

## DIRECTORS' REPORT

Your Directors hereby present their 37th Annual Report along with Audited Financial Statements for the year ended March 31, 2021.

### FINANCIAL RESULTS

(₹ in Lakhs)

Particulars	Year Ended March 31, 2021		Year Ended March 31, 2020	
<b>Revenue from Operations</b>				
Gross		62,723.54		74,150.03
Net of Excise Duty		62,723.54		74,150.03
Other Income		592.94		256.18
<b>Profit before Finance Costs, Depreciation and Amortisation Expense &amp; Tax Expenses</b>		2,595.21		4,584.79
Finance Costs		330.97		354.77
<b>Profit before Depreciation and Amortisation Expense &amp; Tax Expenses</b>		2,264.24		4,230.02
Depreciation and Amortisation Expense		1,079.17		895.62
<b>Profit before Tax Expenses</b>		1,185.07		3,334.40
Tax expenses - Current Tax	462.78		1,025.90	
- Deferred Tax	190.11	652.89	(153.15)	872.75
<b>Profit after Tax Expenses</b>		532.18		2,461.65
Balance brought forward		7,527.16		5,082.80
Other Comprehensive Income		6.40		(17.29)
<b>Surplus carried forward</b>		8,065.74		7,527.16

### BUSINESS OPERATIONS

The effect of Covid-19 Pandemic on the Performance of your Company is evident in that the Net Revenue from operations stood at ₹ 62,723.54 Lakhs compared to ₹ 74,150.03 Lakhs in the Previous Year, a drop of 15.41% year-on-year. The Operating Profit before tax stood at ₹ 1,185.07 Lakhs as against ₹ 3,334.40 Lakhs in the Previous Year. The Net Profit for the year stood at ₹ 532.18 Lakhs against ₹ 2,461.65 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, 2021 the reserves and surplus stood at ₹ 34,186.48 Lakhs as compared to ₹ 33,647.90 Lakhs as on March 31, 2020. 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, 2021 was ₹ 373.65 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.

### 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 is annexed as Annexure – I and forms an integral part of this Report.

**ENVIRONMENT, HEALTH AND SAFETY**

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. D. Balaji (DIN : 08256342) retire by rotation and being eligible, offers himself for re-appointment. The Directors recommend Mr. D. Balaji for re-appointment.

Brief details of the Directors, who are proposed to be appointed / 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, five Board Meetings were convened and held on 5th June, 2020, 22nd June, 2020, 12th August, 2020, 10th November, 2020 and 10th February, 2021 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 2020 – 21 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 have 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, 2021, 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, 2021 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 LLP, Chartered Accountants (Firm Registration Number: 101118W/W100682) 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 2021-22. 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.

**ANNUAL RETURN**

The annual return for the year ended 31st March 2021 will be made available in the Company’s website www.kingfaindia.com after it is filed with the Registrar of Companies.

**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 for the year under review is not applicable to the Company.

**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 – IV 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).

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
2013 – 2014 to 2019-2020	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 SEBI Listing Regulations, Business Responsibility Report is annexed herewith as Annexure – V, 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 : 17<sup>th</sup> June, 2021