaishnav@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in), authorising their representative to attend and vote on their behalf at the AGM.
  10. To prevent fraudulent transactions, Members are advised to exercise due diligence and notify the Company of any change in address or demise of any Member as soon as possible. Members are also advised to not leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified from time to time.
  11. The Members can join the AGM in the VC/OAVM mode 15 minutes before and 15 minutes after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The Members will be able to view the proceedings on NSDL’s e-Voting website [www.evoting.nsdl.com](http://www.evoting.nsdl.com). The facility of participation at the AGM through VC/OAVM will be made available to at least 1,000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.

12. The Register of Members and Share Transfer Books of the Company will be closed from **Wednesday, September 23, 2020 to Tuesday, September 29, 2020** (both days inclusive) for the purpose of AGM.

13. Shareholders holding shares in physical form are requested to advise any change of correspondence address, email address, bank details immediately to the Company's Registrar and Share Transfer Agents (RTA) , M/s Integrated Registry Management Services Private Limited, 2nd Floor, Kences Towers, No. 1, Ramakrishna Street, North Usman Road, T. Nagar, Chennai - 600 017, Tel : +91-044-28140801 to 28140803, E-mail ID : yuvraj@integratedindia.in. Shareholders holding shares in electronic form must advise their respective depository participants about any change in correspondence address, email address and bank details and not to the Company or the Registrars.

The Securities and Exchange Board of India ("SEBI") has mandated the submission of Permanent Account Number ("PAN") by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the RTA of the Company / Company.

14. As per the provisions of Section 72 of the Act, the facility for making nomination is available to the Members in respect of the shares held by them. Members who have not yet registered their nomination are requested to register the same by submitting Form No. SH-13. The said form can be obtained from the RTA, E-mail ID : yuvraj@integratedindia.in. Members holding shares in physical form may submit the same to RTA. Members holding shares in electronic form may submit the same to their respective depository participant.

15. This AGM Notice is being sent, by e-mail, only to those eligible Members who have already registered their e-mail address with the Depositories / the depository participant / the Company's Registrar and Share Transfer Agents (RTA): Integrated Registry Management Services Private Limited / the Company or who will register their e-mail address with RTA.

For Members whose e-mail addresses are not registered but mobile numbers are registered with RTA/ Depositories, the weblink for downloading the Notice is being sent through SMS by RTA.

Members who have not registered their email address and in consequence could not receive the notice may temporarily get their email address registered with the

RTA, by clicking the link: <https://www.integratedindia.in/emailupdata.aspx> and following the registration process as guided thereafter. Post successful registration of the email address, the Member will receive soft copy of the Notice and the procedure for e-voting along with the User ID and the Password to enable remote e-voting for this Notice. In case of any queries, Member may write to RTA at yuvraj@integratedindia.in.

Also, the Members whose email ids are not registered with the Company or Depository Participant(s) are requested to register their e-mail Ids by sending an e-mail citing subject line as "Kingfa-AGM-Registration of e-mail Ids" to Registrar and Transfer Agent of the Company (RTA), i.e., Integrated Registry Management Services Private Limited at yuvraj@integratedindia.in or to the Company at cs@kingfaindia.com with name of registered shareholder(s), folio number(s)/DP Id/Client Id and Number of equity shares held from the email address they wish to register to enable them to exercise their vote on special businesses as set out in the AGM Notice through remote e-voting facility provided by NSDL.

16. For permanent registration of e-mail addresses, Members are requested to register the same with their concerned DPs, in respect of electronic holding and with the Company's RTA by writing to them at yuvraj@integratedindia.in.

17. Those Members who have already registered their e-mail addresses are requested to keep their e-mail addresses validated with their Depository Participants / RTA of the Company to enable servicing of notices / documents / Annual Reports and other communications electronically to their e-mail address in future.

18. **Process for those shareholders whose email ids are not registered with the Depositories for procuring user id and password and registration of e-mail ids for e-voting for the resolutions set out in this Notice :**

(i) In case shares are held in physical mode, please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to Company's RTA by writing to them at yuvraj@integratedindia.in / the Company at cs@kingfaindia.com.

(ii) In case shares are held in Demat mode, please provide DP ID AND CLIENT ID (8 digit DPID + 8 digit CLID or 16 digit beneficiary ID), Name, Client Master List or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy

of Aadhar Card) to Company's RTA by writing to them at yuvraj@integratedindia.in / the Company at cs@kingfaindia.com.

- (iii) Alternatively, member may send an e-mail request to evoting@nsdl.co.in for obtaining User ID and Password by proving the details mentioned in Point (i) or (ii) as the case may be.

19. All unclaimed dividends up to the FY 2010-11 paid by the Company have been transferred to Investor Education and Protection Fund of the Central Government. No dividend was declared thereafter. The shares and unclaimed dividend transferred to the IEPF can however be claimed back by the concerned members from IEPF Authority after complying with the procedure prescribed under the IEPF Rules. The Member/Claimant is required to make an online application to the IEPF Authority in Form IEPF-5 (available on www.iepf.gov.in) along with requisite fees as decided by the IEPF Authority from time to time.

20. SEBI had vide Notification No. SEBI/LAD-NRO/GN/2018/24 dated June 08, 2018 and SEBI/LAD-NRO/GN/2018/49 dated November 30, 2018 read with BSE circular no. list/comp/15/2018-19 dated July 05, 2018 and NSE circular no. NSE/CML/2018/26 dated July 09, 2018 directed that transfer of securities would be carried out in dematerialised form only with effect from April 1, 2019, except in case of transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares, Members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Members can contact the Company's Registrar and Share Transfer Agents, M/s. Integrated Registry Management Services Private Limited at yuvraj@integratedindia.in for assistance in this regard.

21. Members are requested to intimate changes, if any, pertaining to their postal address, e-mail address, telephone/mobile numbers, Permanent Account Number (PAN), registering of nomination, Bank details etc., to their Depository Participants (DPs) in case the shares are held in electronic form and to the RTA at yuvraj@integratedindia.in in case the shares are held in physical form quoting your folio no.

22. **Process and manner of voting through electronic means:**

- (i) In compliance with the provisions of Section 108 of the Act, and Rules framed thereunder, as amended from time to time, and Regulation 44 of the SEBI Listing Regulations, the Company is pleased to provide members holding shares either in physical form or in dematerialised form, the facility to exercise their right to vote on the resolutions set

forth in the Notice by electronic means and the business may be transacted through e-voting services provided by National Securities Depository Limited ("NSDL"). The members may cast their votes using an electronic voting system from a place other than the venue of the AGM (remote e-voting). The Resolutions passed by remote e-voting are deemed to have been passed as if they have been passed at the AGM. The Notice of the AGM indicating the instructions of remote e-voting process can be downloaded from the NSDL's website www.evoting.nsdl.com or the Company's website www.kingfaindia.com.

- (ii) Members of the Company holding shares either in physical form or in electronic form as on the cut-off date i.e. **Tuesday, September 22, 2020** may cast their vote by remote e-Voting. The remote e-Voting period commences on **Saturday, September 26, 2020 at 9.00 a.m. (IST) and ends on Monday, September 28, 2020 at 5.00 p.m. (IST)**. The remote e-Voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently.

- (iii) Members will be provided with the facility for voting through electronic voting system during the video conferencing proceedings at the AGM and Members participating at the AGM, who have not already cast their vote by remote e-Voting, will be eligible to exercise their right to vote during such proceedings of the AGM.

- (iv) Members who have cast their vote by remote e-Voting prior to the AGM will also be eligible to participate at the AGM but shall not be entitled to cast their vote again.

- (v) **The instructions for Members for remote e-Voting are as under:**

The way to vote electronically on NSDL e-Voting system consists of 'Two Steps' which are mentioned below:

**Step 1 : Log-in to NSDL e-Voting system at <https://www.evoting.nsdl.com/>**

**Step 2 : Cast your vote electronically on NSDL e-Voting system.**

**Details on Step 1 is mentioned below:**

How to Log-in to NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.

2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.

3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

*Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.*

4. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical : Your User ID is:

a) **For Members who hold shares in demat account with NSDL:** 8 Character DP ID followed by 8 Digit Client ID (For example if your DP ID is IN300\*\*\* and Client ID is 12\*\*\*\*\* then your user ID is IN300\*\*\*12\*\*\*\*\*).

b) **For Members who hold shares in demat account with CDSL:** 16 Digit Beneficiary ID (For example if your Beneficiary ID is 12\*\*\*\*\* then your user ID is 12\*\*\*\*\*).

c) **For Members holding shares in Physical Form:** EVEN Number followed by Folio Number registered with the company (For example if folio number is 001\*\*\* and EVEN is 101456 then user ID is 101456001\*\*\*).

5. Your password details are given below:

a. If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.

b. If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.

c. How to retrieve your 'initial password'?

i. If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the

.pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.

ii. If your email ID is not registered, your 'initial password' is communicated to you on your postal address.

6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:

a. Click on "Forgot User Details/Password?" (If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).

b. "Physical User Reset Password?" (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).

c. If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address.

7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.

8. Now, you will have to click on "Login" button.

9. After you click on the "Login" button, Home page of e-Voting will open.

#### **Details on Step 2 is given below:**

How to cast your vote electronically on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.

2. After click on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.

3. Select "EVEN" of the Company.

4. Now you are ready for e-Voting as the Voting page opens.

5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.

6. Upon confirmation, the message "Vote cast successfully" will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

**23. General Guidelines for shareholders:**

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to shaswati.vaishnav@gmail.com with a copy marked to evoting@nsdl.co.in.
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and remote e-voting user manual for Members available in the "downloads" section of www.evoting.nsdl.com or send a request at evoting@nsdl.co.in or call on toll free no.: 1800-222-990. In order to address any grievances relating to e-voting, you may write or contact NSDL, Ms. Pallavi Mhatre : +91 22 24994545 or pallavid@nsdl.co.in. Members may also write to the Company's RTA at the email address yuvraj@integratedindia.in or Company Secretary at the email address: cs@kingfaindia.com.
4. Any person, who acquires shares of the Company and become member of the Company after dispatch of the Notice and holding shares as of the cut-off date i.e. Tuesday, September 22, 2020, may obtain the User ID and password by sending a request at evoting@nsdl.co.in or yuvraj@integratedindia.in or cs@kingfaindia.com. However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you

forgot your password, you can reset your password by using "Forgot User Details/Password" option available on www.evoting.nsdl.com or contact NSDL at the following Toll free no. 1800-222-990.

**24. Instructions for members for attending the AGM through VC/OAVM are as under:**

- i) Member will be provided with a facility to attend the AGM through VC or OAVM through the NSDL e-Voting system. Members may access the same at <https://www.evoting.nsdl.com> under shareholders/members login by using the remote e-voting credentials. The link for VC / OAVM will be available in shareholders/members login where the EVEN of Company will be displayed. On clicking this link, Member will be able to attend and participate in the proceedings of the AGM. Please note that the Members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush. Further members can also use the OTP based login for logging into the e-Voting system of NSDL.
- ii) Members are encouraged to join the Meeting through laptops for better experience. Further Members will be required to use internet with a good speed to avoid any disturbance during the meeting. Members connecting from their mobile devices or tablets or through laptop connecting via mobile hotspot may experience audio or video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN connection to attend the AGM without any interruption.
- iii) Facility of joining the meeting shall be open 15 minutes before the time scheduled for the meeting and shall be closed 15 minutes after such scheduled time and will be available on first come first served basis.
- iv) Members who would like to express their views/ask questions as a speaker at the Meeting may pre-register themselves by sending a request from their registered email address mentioning their names, DP ID and Client ID/folio number, PAN and mobile number at **cs@kingfaindia.com from Friday, September 25, 2020 (9:00 a.m. IST) to Sunday, September 27, 2020 (5:00 p.m. IST). Those Members who have pre-registered themselves as a speaker will only be allowed to express their views/ask questions during the AGM.** The



Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM. The speaker shall ensure being connected to a device with a video/camera same along with good internet speed for the same. Those speakers whose names are called out by the Chairman and are not available will not be allowed to speak later to ensure proceedings flow in a smooth manner.

- v) Institutional Investors, who are Members of the Company, are encouraged to attend and vote at the AGM through VC/OAVM facility.
- vi) **The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.**
- vii) Only those Members/ shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.
- viii) Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
- ix) The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.
- x) Members who need assistance before or during the AGM may contact NSDL on [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) / 1800-222-990 or contact Ms. Pallavi Mhatre : +91 22 24994545 / [pallavid@nsdl.co.in](mailto:pallavid@nsdl.co.in) or send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).

## 25. Other Instructions

- i) The voting rights of shareholders (for voting through remote e-Voting before the AGM and remote e-Voting during the AGM) shall be in proportion to their shares of the paid-up equity share capital of the Company as on the cut-off date, which is Tuesday, September 22, 2020. A person whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the Depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM.
- ii) Any person who is not a member as on the cut off-date should treat this Notice for information only.
- iii) The e-voting period commences on **Saturday, September 26, 2020 at 9.00 a.m. (IST) and ends Monday, September 28, 2020 at 5.00 p.m. (IST)**. During this period, shareholders of the Company, holding shares in physical form or in dematerialised form, as on the cut-off date, i.e. Tuesday, September 22, 2020, may cast their vote electronically. **The e-voting module shall be disabled by NSDL for voting thereafter and reopened during the AGM for the Members who are present through VC / OAVM and have not cast their vote. Only those Members, who will be present in the AGM through VC / OAVM facility and have not cast their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system during the AGM.**
- iv) Members who are registered with NSDL for e-voting can use their existing user Id and password for casting their votes.
- v) The Members who have cast their vote by remote e-voting prior to the AGM may also attend/ participate in the AGM through VC or OAVM but shall not be entitled to cast their vote again.
- vi) Any person, who acquires shares of the Company and becomes a Member of the Company after dispatch of the Notice and holding shares as of the cut-off date, may obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in). However, if he/she is already registered with NSDL for remote e-voting then he/she can use his/her existing User ID and password for casting the vote.
- vii) Ms. Shaswati Vaishnav, Practising Company Secretary (ACS 11392, PCS 8675) M/s.Vaishnav Associates has been appointed as the Scrutinizer by the Board to scrutinize remote e-Voting process before the AGM as well as remote e-Voting during the AGM in a fair and transparent manner.
- viii) The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting, by use of remote e-voting system for all those Members who are present during the AGM through VC/OAVM but have not cast their votes by availing the remote e-Voting facility.
- ix) The Scrutinizer shall, immediately after the conclusion of voting at the AGM, unblock the votes cast and make, not later than 48 hours of conclusion of the AGM, a consolidated Scrutinizer's

- Report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who will acknowledge the receipt of the same and declare the result of the voting forthwith.
- x) The results will be declared within 48 hours of conclusion of the Annual General Meeting. The results declared along with the Scrutinizer's Report shall be placed on the Company's website [www.kingfaindia.com](http://www.kingfaindia.com) and on the website of NSDL: [www.evoting.nsdl.com](http://www.evoting.nsdl.com) immediately after the result is declared. The Company shall simultaneously forward the results to BSE Limited ("BSE") and The National Stock Exchange of India Limited ("NSE"), where the shares of the Company are listed.
- xi) Subject to receipt of requisite number of votes, the resolutions shall be deemed to be passed on the date of AGM i.e. Tuesday, September 29, 2020.
- xii) All documents referred to in the accompanying Notice of the AGM and the Explanatory Statement and the Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013 will be available electronically for inspection by the members on the website of the Company at [www.kingfaindia.com](http://www.kingfaindia.com) during the AGM.
- xiii) Since the AGM will be held through VC or OAVM, the Route Map is not annexed in this Notice.

By Order of the Board of Directors  
**for Kingfa Science & Technology (India) Limited**

Place : Pune

**NIRNOY SUR**

Date : August 12, 2020

Company Secretary

### **EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013**

#### **Item No. 3**

##### **Ratification of Remuneration to Cost Auditor**

The Board of Directors of the Company on the recommendation of the Audit Committee, approved the appointment of Mr.K.Suryanarayanan, Cost Accountant, to conduct the audit of the Cost records of the Company on a remuneration of ₹ 1,50,000/- (excluding all applicable taxes and reimbursement of out of pocket expenses) for the Financial Year ending March 31, 2021.

In terms of the provisions of Section 148 of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, (as amended from time to time) the remuneration as mentioned above, payable to the Cost Auditor is required to be ratified by the Members of the Company. Accordingly, the Members are requested to ratify the remuneration payable to the Cost Auditor for the Financial Year ending March 31, 2021, as set out in the Ordinary Resolution for the aforesaid services to be rendered by him.

None of the Directors and / or Key Managerial Personnel of the Company and their relatives are in any way concerned or interested, financially or otherwise, in the said Resolution.

The Board of Directors recommends the Ordinary Resolution set out at Item No. 3 of the Notice for approval by the Members.

#### **Item No. 4**

##### **Re-Appointment of Mr. Wu Xiaohui as Whole-time Director**

The Board of Directors of the Company on the basis of the recommendation of Nomination and Remuneration Committee at its Meeting held on 12th February, 2020 has, subject to approval of members, re-appointed Mr. Wu Xiaohui (DIN : 06617977) as a Whole-time Director, for a further period of 2 (two) years with effect from February 27, 2020 to February 26, 2022, on such terms & conditions with such remuneration as set out in the Explanatory Statement provided that the total remuneration (including all perquisites, benefits) shall not exceed the ceiling limit as provided in Schedule V, Part II, of the Companies Act, 2013 or such amounts as may be specified by any amendment to the Act, Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modifications(s) or enactment thereof for the time being in force) and SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015, as amended from time to time.

Mr. Wu Xiaohui holds Master's degree in Polymer Science and has experience in Product Development and Technical Support.

Mr. Wu Xiaohui satisfies all the conditions set out in Part-I of Schedule V to the Act as also conditions set out under sub-section (3) of Section 196 of the Act for being eligible for his re-appointment. He is not disqualified from being appointed as Director in terms of Section 164 of the Act.

The above may be treated as a written memorandum setting out the terms of re-appointment of Mr. Wu Xiaohui under Section 190 of the Act.

Details of Mr. Wu Xiaohui are provided in the Annexure 1 to the Notice pursuant to the provisions of (i) the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and (ii) Secretarial Standard on General Meetings ("SS-2") issued by the Institute of Company Secretaries of India.

Mr. Wu Xiaohui does not hold any shares in the Company.

None of the Directors and / or Key Managerial Personnel of the Company and their respective relatives other than Mr. Wu Xiaohui is in any way concerned or interested, financial or otherwise, in the resolution set out at Item No.4 of the accompanying Notice of the AGM. Mr. Wu Xiaohui is not related to any Director of the Company.

The Special resolution proposed to be passed is an enabling resolution, permitting the Company to pay the fixed remuneration even during absence or inadequacy of profits in any financial year, in compliance with Section 197 read with Schedule V of the Companies Act, 2013.

The Board of Directors recommends the Special Resolution set out at Item No.4 of the Notice by the Members.

#### **Item Nos. 5 & 6**

##### **Re-appointment of Mr. Dilip Dinkar Kulkarni**

Mr. Dilip Dinkar Kulkarni (DIN : 07272118) is an Independent Non-Executive Director of the Company and also Member of the Audit Committee, Nomination and Remuneration Committee and Chairman of Corporate Social Responsibility Committee of the Board of Directors of the Company. He joined the Board of Directors of the Company on 28th August, 2015.

Mr. Dilip Dinkar Kulkarni was appointed as an Independent Non-Executive Director of the Company by the Members at the 31st AGM of the Company held on 28th September, 2015 for a period of five consecutive years commencing from 28th August, 2015 upto 27th August, 2020.

As per Section 149(10) of the Act, an Independent Director shall hold office for a term of upto five consecutive years on the Board of a Company, but shall be eligible for re-appointment on passing a special resolution by the Company for another term of upto five consecutive years on the Board of a Company.

Mr. Dilip Dinkar Kulkarni was appointed as an Additional Director by the Board with effect from 28th August, 2020 based on the recommendation of Nomination and Remuneration Committee and holds office upto the date of the ensuing Annual General Meeting.

Based on recommendation of Nomination and Remuneration Committee and in terms of the provisions of Sections 149, 150, 152, 178 read with Schedule IV and any other applicable provisions of the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. Dilip Dinkar Kulkarni, being eligible for re-appointment as an Independent Non-Executive Director and offering himself for re-appointment, is proposed to be re-appointed as an Independent Non-Executive Director for second term of five consecutive years from 28th August, 2020 upto 27th August, 2025.

Mr. Dilip Dinkar Kulkarni is a Post Graduate in Commerce and had Membership Certificates from The Institute of Internal Auditors Inc.

(USA) - India and The Institute of Management Consultants of India. He has a very rich, varied and high level experience of more than 41 years in Industry & Corporate World to his credit. He was associated with highly Reputed & Professionally Managed Companies.

Mr. Kulkarni has successfully qualified the Online Proficiency Self Assessment Test certified by the Indian Institute of Corporate Affairs – IICA (Under the Aegis of Ministry of Corporate Affairs, Government of India) for Independent Director's Data Bank.

The Company has received a declaration from him stating that he meets the criteria of Independence as prescribed under sub-section (6) of Section 149 of the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. He has also given his consent to continue to act as Director of the Company, if so appointed by the members.

In the opinion of the Board, Mr. Dilip Dinkar Kulkarni fulfils the conditions specified under Section 149 (6) of the Act, the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for his re-appointment as an Independent Non-Executive Director of the Company and is independent of the management. Copy of the draft letter for re-appointment of Mr. Dilip Dinkar Kulkarni as an Independent Non-Executive Director setting out terms and conditions would be available electronically for inspection by the Members on the website of the Company at [www.kingfaindia.com](http://www.kingfaindia.com).

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Dilip Dinkar Kulkarni as an Independent Non-Executive Director.

Accordingly, the Board recommends passing of the Special Resolution in relation to re-appointment of Mr. Dilip Dinkar Kulkarni as an Independent Non-Executive Director for another term of five consecutive years with effect from 28th August, 2020 upto 27th August, 2025, for the approval by the shareholders of the Company.

Except Mr. Dilip Dinkar Kulkarni, being an appointee and his relatives, none of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the resolutions set out at Item No. 5 & 6 of the accompanying Notice of the AGM. Mr. Dilip Dinkar Kulkarni is not related to any Director of the Company.

This Explanatory Statement together with the accompanying Notice of the AGM may also be regarded as a disclosure under Regulation 36(3) of the Listing Regulations and Secretarial Standard on General Meetings (SS-2) of ICSI.

By Order of the Board of Directors  
**for Kingfa Science & Technology (India) Limited**

Place : Pune  
Date : August 12, 2020

**NIRNOY SUR**  
Company Secretary

**ANNEXURE 1**
**DETAILS OF DIRECTOR SEEKING APPOINTMENT / RE-APPOINTMENT AT THE FORTHCOMING ANNUAL GENERAL MEETING**

[Pursuant to Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Clause 1.2.5 of Secretarial Standards-2 on General Meetings]

<b>Name of the Director</b>	<b>Mr. Wu Xiaohui</b>	<b>Mr. Dilip Dinkar Kulkarni</b>
DIN	06617977	07272118
Date of Birth and Age	09/04/1979 41 years	09/12/1950 70 years
Date of first appointment on the Board	03.07.2013	28.08.2015
Qualifications	Master's degree in Polymer Science	Post Graduate in Commerce (M.Com) with special subject - Advanced Accounting and Auditing.
Experience and Expertise	Experience – More than 15 years.  Expertise - Product Development and Technical Support.	Experience – More than 4 decades in Industry & Corporate World. Expertise - Internal, Operational & Management Audit and Management Consultancy.
Number of Meetings of the Board attended during the year	1 out of 4	4 out of 4
List of Directorship / Membership / Chairmanship of Committees of other Board	–	–
Shareholding in the Company	NIL	NIL
Relationship with other Directors, Manager and other Key Managerial Personnel of the Company	–	–
Terms and Conditions of appointment or re-appointment along with details of remuneration sought to be paid and remuneration last drawn by such person	Total Remuneration not to exceed ₹ 20 Lakhs per annum.  Details of remuneration last drawn is provided in the Corporate Governance Report Section of the Annual Report 2019-20.	As per Nomination and Remuneration Policy of the Company for Independent Directors.
Justification for choosing the appointees for appointment as Independent Director	NA	He has a very rich, varied and high level experience of more than 41 years in Industry & Corporate World to his credit. He was associated with highly Reputed & Professionally Managed Companies. He has a proven track record of Quality, Commitment and Integrity.

By Order of the Board of Directors  
for **Kingfa Science & Technology (India) Limited**  
**NIRNOY SUR**  
Company Secretary

Place : Pune  
Date : August 12, 2020

**IMPORTANT COMMUNICATION TO MEMBERS**

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that service of notice / documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respects of electronic holding with the depository through their concerned Depository Participants. Members, who hold shares in physical form, are requested to contact and give their consent by providing their e - mail Id to the Company's Registrar and Share Transfer Agent, M/s. Integrated Registry Management Services Private Limited, to their e-mail ID i.e., yuvraj@integratedindia.in.