

**KINGFA**

30<sup>th</sup> August, 2018

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

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

Scrip Code / ID : 524019 / KINGFA

Symbol : KINGFA

Dear Sirs,

**Re : Annual Report 2017 - 18**

Please find enclosed Annual Report 2017 - 18 of the Company alongwith Notice of Annual General Meeting, Attendance Slip and Proxy Form to be held on Thursday, 27<sup>th</sup> September, 2018 at 10.00 a.m. at Raj Park Chennai, "Ruby Hall", 180, T. T. K. Road, Alwarpet, Chennai - 600 018. .

Kindly take the same on record.

Thanking you,

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

  
(NIRNOY SUR)  
Company Secretary and Compliance Officer



**金发科技(印度)有限公司**  
KINGFA SCIENCE & TECHNOLOGY (INDIA) LIMITED  
(Formerly Hydro S & S Industries Ltd.)

CIN : L25209TN1983PLC010438  
Regd. Office : Dhun Building, III Floor,  
827, Anna Salai, Chennai - 600002.  
Tel: +44 - 28521736 Fax: +44 - 28520420.  
E-mail: cs@kingfaIndia.com  
Website: www.kingfaIndia.com



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

# 2017 - 2018 ANNUAL REPORT



**Board of Directors**

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

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 - 122050, 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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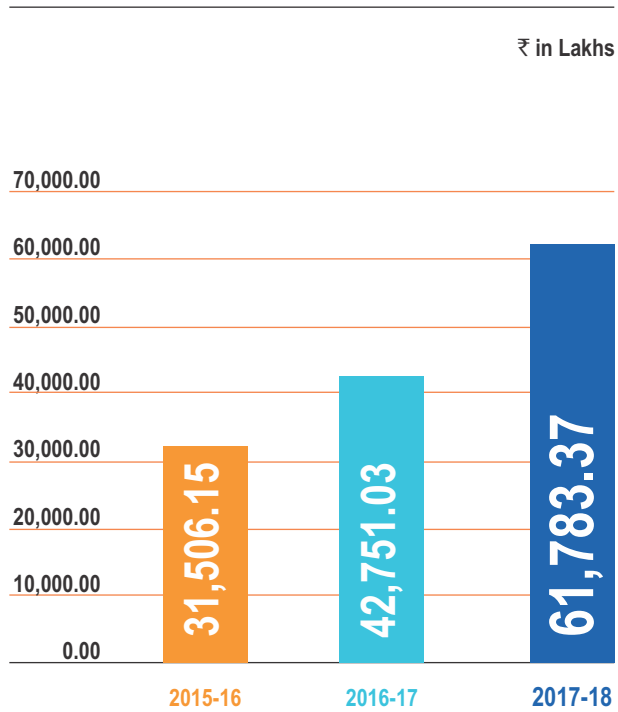
## FIVE - YEAR FINANCIAL DATA

(₹ in Millions)

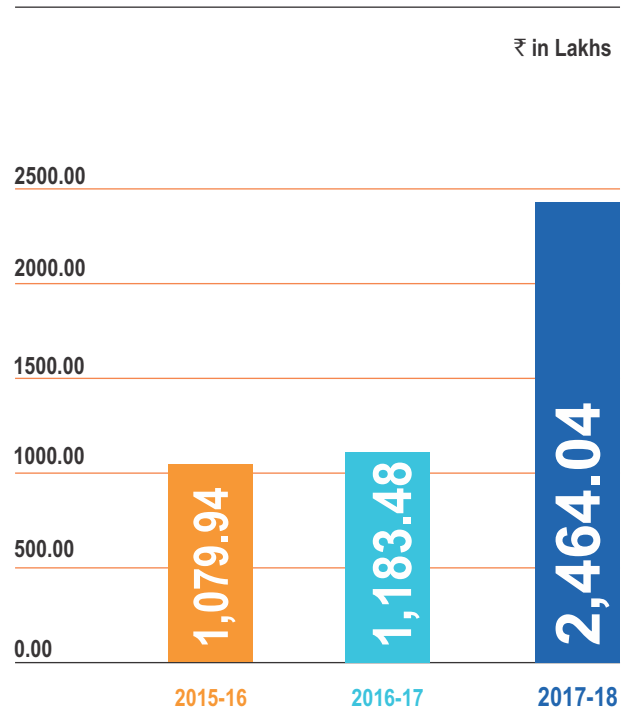
For the Year	2017-18	2016-17	2015-16	2014-15	2013-14
Sales : Domestic	6,175.342	4,825.695	3,557.465	2,409.968	1,980.945
Exports	2.995	6.550	2.486	5.809	3.251
Operating (Loss)/ Profit (PBIDT)	468.505	190.394	275.329	65.817	(30.651)
Finance Cost	20.402	(10.505)	72.098	81.233	65.636
Depreciation and amortisation expense	62.230	30.542	29.393	31.418	26.573
Tax expenses - Current	117.000	38.200	20.111	-	-
- Deferred	22.469	13.809	45.732	(16.414)	(38.088)
Profit/(Loss) After Tax	246.404	118.348	107.994	(30.421)	(84.772)
<b>As at the end of the Year</b>					
Share Capital	121.105	101.106	101.106	64.072	64.072
Reserves & Surplus	2,931.827	1,211.516	1,093.168	17.557	49.835
Loan Funds	156.556	156.466	160.037	758.534	621.785
Gross Block	1,181.955	987.024	592.184	524.038	490.653
Net Current Assets	2,291.091	1,738.518	634.015	530.744	451.900
<b>Measures of Investment</b>					
Return on Capital Employed (%)	12.66%	10.88%	18.16%	4.09%	-7.76%
Return on Equity (%)	8.07%	9.02%	9.04%	-37.27%	-74.42%
Earnings per Share (₹)	20.51	11.71	13.55	(4.75)	(13.23)
Dividend Cover (Times)	-	-	-	-	-
Dividend (%)	-	-	-	-	-
Book Value of an Equity Share	252.090	129.827	118.12	12.74	17.78
<b>Of Performance</b>					
- Profitability (%)					
Profit/(Loss) before Tax (%)	6.41%	3.99%	5.53%	-2.14%	-6.94%
Profit/(Loss) after Tax (%)	4.10%	2.77%	3.44%	-1.39%	-4.79%
- Capital Turnover (times)	1.93	3.29	2.63	2.94	2.70
- Stock Turnover (times)	5.33	7.01	6.00	7.72	8.64
- Working Capital Turnover (times)	2.70	2.78	5.61	4.65	4.36
<b>Of Financial Status</b>					
- Debt-Equity Ratio (times)	0.05	0.12	0.13	1.84	1.05
- Current Ratio	2.38	1.88	1.67	0.92	0.97
- Fixed Assets to Shareholders' Funds (times)	0.29	0.57	0.24	3.13	2.15

## PERFORMANCE METRICS

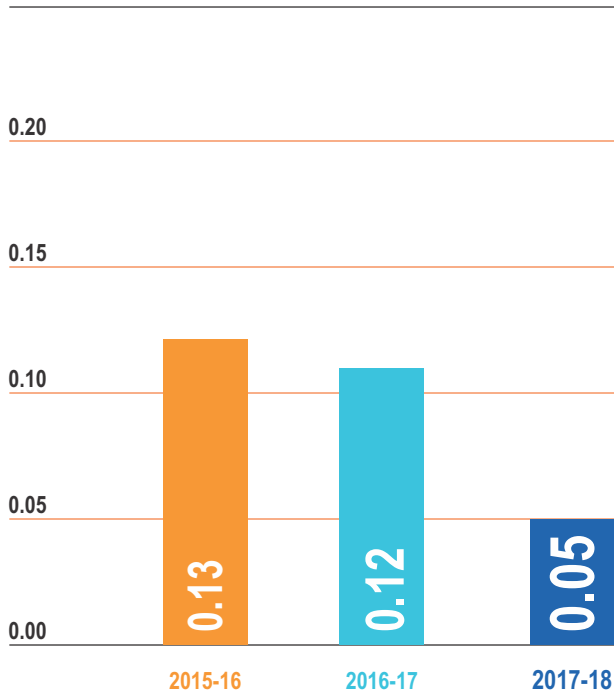
### Revenue



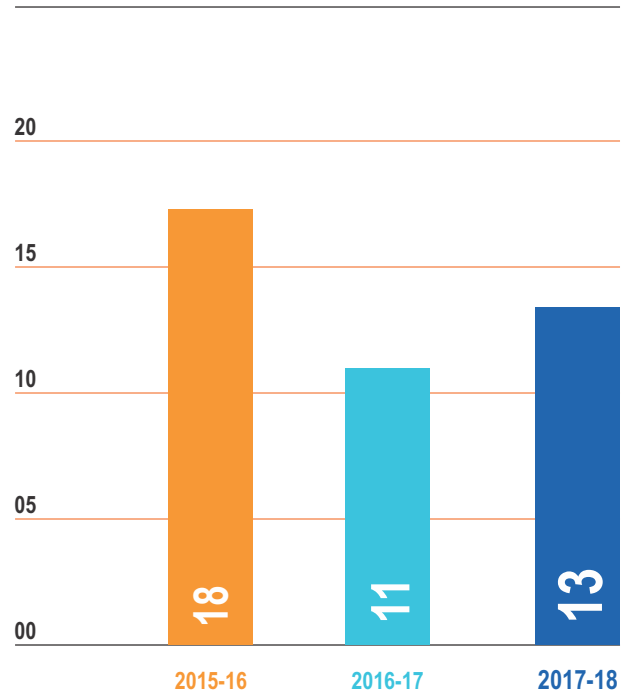
### PAT



### Debt-Equity Ratio (Times)



### Return on Capital Employed (%)



## Plastics in support of environment

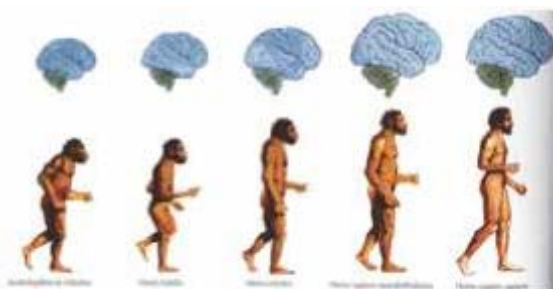
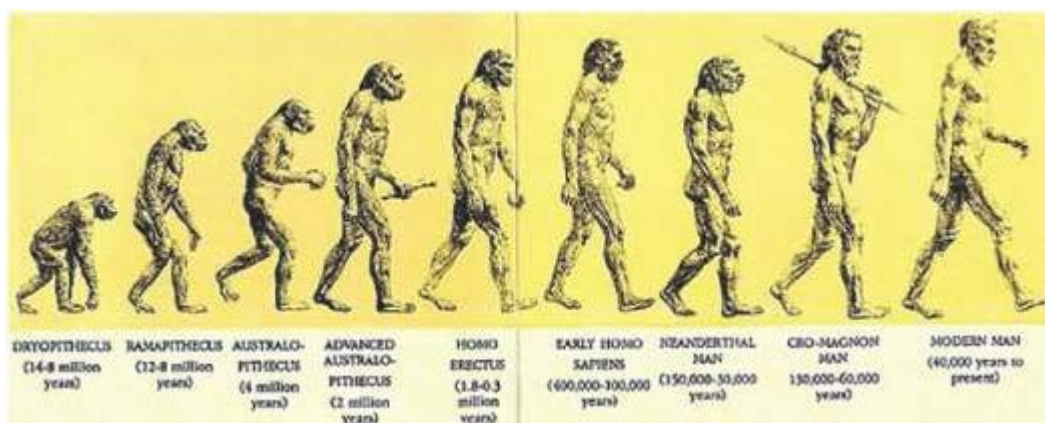
Article by D.BALAJI – General Manager-Marketing

The World environment day celebrated on 5<sup>th</sup> Jun evokes a mixed interest from public as well as society. This year we saw a lot of focus on pollution caused by indiscriminate disposal of Plastics. While some people and forums including government agencies called for ban on plastics, forums associated with promotion of plastics came in support of Plastics and disseminating useful information related to sensible disposal / handling of plastics waste products. I was invited by Indian Plastics Institute, Chennai chapter to make a presentation on 'Plastics in support of environment' jointly organised with CIPET, Chennai. The below article is a condensed version of my presentation made during the meet.

Any article in support of Plastics has to begin with the journey of Plastics for readers to understand the history behind plastics.

### Journey of Plastics:

As evolution progressed, the transition from Ape to Human happened. From 'Dryopithecus' status 8-14 million years ago, through 'Homo Erectus' in the next 11-12 million years came the Modern man some 40,000 years back. The evolution process brought in sharp changes in the size of the human brain reaching to the max ratio of brain to body weight in the Modern man. This increasing size of brain helped the evolving human to 'Innovate' and make progress through the time. Thus the modern man innovated continuously to improve the quality of life, eons after eons, generation after generation and ended up becoming the PLASTICS MAN of today.



### A Glimpse in the early members of the Plastics family

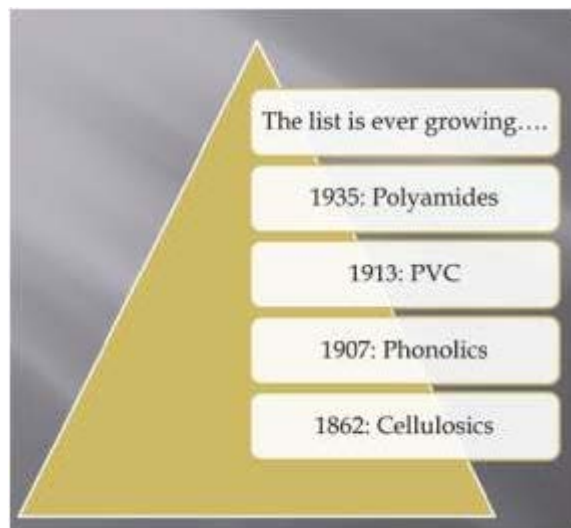
'Cellulosics' were the earliest synthetic plastics materials synthesised by Alexander Parkes in 1856 and showcased to the World at the 'Great International Exhibition' held at London in 1862. It was awarded a 'Bronze' medal for the innovation it brought to the World at that time. It was the material of choice for making items like combs, playing dice, Pens and soon started replacing 'Ivory' as a low cost option.



In 1907, Leo Baekeland came up with the next innovation in plastics called 'Phenol Formaldehyde' which gained immediate recognition as the preferred materials of choice for the Telephones, switches and other household fittings.



Poly Vinyl Chloride (PVC) was discovered by French Chemist Henry Victor Regnault way back in 1835 followed by German Chemist Eugen Bauman in 1872. However prominent application for PVC came into existence from 1913 during World War I and remains till day as the most preferred material of choice for the 'conduits' and pipe fittings.



W.H. Carothers synthesised Polyamide in 1935 and became an ideal choice for making fabrics used in Parachutes. After the end of WW II, 'Stockings' became the most widely used application for Nylon.

The list started growing in numbers with new polymers getting synthesised and they readily found new applications replacing other conventional materials like metal /wood/ leather.

From the use of stones, wood and leather as 'Tools for every day life' the human mind kept discovering new materials for everyday use that unleashed the next level of progress.

From the stone age through bronze age and Iron age, the human civilization progressed to 'Plastics age'.

Our history has been defined by the materials we use...

- The stone age
  - The copper age
  - The bronze age
  - The iron age

We are living in  
**PLASTICS**  
Age

*What would be a good material name for today?  
It is 'PLASTICS'*



### What makes Plastics so special?

- ✓ It can be flexible or hard
- ✓ It can be brittle or strong
- ✓ It can be opaque or transparent / semi-transparent
- ✓ Non conductor of 'heat'
- ✓ Non conductor of 'electricity'
- ✓ It doesn't corrode
- ✓ It is resistant to chemicals
- ✓ It is non-magnetic
- ✓ It can float on water


- ✓ It can be permeable
  - ✓ It can be made flame retardant
  - ✓ It can be formed into different shapes – molded / blown / film / sheet / fiber / coated / foamed...
  - ✓ It can be coloured
  - ✓ It can be reinforced with choice of materials – Natural / Synthetic
- and so on .....

### Plastics save Environment

Yes. When we use plastics, we save precious Natural elements, trees and the environment.

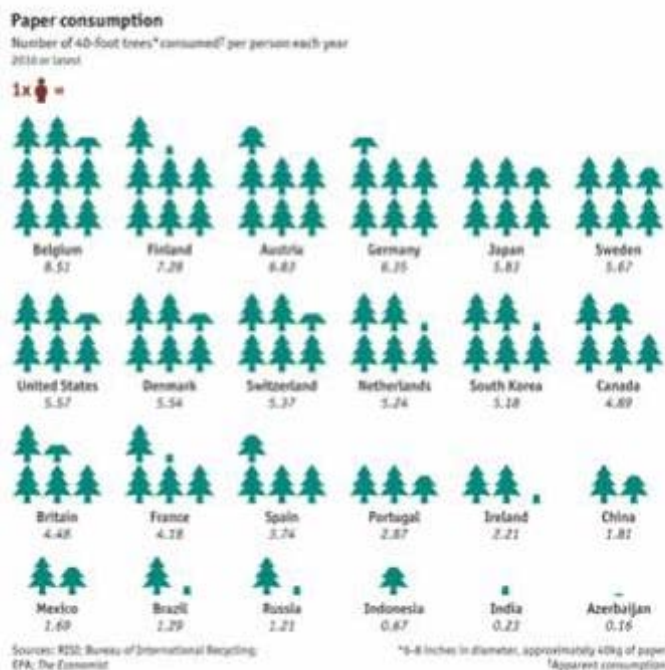
### Astonishing Tree Facts

- 1 tree can be made into 12,500 sheets of paper.
- 1 15 year old tree can produce half a box of paper.
- Rainforests now cover 6% of the Earth's surface.
- Rainforests are cut down at a rate of 100 acres a minute!



### Paper Bags

- It takes about 13 to 17 trees to make 1 ton of paper
- Making paper bags creates 70 percent more air pollution and 50 percent more water pollution than making plastic bags
- Around 10 billion paper bags are used annually in the US
- Paper bags don't take much longer than plastic bags to degrade
- Recycling paper bags often consumes more energy than it does to make a new bag



World consumption of paper has grown 400 percent in the last 40 years. Now nearly 4 billion trees or 35 percent of the total trees cut around the world are used in paper industries on every continent (Ref: www.ecology.com). No doubt, the use of Plastics save the trees from vanishing and help preserve Nature.

# Tree Facts

**46 to 58** million square miles of forest are lost every year

**80,000** acres of forest disappear from the Earth every day

**28,000** species are expected to become extinct by the next 25 years due to deforestation

Removing trees deprives the forest of portions of its canopy, which blocks the sun's rays during the day and holds in heat at night. This disruption leads to more extreme temperature swings that can be harmful to plants & animals



**4 out of 10** trees get chopped down and are processed into pulp for making paper products such as tissue paper, toothpaste, magazines & more

**80%** of the world's forests are already destroyed

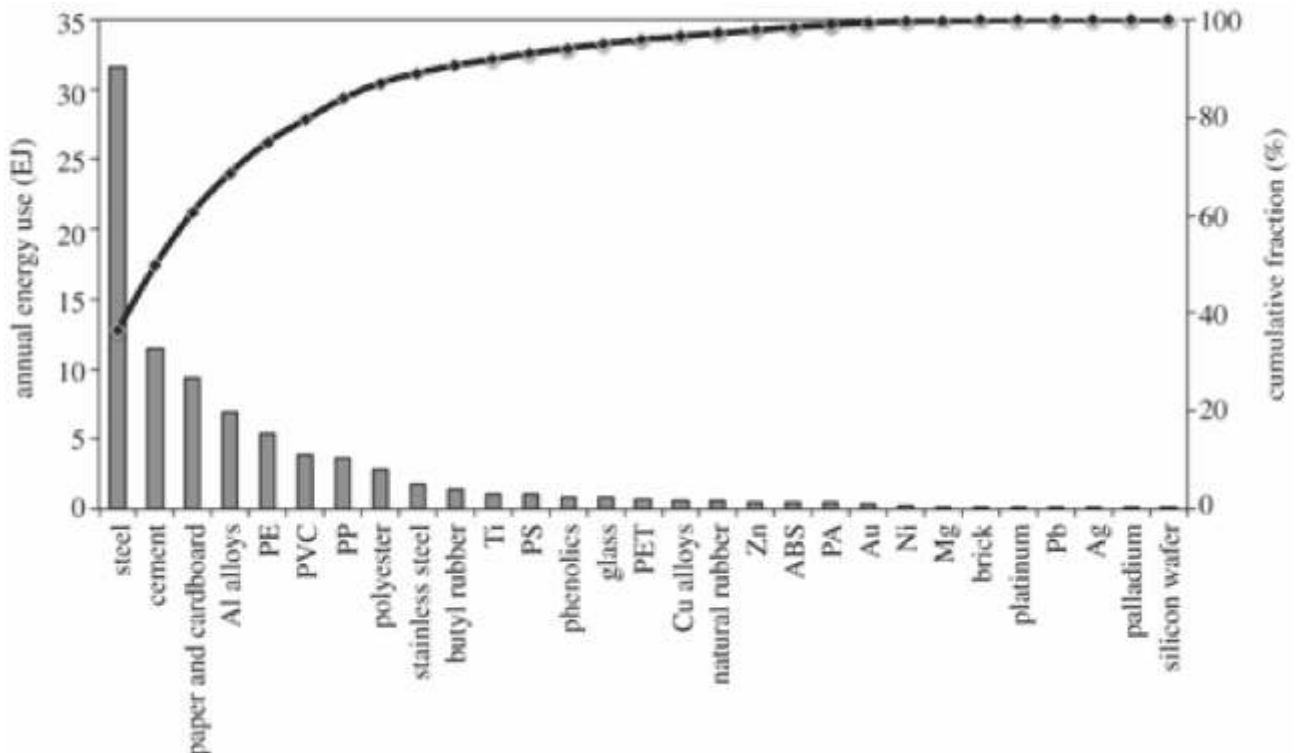
**70%** of the world's plants and animals live in forests and are losing their habitats to deforestation. Loss of habitat can lead to species extinction

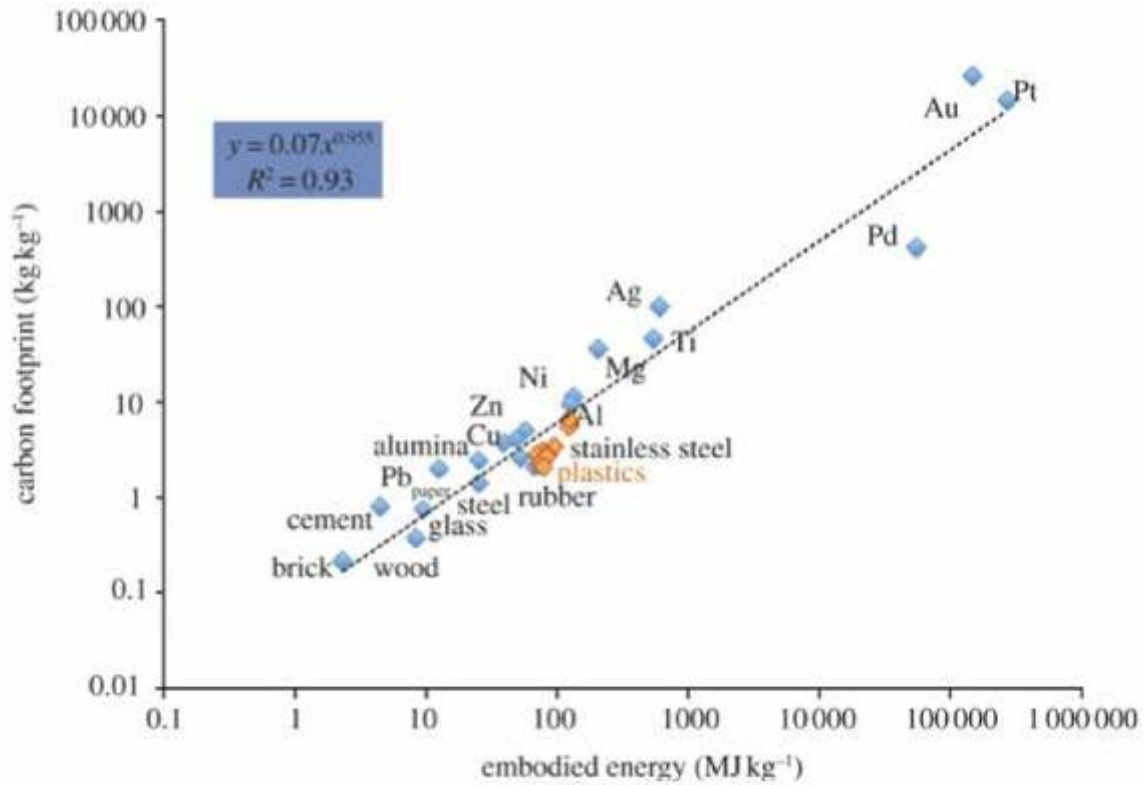
Every 2 seconds man destroys an area of forest the size of a football field

All metals are found in the earth, but most are not found in their pure state. Gold, platinum and sometimes copper and silver are found in their pure state, but most are found as ores. The process of smelting, an energy intensive process, separates pure metal from the Ore.

Of the widely used raw materials 'Plastics' as a group consume lesser energy (embodied energy) making sense for their use to substitute widely used metals.

A cursory glance at the following tables will tell you how much green house can be brought down if we use Plastics in place of metals or other conventional materials.





MATERIAL	EMBODIED ENERGY	
	MJ/kg	MJ/m <sup>3</sup>
Aggregate	0.10	150
Straw bale	0.24	31
Soil-cement	0.42	819
Stone (local)	0.79	2030
Concrete block	0.94	2350
Concrete (30 Mpa)	1.3	3180
Concrete precast	2.0	2780
Lumber	2.5	1380
Brick	2.5	5170
Cellulose insulation	3.3	112
Gypsum wallboard	6.1	5890
Particle board	8.0	4400
Aluminum (recycled)	8.1	21870
Steel (recycled)	8.9	37210
Shingles (asphalt)	9.0	4930
Plywood	10.4	5720
Mineral wool insulation	14.6	139
Glass	15.9	37550
Fiberglass insulation	30.3	970
Steel	32.0	251200
Zinc	51.0	371280
Brass	62.0	519560
PVC	70.0	93620
Copper	70.6	631164
Paint	93.3	117500
Linoleum	116	150930
Polystyrene Insulation	117	3770
Carpet (synthetic)	148	84900
Aluminum	227	515700

**NOTE:** Embodied energy values based on several international sources - local values may vary.

## Need of the hour

It is the way we dispose plastics that is a concern – NOT the USE of PLASTICS!



## Product Innovation and Development

### Paint free precoloured Polypropylene for Exterior applications

Car companies use parts with metallic and specular effect to enhance the appearance and styling of the Exteriors. Normally these parts are painted.

Kingfa developed grades which can eliminate painting process.

Applications – Skid plates, body side molding and rocker panels.

Characteristics

1. Flow mark free appearance
2. Excellent specular and sparkling effect
3. Gives good appearance in filled system
4. Excellent outdoor weathering
5. Environment friendly



### High strength short glass reinforced Polypropylene

Parts used in construction Industry need high bending strength which is not meant by normally available Glass filled PP grades.

Kingfa developed a special formulation to enhance the tensile strength and bending strength by 20%.

### Primer free grades based on polymer alloys :

Blades of ceiling fans are made by steel to retain strength.



### Grades for Instrument panel with weight reduction:

Car Instrument panels require high stiffness in order to resist deformation over a range of temperature and this is brought about by 20% Talc reinforced PP.

Kingfa developed grades with much lower density without compromising stiffness / Impact strength which help Tier 1 to reduce component weight by max 10%.

Applications : Instrument panel, Glove box inner, Glove box upper, IP lower, Console, Knee bolster, side covers.

### High gloss paint free grades for Interiors :

Certain parts in Car interiors are designed to enhance the appearance and styling. These parts have high gloss with piano black shade in order to give richness.

These parts also require High impact strength, good dimensional stability, High scratch resistance coupled with UV resistance.

Traditionally made in PC –ABS and painted. Kingfa developed precoloured grades which can combine these properties but eliminate painting process providing savings to customer and protection to environment.

Latest innovation resulted in design of these in plastics. However these applications require high gloss, excellent deflection resistance and excellent bending strength. This necessitated painting to mask any surface defects.

Kingfa developed a grade with reduced glass fiber visibility in component and lesser density, which can eliminate primer in painting process and lower the component cost thereby giving a good savings to customer.



## Customer Recognition



**Best Supplier  
award at  
MATE**





CSR Snapshots



**पुढारी**

किंगफा सायन्स अँड टेक्नॉलॉजी इंडिया लिमिटेड कंपनीच्या वतीने शैक्षणिक मदत देताना.

**जिल्हा परिषद शाळेला शैक्षणिक मदत**

जेजुरी : जेजुरी औद्योगिक प्रमाणातील किंगफा सायन्स अँड टेक्नॉलॉजी इंडिया लिमिटेड या कंपनीच्या वतीने दखणेगवळा (जेजुरी) व कुंभारकरवाडी येथील जिल्हा परिषद प्राथमिक शाळेला शैक्षणिक मदत करण्यात आली. या वेळी कंपनीचे तोरण शिंदेचा, राहुल कुंभारे, अनिल शेळवंडे, वैलास अयस, प्रभा मोनकरे, योजना गाणकवाड उपस्थित होते. कुंभारकरवाडी येथे प्रत्येकाच्यासाठी शैक्षणिक साधनांचा व सोप्या तऱ्हेची पुस्तके देण्यात येते.

Pune Gramin Edition  
6 Apr, 2018 Page No. 1  
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किंगफा सायन्स अँड टेक्नॉलॉजी इंडिया लिमिटेड या कंपनीच्या वतीने दखणेगवळा (जेजुरी) व कुंभारकरवाडी येथील जिल्हा परिषद प्राथमिक शाळेला शैक्षणिक मदत करण्यात आली. या वेळी कंपनीचे तोरण शिंदेचा, राहुल कुंभारे, अनिल शेळवंडे, वैलास अयस, प्रभा मोनकरे, योजना गाणकवाड उपस्थित होते. कुंभारकरवाडी येथे प्रत्येकाच्यासाठी शैक्षणिक साधनांचा व सोप्या तऱ्हेची पुस्तके देण्यात येते.



राजकीयदल (रा. पुणे) : शाळेला शैक्षणिक मदत करताना कंपनीचे अधिकारी या वेळी उपस्थित होते.





## DIRECTORS' REPORT

Your Directors hereby present their 34th Annual Report along with Audited Financial Statements for the year ended March 31, 2018.

### First year of implementation of Indian Accounting Standards (Ind AS):

This is the first year of implementation of the Indian Accounting Standards (Ind AS). The Financial Statements for the year ended March 31, 2018 have been prepared in accordance with the Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014. The Financial Statements for the year ended March 31, 2017 have been restated in accordance with Ind AS for comparative information.

### FINANCIAL RESULTS

(₹ in Lakhs)

Particulars	Year Ended March 31, 2018		Year Ended March 31, 2017	
<b>Revenue from Operations</b>				
Gross		61,783.37		48,322.45
Net of Excise Duty		60,164.24		42,712.63
Other Income		565.80		360.48
<b>Profit before Finance Costs &amp; Depreciation and amortisation expense</b>		4,685.05		2,292.13
Finance Costs		204.02		216.73
<b>Profit before Depreciation and amortisation expense</b>		4,481.03		2,075.40
Depreciation and amortisation expense		622.30		305.73
<b>Profit before Tax</b>		3,858.73		1,769.67
Tax expenses - Current Tax	1,170.00		382.00	
- Deferred Tax	224.69	1,394.69	147.36	529.36
<b>Profit after Tax</b>		2,464.04		1,240.31
Balance brought forward		732.23		(490.57)
Other Comprehensive Income		(33.41)		(17.51)
<b>Surplus carried forward</b>		3,162.86		732.23

### BUSINESS OPERATIONS

Your Company reported a top-line growth of 27.86% over the Previous Year. The Gross Revenue from operations stood at ₹ 61,783.37 lakhs compared with ₹ 48,322.45 lakhs in the Previous Year. The Operating Profit before tax stood at ₹ 3,858.73 lakhs as against ₹ 1,769.67 lakhs in the Previous Year. The Net Profit for the year stood at ₹ 2,464.04 lakhs against ₹ 1,240.31 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 view of the setting up of Global Scale Manufacturing and Contemporary Design and Development Center at Chakan Pune, it is necessary to conserve and optimise use of resources for the same. Hence, your Directors have not recommended any dividend for the financial year ended March 31, 2018.

### RESERVES

As on March 31, 2018 the reserves and surplus stood at ₹ 29,318.27 Lakhs as compared to ₹ 23,364.23 Lakhs as on March 31, 2017.

## RIGHTS ISSUE OF EQUITY SHARES

As the Members are aware that the Rights Issue got opened on March 27, 2017 and closed on April 10, 2017. The Company had issued 19,99,893 equity shares of face value ₹ 10/- each for cash at issue price of ₹ 750/- per equity share including share premium of ₹ 740/- per equity share in the ratio of 18 equity shares for every 91 equity shares held aggregating to ₹ 14,999.20 Lakhs, to the existing Shareholders of the Company.

## 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, 2018 was ₹ 132.55 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.

## STATUS OF NEW MANUFACTURING FACILITY

The Company has completed the land contouring and appropriate levelling and finalized Contractor for Civil, Electrical, Fire Fighting, HVAC, Water System for construction of Factory Building at Chakan Industrial Area, Phase- 2, MIDC, Village – Vasuli - Shinde, Tal - Khed, Dist - Pune, India and the civil construction work is under process for setting up a green field manufacturing location which would also house a State of Art “Technical and Product Development” Centre to meet the growing needs of the Company.

## FIXED DEPOSITS

Your Company has not accepted any deposits within the meaning of Section 73 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 provisions of Section 186 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 scope and authority of the Internal Audit function is defined in the Internal Audit Manual. To maintain its objectivity and independence, the Internal Audit function reports to the Chairman of the Audit Committee of the Board and to the Managing Director.

The Internal Audit Department 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.

## COPORATE 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 14001 and OHSAS 18001 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, 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

### A. Rotation of Director

Your Director, Mr. N.K.Ramaswamy retire by rotation and being eligible, offers himself for re-appointment.

### B. Declaration by an Independent Director(s)

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 read with SEBI (LODR) Regulations, 2015.

## 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

The details of the number of Meetings of the Board held during the Financial Year 2017 – 18 forms part of the Corporate Governance 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, Corporate Social Responsibility Committee and Rights Issue Committee held during the Financial Year 2017 – 18 are provided in the Corporate Governance Report.

## BOARD EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015, 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 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, 2018, 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, 2018 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, 2013, 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, 2015, 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

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 as the Statutory Auditors will be ratified at the ensuing Annual General Meeting pursuant to the provisions of Section 139 of the Companies Act, 2013, and Rules made thereunder. Accordingly, the necessary resolution is being placed before the shareholders for their approval.

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, CP No. 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 2018-19. 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.

### BUSINESS RISK MANAGEMENT

Business risk evaluation and management is an ongoing process within the Company. The Assessment is periodically examined by the Board.

### 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 ₹ 96,00,000/- per annum (full year) or ₹ 8,00,000/- 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. Details of dividends remaining unclaimed as on 31.03.2018 are as under :

Year	Date of declaration	No. of Shareholders	Total Unclaimed Dividend (₹)	Due date for transfer to IEPF Account
2010 - 2011	29.09.2011	729	60,868.80	05.11.2018
2011 – 2012 to 2016 - 2017	No Dividend declared		N.A.	

### 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 Auditor of the Company regarding compliance with the requirements of Corporate Governance as stipulated under various regulations of the SEBI (Listing Obligations and disclosure requirements) Regulations, 2015.

### 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

N.K. RAMASWAMY

Managing Director

Director

Place : Chennai

Date : 28th May, 2018

## 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](http://www.kingfaindia.com/kyc/CSR.pdf)

The focus areas of our CSR initiatives are Promoting Education, Child Development, Girl Education, Enhancing Vocational Skills, Healthcare, Direct benefits to Weaker Sections of the Society for the Financial Year 2017-18.

The activities and funding are monitored internally by the Company.

2. **The Composition of the CSR Committee.**

1. Mr. Dilip Dinkar Kulkarni,  
Chairman (Independent Director)
2. Mr. N.K.Ramaswamy, Member
3. Mr. Wu Xiaohui, Member

3. **Average net profit of the Company for last three Financial Years:**

The average Net Profit for the last three financial years is ₹ 10,38,98,240.00.

4. **Prescribed CSR Expenditure (two percent of the amount as in item 3 above).**

The Company is required to spend ₹ 20,77,965.00 towards CSR for the Financial Year 2017-18.

5. **Details of CSR spent during the Financial Year:-**

- a. Total amount to be spent for the financial year: ₹ 20,77,965.00
- b. Amount unspent, if any : ₹ 11,50,958.00
- c. Manner in which the amount spent during the financial year 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 :

(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.	IT Education preference to Government Schools –  Donation of Computers, UPS, Printers, Computer Tables and School Bags	Promoting Education and Technology Incubators in Government Schools -  District Council Primary School, SupaKhurd, Saswad  District Council Primary School, Walhe (4 Primary Schools in Walhe)  District Council Primary School Shinde Wasuli, Chakan MIDC	Saswad, Tal - Puranadar Dist Pune  Walhe, Tal - Puranadar Dist Pune  Shinde Wasuli, Tal-Khed Dist Pune	₹ 15,00,000.00	₹ 6,29,825.00	₹ 6,29,825.00	Direct

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
		District Council Primary School Kumbharkar Wadi, Jejuri	Jejuri, Tal -Purandar, Dist- Pune				
		District Council Primary School Dawane Mala, Jejuri	Jejuri, Tal -Purandar, Dist- Pune				
		District council Primary School Mavdi, Near Jejuri.	Jejuri, Tal -Purandar, Dist- Pune				
		District council Primary School, Deshmukh Wadi, Chakan	Deshmukhwadi, Tal-Khed Dist Pune				
2.	School Record Safety purpose - Donation of Steel Almirahs with Armed Chairs	Enhancement of Infrastructure facility in Government School	Vanur Panchayat Union School	₹ 5,77,965.00	₹ 2,97,182.00	₹ 2,97,182.00	Direct
	Smart Class for Student - Donation of LCD Projector with Screen, Donation of Desk Top System with UPS	Enhancing Vocational Skills among children through e-learning facility Govt. Hr. Sec. School	Sedarapet, Puducherry				
	Prayer @ School - Donation of Mike with Speaker and Amplifier	Govt. Hr. Sec. School	Sedarapet, Puducherry				
	Student play Indore game - Donation of Carom Board	Promoting Sports among Children - Govt. Hr. Sec. School	Sedarapet, Puducherry				
	DATA entry purpose - One CPU, LED Monitor and UPS	Health center	Vanur Primary Health center				
<b>TOTAL</b>				₹ 20,77,965.00	₹ 9,27,007.00	₹ 9,27,007.00	

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.**

The Company considers social responsibility as an integral part of its business activities and endeavors to utilize allocable CSR budget for the benefit of society.

The Company's CSR initiatives are on the focus areas approved by the Board, directly benefitting the Weaker Sections of the Society mostly in the local areas where our Plants are located.

The average net profit of the company made during the three immediately preceding financial years is positive for the last two years. However, the Company has just embarked on the journey of ascertained CSR programs.

The Company is also in search of suitable and righteous CSR programs which can directly benefit the Weaker Sections of the Society specifically women, children, elders and physically handicapped citizens.

For this reason, during the year, the Company's spend on the CSR activities has been less than the limits prescribed under Companies Act, 2013. The CSR activities are scalable with few new initiatives that may be considered in future and moving forward the Company will endeavor to spend the amount on CSR activities in accordance with the statutory requirements.

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 : 28<sup>th</sup> May, 2018

Place : Chennai

## ANNEXURE - II

## 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 arrangement 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
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
(b) Nature of contracts/arrangements/transactions	Buy / Sell	Buy / Sell	Buy / Sell	Buy / Sell	Buy / Sell	Buy / Sell
(c) Duration of the contracts / arrangements / transactions	01/04/2017 to 31/03/2018	01/04/2017 to 31/03/2018	01/04/2017 to 31/03/2018	01/04/2017 to 31/03/2018	01/04/2017 to 31/03/2018	01/04/2017 to 31/03/2018
(d) Salient terms of the contracts or arrangements or transactions including the value, if any:	Purchase / Sale of Materials 2,613.64 / Nil	Purchase / Sale of Materials 60.35 / Nil	Purchase / Sale of Materials 911.54 / Nil	Purchase / Sale of Materials Nil / Nil	Purchase / Sale of Materials 231.47 / Nil	Purchase / Sale of Materials Nil / 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 26/05/2017 and approval obtained from the Board at its Meeting held on 26/05/2017.					
(f) Amount paid as advances, if any:	Nil	Nil	Nil	Nil	Nil	Nil

For and on behalf of the Board of Directors

Place : Chennai  
Date : 28th May, 2018

BO JINGEN  
Managing Director

N.K.Ramaswamy  
Director



## ANNEXURE - III to Board's Report

## Form No. MR-3

## SECRETARIAL AUDIT REPORT

## For The Financial Year Ended On 31st March, 2018

(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**

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 / us 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/our opinion, the company has, during the audit period covering the financial year ended on March 31, 2018 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, 2018 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 Agreement entered with the BSE Limited;
- (c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (d) Secretarial Standards on the Meetings of the Board of Directors and General Meetings issued by the Institute of Company Secretaries of India.
- (e) 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) 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;
  - (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

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 provisions of the Act.

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 taken by the Board was carried through unanimously and minutes prepared accordingly.

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.

Further during the Audit period

- (a) The Company made a further issue of Equity Shares on Rights basis by offering 19,99,893 Equity Shares of ₹10

each at a premium of ₹740 per Equity Share on 'Rights basis' to the existing shareholders of the Company in the ratio of 18 Equity Shares for every 91 shares held by the Shareholder as on record date i.e. March 10, 2017. The Issue was open from March 27, 2017 to April 10, 2017. Thereafter the 19,99,893 Equity Shares were listed and trading permission obtained with effect from April 26, 2017 from BSE limited and National Stock Exchange of India Limited.

**VAISHNAV ASSOCIATES**

Practicing Company Secretary

Shaswati Vaishnav

ACS : 11392 CP No. : 8675

Place : Chennai

Date : 28th May 2018

#### **Annexure "A"**

**(To the Secretarial Audit Report of M/s. KINGFA SCIENCE & TECHNOLOGY (INDIA) LIMITED for the financial year ended 31.03.2018)**

To

The Members

KINGFA SCIENCE & TECHNOLOGY (INDIA) LIMITED

Our Secretarial Audit Report for the financial year ended 31 March 2018 is to be read along with this Annexure A.

1. Maintenance of Secretarial Record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We 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. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of accounts of the Company.
4. Where ever required, we 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. Our 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

Shaswati Vaishnav

ACS : 11392 CP No. : 8675

Place : Chennai

Date : 28th May 2018

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

As on Financial Year ended on 31.03.2018

[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(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)

SI.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

SI. 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	7582340	0	7582340	74.99	9082214	9082214	74.99	0.00
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>7582340</b>	<b>0</b>	<b>7582340</b>	<b>74.99</b>	<b>9082214</b>	<b>9082214</b>	<b>74.99</b>	<b>0.00</b>
	<b>Total shareholding of Promoter and Promoter Group (A) = (A)(1) + (A)(2)</b>	<b>7582340</b>	<b>0</b>	<b>7582340</b>	<b>74.99</b>	<b>9082214</b>	<b>9082214</b>	<b>74.99</b>	<b>0.00</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	989	200	1189	0.01	1250	1450	0.01	0.00
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	10000	0	10000	0.09	0	0	0.00	(0.09)
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	573903	0	573903	5.68	793271	793271	6.55	0.87
j)	Any other	0	0	0	0.00	0	0	0.00	0.00
	<b>Sub Total B(1)</b>	<b>584892</b>	<b>200</b>	<b>585092</b>	<b>5.78</b>	<b>794521</b>	<b>794721</b>	<b>6.56</b>	<b>0.78</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	192769	929	193698	1.92	155342	746	156088	1.29	(0.63)
b)	Individuals									
(i)	Individual Shareholders holding Nominal Share Capital upto ₹ 1 Lakh	1124388	134506	1258894	12.45	1453310	121538	1574848	13.00	0.55
(ii)	Individual Shareholders holding Nominal Share Capital in excess of ₹1 Lakh	421260	21588	442848	4.38	446309	21588	467897	3.86	(0.52)
c)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
d)	<b>Any other</b>									
(i)	CLEARING MEMBER	8628	0	8628	0.09	2485	0	2485	0.02	(0.06)
(ii)	CORPORATE CM/TM - CLIENT MARGIN A/C	17983	0	17983	0.18	22585	0	22585	0.19	0.01
(iii)	CORPORATE CM/TM - CLIENT BENEFICIARY A/C	0	0	0	0.00	0	0	0	0.00	0.00
(iv)	CORPORATE CM/TM - COLLATERAL ACCOUNT	417	0	417	0.00	2573	0	2573	0.02	0.02
(v)	CORPORATE CM/TM - PROPRIETARY ACCOUNT	3651	0	3651	0.04	4928	0	4928	0.04	0.00
(vi)	CORPORATE BODY - LIMITED LIABILITY PARTNERSHIP	350	0	350	0.00	132	0	132	0.00	(0.00)
(vii)	LIMITED LIABILITY PARTNERSHIP	16667	0	16667	0.16	1425	0	1425	0.01	(0.15)
(viii)	TRUST	0	0	0	0.00	565	0	565	0.00	0.00
	<b>Sub Total B(2)</b>	<b>1786113</b>	<b>157023</b>	<b>1943136</b>	<b>19.22</b>	<b>2089654</b>	<b>143872</b>	<b>2233526</b>	<b>18.44</b>	<b>(0.78)</b>
	<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	<b>2371005</b>	<b>157223</b>	<b>2528228</b>	<b>25.01</b>	<b>2884175</b>	<b>144072</b>	<b>3028247</b>	<b>25.01</b>	<b>(0.00)</b>
	<b>TOTAL (A) + (B)</b>	<b>9953345</b>	<b>157223</b>	<b>10110568</b>	<b>100.00</b>	<b>11966389</b>	<b>144072</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>9953345</b>	<b>157223</b>	<b>10110568</b>	<b>100.00</b>	<b>11966389</b>	<b>144072</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	% of Shares pledged / encumbered to total shares	
1.	KINGFA SCI. AND TECH. CO. LTD	7582340	74.99	-	9082214	74.99	-	0.00
	<b>TOTAL</b>	<b>7582340</b>	<b>74.99</b>	<b>-</b>	<b>9082214</b>	<b>74.99</b>	<b>-</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	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 01/04/2017</b> 26/04/2017 - Rights Issue <b>Closing Balance as on 31/03/2018</b>	7582340	74.99	1499874		12.38	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	567366	5.612	765100	6.318
2	V RAJKUMARI	141357	1.398	139492	1.152
3	DARSHAN DILIP BABOO	28952	0.286	37528	0.310
4	PRABHUDAS LILLADHER FINANCIAL SERVICES PVT. LTD.	16999	0.168	32509	0.268
5	AMIT GUNCHANDRA MEHTA	24169	0.239	28969	0.239
6	T UDAYARAJ	35035	0.347	28200	0.233
7	SHARDA S SHAH	13300	0.132	13300	0.110
8	SEEMA YOGESH ASHER	17585	0.174	12587	0.104
9	RANI M WADHWA	11721	0.116	11721	0.097
10	VINOD KUMAR SHARMA	17200	0.170	3000	0.025

## (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>Mr. N.K. Ramaswamy, WTD / Chief Executive 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>6.</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	-	-	-	-

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	-	1556.16	-	1556.16
ii) Interest due but not paid	-	118.06	-	118.06
iii) Interest accrued but not due	-	15.69	-	15.69
<b>Total (i+ii+iii)</b>	-	<b>1689.91</b>	-	<b>1689.91</b>
<b>Change in Indebtedness during the financial year</b>				
• Addition	-	-	-	-
• Reduction	-	-107.90	-	-107.90
<b>Net Change</b>	-	<b>107.90</b>	-	<b>107.90</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	-	1561.06	-	1561.06
ii) Interest due but not paid	-	0.33	-	0.33
iii) Interest accrued but not due	-	20.62	-	20.62
<b>Total (i+ii+iii)</b>	-	<b>1582.01</b>	-	<b>1582.01</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. N.K.Ramaswamy - WTD / CEO	
1.	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-Tax Act, 1961	20.16	18.82	51.66	90.64
	(b) Value of perquisites u/s 17 (2) Income -Tax Act, 1961	2.70	2.52	0.29	5.51
	(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	-	-	-	-
	Total (A)	22.86	21.34	51.95	96.15
	Ceiling as per the Act				450.82

## 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	3.00	2.75	2.35	8.10
	- Commission	-	-	-	-
	- Others, please specify	-	-	-	-
	Total (1)	3.00	2.75	2.35	8.10
2.	Other Non-Executive Director				
	- Fee for attending board / committee meetings	-	-	-	-
	- Commission	-	-	-	-
	- Others, please specify	-	-	-	-
	Total (2)	-	-	-	-
	Total (B) = (1+2)	3.00	2.75	2.35	8.10
	Total Managerial Remuneration				8.10
	Overall Ceiling as per the Act				450.82

## 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	16.17 - -	16.80 2.25 -	32.97 2.25 -
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission - as % of profit - others, specify...	- -	- -	- -
5.	Others, please specify	-	-	-
	Total	16.17	19.05	35.22

## 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, 2018 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. In the shop floor, tube lights and plant highway lights were replaced with LED lights resulting in reduction of electricity power in all Plants.
2. Compressor changed from reciprocating to screw type for lower consumption in Jejuri Plant.
3. Installed New Harmonic filter to improve power factor and also reduces MD, Losses & energy in Manesar Plant.
4. 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.

**(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**

Being a material solution provider our focus remains in monitoring the evolving actual and perceived needs of the customers/end user and developing cost effective material formulations that help customers design and manufacture products that are successful in the market place. The requirement from customers are for material solutions that addresses the strength, gloss, scratch resistance, avoidance of post molding operations, ease of assembly, environment friendly (energy consumption). The demand from the customer is a material solution that addresses these needs optimally.

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 customers have shown real appreciation for the same and are providing newer opportunities and challenges.

**(ii) Imported Technology : Not applicable**

(iii) Expenditure on R & D		(₹ in Lakhs)
(a)	Capital	- Nil
(b)	Recurring	- 237.97
Total		- 237.97

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

		(₹ in Lakhs)
	Foreign Exchange Earnings	- 23.49
	Foreign Exchange Outgo	- 20,757.95

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

The details of the above are given in the Notes forming part of Financial Statements.

**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)	6.40:1
Mr. Wu Xiaohui (Whole-time Director)	5.97:1
Mr. N.K.Ramaswamy (WTD / Chief Executive Officer)	16.69:1

**(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 10%.

**(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 174 as of 31.03.2018.

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

YES

For and on behalf of the Board of Directors

Place : Chennai                      **BO JINGEN**      **N.K. Ramaswamy**  
Date : 28th May, 2018      **Managing Director**      **Director**

## CORPORATE GOVERNANCE REPORT

The Directors present the Company's Report on Corporate Governance for the year ended March 31, 2018, 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.

#### Meetings

During the year 2017 - 18, the Board met 4 times on 26th May, 2017, 31st July, 2017, 24th November, 2017 and 08th February, 2018. The last AGM was held on 25th September, 2017.

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, 2018.

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	NI-EX	4	Yes	-	-	1	-
Mr. Wu Xiaohui	NI-EX	3	Yes	-	-	-	-
Mr. N.K.Ramaswamy	NI-EX	4	Yes	-	-	-	-
Mr. N. Subramanian	IN-NE	4	Yes	2	-	5	3
Mr. Dilip Dinkar Kulkarni	IN-NE	4	Yes	-	-	1	-
Ms. Nilima Ramrao Shinde	IN-NE	3	Yes	-	-	2	-

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

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

None of the Directors are related to each other.

## Independent Directors

The Non-Executive Independent Directors fulfil the conditions of independence specified in Section 149 of the Companies Act, 2013 and Regulation 16(b) of 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.

## 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:

- Mr. N.Subramanian – Chairman
- Mr. Dilip Dinkar Kulkarni – Member
- Ms. Nilima Ramrao Shinde - Member

### Meetings

During the financial year 2017 - 18, four Audit Committee Meetings were held on 26th May, 2017, 31st July, 2017, 24th November, 2017 and 08th February, 2018.

### Attendance

Name of Director	No. of Meetings Attended
Mr. N.Subramanian	4
Mr. Dilip Dinkar Kulkarni	4
Ms. Nilima Ramrao Shinde	3

## 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.

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.

- Qualification, expertise and experience of the Directors in their respective fields;
- Personal, Professional or business standing;
- 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:

- Mr. N.Subramanian – Chairman
- Mr. Bo Jingen – Member
- Mr. Dilip Dinkar Kulkarni – Member
- Ms. Nilima Ramrao Shinde – Member

### Meeting and Attendance

During the financial year 2017 - 18, one meeting of the Nomination and Remuneration Committee was held on 08th February, 2018 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 a fixed component 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 and Mr.Wu Xiaohui as Whole-time Director expires on February 26, 2020 and both of them have consented to retire by rotation.

The term of office of Mr.N.K.Ramaswamy as a Whole-time Director, designated as Chief Executive Officer expires on November 12, 2018 and have 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	₹ 30,000/-
Audit Committee Meetings	₹ 20,000/-
Nomination and Remuneration Committee Meetings	₹ 10,000/-
Stakeholder Relationship Committee Meetings	₹ 5,000/-
Corporate Social Responsibility Committee Meetings	₹ 5,000/-

The details of the remuneration paid / payable to the Directors for the year 2017 - 18 together with sitting fees paid and the shareholding held by the Non Executive Directors as on 31st March, 2018 are as under :

#### Managing Director / Whole-time Directors

(₹ in Lakhs)

Name of Director	Salary	Commission	Performance Incentive	Total
Mr. Bo Jingen	22.86	-	-	22.86
Mr. Wu Xiaohui	21.34	-	-	21.34
Mr. N.K.Ramaswamy	51.95	-	-	51.95

#### 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	3.00	Nil	Nil
Mr. Dilip Dinkar Kulkarni	2.75	Nil	Nil
Ms. Nilima Ramrao Shinde	2.35	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 of the Chairman of the Board and Managing Director and the Non Independent Directors was carried out by the Independent Directors. 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 2017 - 18, the Stakeholder Relationship Committee met four times on 26th May, 2017, 31st July, 2017, 24th November, 2017 and 08th February, 2018.

**Attendance**

Name of Director	No. of Meetings Attended
Mr. N.Subramanian	4
Mr. Bo Jingen	4
Ms. Nilima Ramrao Shinde	3

The Company confirms that there were no share transfers pending for approval as on 31st March, 2018 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 2017 – 18 and there are no complaints pending to be resolved as on 31st March, 2018.

During the financial year 2017 - 18, Rights Issue Committee met 20th April 2017.

**Attendance**

Name of Director	No. of Meetings Attended
Mr. Bo Jingen	1
Mr. N.Subramanian	1
Mr. N.K.Ramaswamy	1

**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. N.K.Ramaswamy - Member
- C) Mr. Wu Xiaohui - Member

**Meeting and Attendance**

The Committee met one time during the financial year 2017 – 18 on 08th February, 2018 and it was attended by all the three Members.

**7) Independent Directors' Meeting**

During the year under review, the Independent Directors met 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.

The Independent Directors met two times during the financial year 2017 – 18 on 24th November, 2017 and 08th February, 2018. All the Independent Directors were present at both the Meetings.

**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
31.03.2017	25.09.2017	11.30 a.m.	Raj Park Chennai, 'Summit Hall', 180, T.T.K.Road, Alwarpet, Chennai – 600 018.
31.03.2016	15.09.2016	11.30 a.m.	Raj Park Chennai, 'Summit Hall', 180, T.T.K.Road, Alwarpet, Chennai – 600 018.
31.03.2015	28.09.2015	10.15 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 33rd Annual General Meeting held on 25th 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.

**II. At the 32nd Annual General Meeting held on 15th September, 2016.**

- a) Adoption of new set of Articles of Association.

**III. At the 31st Annual General Meeting held on 28th September, 2015.**

- a) Re-appointment of Mr.Bo Jingen as Managing Director for a period of 3 years with effect from February 27, 2014.
- b) Re-appointment of Mr.Wu Xiaohui as Whole-time Director for a period of 3 years with effect from February 27, 2014.

**(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.

**(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 the 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.

- **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 (Insider Trading), Regulations.

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

- **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.

**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	}	Details are given in the notice of the Annual General Meeting which is forming part of the Annual Report of the Company.
Date		
Time		
Venue		
- c) **Financial Year** : 1st April to 31st March
- d) **Financial Calendar for 2018 – 2019** :

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

First Quarter Results (30th June, 2018)	on or before August 14, 2018
Second Quarter Results (30th September, 2018)	on or before November 14, 2018
Third Quarter Results (31st December, 2018)	on or before February 14, 2019
Fourth Quarter Results (31st March, 2019)	before end of May, 2019
Annual General Meeting (2018-2019)	In accordance with Companies Act, 2013

- 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**

	<b>Stock Code</b>
(1) <b>BSE Limited (BSE)</b> (Scrip ID – KINGFA) Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001.	524019
(2) <b>National Stock Exchange of India Limited (NSE)</b> Exchange Plaza, Bandra Kurla Complex, Bandra East, Mumbai - 400051	KINGFA

Demat ISIN No. for CDSL and NSDL is INE473D01015.

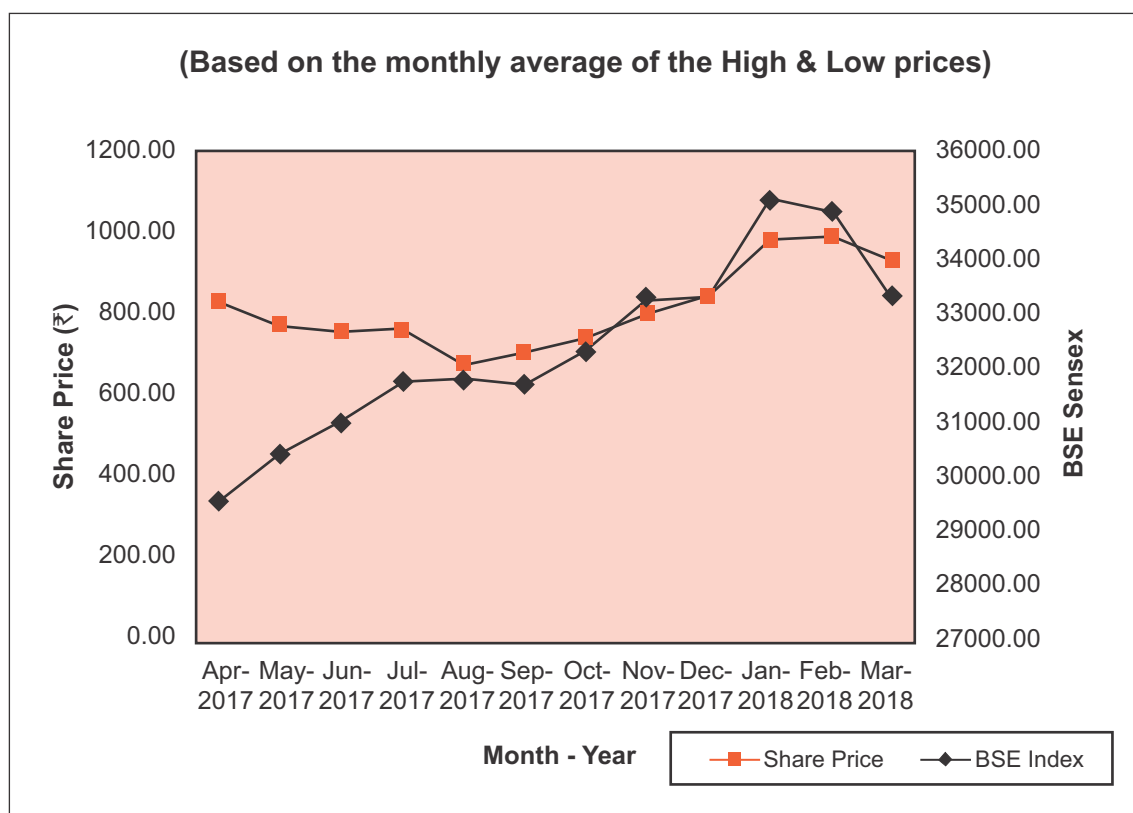
The Listing fees to BSE and NSE have been paid upto date.

## h) Market Price Data – High &amp; Low of Equity Shares of the Company

(in ₹)

Month	Year	BSE		NSE	
		High	Low	High	Low
April	2017	900.00	774.00	894.90	770.00
May	2017	884.20	680.00	887.70	684.00
June	2017	813.85	715.00	798.00	709.85
July	2017	810.00	727.25	812.00	671.15
August	2017	755.00	615.00	761.00	610.00
September	2017	774.00	658.00	774.90	650.05
October	2017	839.90	660.00	840.00	632.40
November	2017	890.60	725.10	894.00	725.00
December	2017	894.95	800.00	872.80	755.20
January	2018	1,169.85	796.25	1,174.00	797.95
February	2018	1,132.40	851.15	1,135.00	850.00
March	2018	1,015.00	852.00	1,020.00	850.55

## 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 31.03.2018.**

i) **Distribution of Shareholding**

CATEGORY	SHAREHOLDERS		SHARES	
	NUMBER	% TO TOTAL	NUMBER	% TO TOTAL
Upto 2500	9510	98.95	1318689	10.88
2501 - 5000	57	0.59	200579	1.66
5001 - 10000	25	0.27	172723	1.43
10001 – 20000	9	0.09	118900	0.98
20001 – 30000	4	0.04	102727	0.85
30001 – 40000	2	0.02	70037	0.58
40001 – 50000	0	0.00	0	0.00
50001 – 100000	0	0.00	0	0.00
100000 & above	4	0.04	10126806	83.62
<b>TOTAL</b>	<b>9611</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	337	143985	1.19
Foreign Port Folio Investor –Corporate	3	793271	6.55
Bodies Corporate	162	156220	1.29
FIs/Mutual Funds/Banks	2	1450	0.01
Resident Individuals	9008	1898760	15.68
Others	98	34561	0.29
<b>Total</b>	<b>9611</b>	<b>12110461</b>	<b>100.00</b>

## m) Dematerialisation of Shares &amp; liquidity

The shares of the Company can be held and traded in electronic form. As on March 31, 2018, 98.81% of the Company's total equity shares representing 1,19,66,389 shares were held in dematerialised form and the balance 1.19% representing 1,44,072 shares in the physical form.

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

- Nil

## o) Plant Locations

RS No.38/1, Sedarapet Industrial Area,  
Sedarpet, 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)

## p) 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

Dhun Building, III Floor,

827, Anna Salai, Chennai – 600 002.

Phone Nos : 0091-44-28521736

Fax No : 0091-44-28520420

E-Mail : cs@kingfaindia.com

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

**BO JINGEN**

**N.K. RAMASWAMY**

**Managing Director**

**Director**

Place : Chennai

Date : 28th May, 2018

**AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE****Certificate on Compliance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, by Kingfa Science & Technology (India) Limited**

I have examined compliance by Kingfa Science & Technology (India) Limited ("the Company") with the requirements under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") relating to corporate governance requirements for the year ended on March 31, 2018.

In my opinion and to the best of my information and according to the explanations given to me and the representation by the Directors and the management, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Regulations.

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

I state that no investor's grievance is pending unresolved by the Company for a period exceeding one month against the Company as per the records maintained by the Stakeholders Relationship Committee.

I 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.

**VAISHNAV ASSOCIATES**

Practicing Company Secretary

Place : Chennai

Date : 28<sup>th</sup> May, 2018**Shaswati Vaishnav**

ACS: 11392 CP No: 8675

**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, 2018 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 : Chennai

Date : 28th May, 2018

**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 survey comes at a time when the global economy remains at best stable but sluggish. To a reasonable extent extreme swings and risks seems to have softened considerably while the recovery seems to be at best sluggish.

Given this scenario India remains a market with abundant opportunities for growth. With the continued focus on Fiscal Consolidation and Inflation control the macro scenario seems to be stable after the double impact of GST implementation and Demonetization.

The growth of the economy remains one of the robust globally which is commendable in spite of headwinds like GST switch over and raising Oil prices. We are seeing Policy slowly shifting towards easing liquidity which should spur investments in manufacturing and growth.

With major initiatives and changes behind us and focus on ease of doing business and digitization we feel that the growth engine would keep chugging on at speed and irrespective of how the Global economic scenario unfolds.

**C) INDUSTRY STRUCTURE AND DEVELOPMENTS**

The government has been focusing on Skilling India and Manufacturing for growth. The initiatives and actions on policy is best reflected in the automotive industry which grew at almost 15% year on year in production and sales. Even more reflective of the growth and robustness is the growth in sales of Commercial vehicles by almost 20% with the growth sustaining we were also able to record close to 40% growth in volumes year on year almost doubling volumes in 2 years. This was with increased focus on all key OEM's across the country. Our focus on Appliances and Other product lines also started yielding tangible results with our business in Non automotive sector more than doubling.

**AUTOMOTIVE INDUSTRY IN INDIA PRODUCTION TREND**

Category	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Passenger Vehicles	32,31,058	30,87,973	32,21,419	34,65,045	38,01,670	40,10,373
Commercial Vehicles	8,32,649	6,99,035	6,98,298	7,86,692	8,10,253	8,94,551
Three Wheelers	8,39,748	8,30,108	9,49,019	9,34,104	7,83,721	10,21,911
Two Wheelers	1,57,44,156	1,68,83,049	1,84,89,311	1,88,30,227	1,99,33,739	2,31,47,057
<b>Grand Total</b>	<b>2,06,47,611</b>	<b>2,15,00,165</b>	<b>2,33,58,047</b>	<b>2,40,16,068</b>	<b>2,53,29,383</b>	<b>2,90,73,892</b>

**D) COMPANY PERFORMANCE**

As indicated above with the automotive industry recording an impressive growth for the year your company sustained impressive growth of close to 40% and almost doubling the volume of sales in 2 years. Resourcing the front end and development team, enhancing production capacity enabled us to increase our scope of engagement with existing OEM's and also new projects. The company continued its aggressive approach for market share and Share of Business with all OEM's and this is reflected in our growth which is significantly much more than our peers.

**1) Operations**

40% increase in volumes year on year and almost doubling volumes in 2 years is consistent with 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. With the current name plate capacity of over 100000 MTPA and new addition in our existing facility we are well prepared to deliver another year of exceptional growth opportunity that's unfolding.

Raw material prices remained stable for better part of the year, however the rise in oil prices started cascading down to our RM towards the end of the year. We are taking support of our



principals in creating multiple and alternate options to have a greater control on key RM prices. With the volumes significantly increasing and the number of grade/Color combinations going up Inventory management both at RM and FG remains a big challenge and focus. We are establishing a robust Supply chain team and process to manage the entire order to delivery process.

## 2) Marketing Initiatives

Styling, Fuel economy, environment friendly, safety, Comfort, Convenience and feeling of luxury are some of the key demands from the automotive industry along with demands of quality systems, supply chain robustness and cost. 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. All the OEM's have shown significant interest in taking advantage of our material offering in the design and manufacture of their passenger cars. This is also evident from the new designs and styling seen in recent passenger cars.

Our focus on larger OEM's continued and we have made significant progress with respect to approvals and new specifications. We should see these efforts reflecting in sizeable business as we go along in the immediate future and coming years.

Sustained engagement with the OEM's is of prime importance and we have increased our scope of engagement with all OEM's across all levels with Technology Shows, Focused Interactions across various departments at OEM's. This has helped us in evolving a number of leads and opportunities which is the corner stone for future business and volume growth.

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 industry is looking for newer material options to cater to these needs. We are now seeing traditional items like ceiling fans given new designs and multiple performance options. The safety standards of the equipment are being revised upwards and your company's material options offer solutions to meet the new norms.

Water treatment, Washing machines, Air Conditioners, Power Storage equipments all have shown significant growth and are on high growth curve and we continue to continuously engaged with them.

## 3) HR & IR

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 integrated our front end team with our HQ Global team to be current with the technological developments in the automotive and allied industry. This has also assisted us in seamlessly engaging with transnationals who are setting up manufacturing in India. These benefits will reflect more and more as we go along into the future as these companies establish their base in India.

All personnel are being trained and provided with the tools needed to be able to effectively support and drive company's growth plans. Right and timely communications on the opportunities and threats are being provided. Incentives and rewards in line with the company's goals and being worked out on a continuous basis. The permanent employees on the rolls of the company stood at 174 as of 31st March 2018.

## 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 plan to set up a Global Scale Manufacturing and Contemporary Design and Development Center at Pune is going as per plan. This facility would enable us to develop material and formulations for future applications that would evolve.

New capacities for manufacturing are being set up across the countries. The MAKE IN INDIA initiative and other regulations are seeing some manufacturers coming back to India. We see continued growth opportunity with new players

and also existing players expanding capacity in Automotive, Small Appliances, Television, Water Treatment and White goods. We are engaged with the leaders in these industry significantly and are the primary choice for material solutions.

Our product innovations with modifications to the base PP has helped us satisfy the performance and cost objectives of our customers. Multiple options of material solutions and ability to deliver the same effectively has helped us stay ahead of the market.

## 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 this year 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.

### 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 panned 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 and Africa. 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.
- iv) Based on the advice received from the Forex advisories and also report on dollar views, hedging decisions are taken to hedge the foreign exchange exposures. This to a certain extent helped in mitigating the adverse currency fluctuation.

### 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 28% over the previous year, whilst the volumes grew by 35%. 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 clocked a sale of approx. 3062 MT and constitutes approx. 8% of the company turnover.

#### **Input costs**

There was an overall decrease of 3% 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 thro 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 behaviour 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, Powertools, Appliances through aggressive marketing and also offer products higher in the value chain ( viz. Engineering Plastics).

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

#### **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.

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### **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. I confirm that the Company has, in respect of the Financial year ended 31st March, 2018, 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.

**Place : Chennai**

**Date : 28th May, 2018**

**BO JINGEN**

**Managing Director**

**N.K. RAMASWAMY**

**Director**

**Independent Auditor's Report To the Members  
of Kingfa Science & Technology (India) Limited  
(Formerly Hydro S & S Industries Limited)**

**To the Members of Kingfa Science & Technology (India) Limited**

**Report on the Standalone Indian Accounting Standards (Ind AS) Financial Statements**

We have audited the accompanying standalone Ind AS financial statements of Kingfa Science & Technology (India) Limited ("the Company") comprising of the Balance Sheet as at 31st March, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement for the year then ended and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Standalone Ind AS Financial Statements").

**Management's Responsibility for the Standalone Ind AS Financial Statements**

The Company's Board of Directors is responsible for the preparation of these standalone Ind AS financial statements in terms of the requirements the matters stated in Section 134(5) of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the standalone financial position, standalone financial performance, standalone cash flows and changes in equity of the Company in accordance with accounting principles generally accepted in India including the Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act. The Company's Board of Directors is also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of standalone Ind AS financial statements.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which has been used for the purpose of preparation of the standalone Ind AS financial statements by the Directors of the Company, as aforesaid.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act and the Rules made there under including the

accounting standards and matters which are required to be included in the audit report.

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Board of Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by 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 31 March, 2018, and their standalone profit (including other comprehensive income), their standalone cash flows and standalone changes in equity for the year ended on that date.

**Other Matters**

The comparative financial information of the Company for the year ended 31 March 2017 and the transition date opening balance sheet as at 1 April 2016 included in these standalone Ind AS financial statements, are based on the previously issued statutory financial statements for the years ended 31 March 2016 and 31 March 2017 prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (as amended) which were audited by the predecessor auditor, who expressed an unmodified opinion vide reports dated 26th May, 2017 and 30th May, 2016 respectively. The adjustments to those financial statements for the differences in accounting principles adopted by the company on transition to the Ind AS have been audited by us.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the "Annexure A" statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report, to the extent applicable, 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 of the aforesaid standalone Ind AS financial statements.
  - 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 Cash Flow Statement and the statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act read with relevant rules thereunder.
  - e) On the basis of the written representations received from the directors as on 31st March 2018, taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2018, 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) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:
  - i. The Company has disclosed the impact, if any, of pending litigations as at 31st March 2018 on its financial position in its standalone Ind AS financial statements – Refer Note [32.6.1];
  - ii. The Company did not have any long-term contracts including derivative contracts having any material foreseeable losses for which provision was required to be made under the applicable law or accounting standard.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

Chartered Accountants

Firm Registration Number: 101118W

**Nachiket Deo**

Partner

Membership number: 117695

Pune

Date: 28<sup>th</sup> May 2018

**ANNEXURE A**

Referred to in paragraph 1 of our "Report on Other Legal and Regulatory Requirements" on even date

- (i)
  - (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - (b) As informed to us the fixed assets have been physically verified by the management at reasonable intervals considering the size of the company and nature of asset. Further, discrepancies, if any, noticed on such verification have been properly dealt with in the books of account.
  - (c) According to records of the company examined by us the title deeds of immovable properties are held in the name of the company.
- (ii) The management has conducted physical verification of inventory at reasonable intervals. In our opinion, the frequency of verification is reasonable. As informed to us, the discrepancies noticed on verification between physical stock and book records were not material.

- (iii) As informed to us, the company has not granted secured or unsecured loan to other companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3 (iii) (a) (b) and (c) of the Companies (Auditor's Report) Order, 2016 are not applicable to the company.
- (iv) The Company has not entered into any transaction which attracts the provisions of section 185 and 186 of the Companies Act, 2013. Accordingly, the provisions of clause 3 (iv) of the Companies (Auditor's Report) Order, 2016 are not applicable to the company.
- (v) In our opinion and according to information and explanation given to us, the Company has not accepted public deposits, hence the directive issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under, are not applicable to it. According to information and explanation given to us, no order has been passed against the company by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under sub-section (l) of section 148 of the Companies Act, 2013 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have however not made a detailed examination of records with a view to determine whether they are accurate and complete.
- (vii) (a) According to information and explanation given to us and the records of the company examined by us, the company is generally regular in depositing with appropriate authorities undisputed statutory dues including income tax, service tax and other material statutory dues applicable to it.

According to the information and explanation given to us, no undisputed amounts payable in respect of statutory dues were in arrears as at 31st March, 2018, for a period more than six months from the date they became payable except the following:

Sr. No.	Statue	Amount in Lakhs
1	Professional Tax	0.12
2	Employee State Insurance (ESIC)	0.06
3	Labour Welfare Act (LWF)	0.01
	<b>Total</b>	<b>0.19</b>

- (b) According to the information and explanations given to us, the particulars of dues of income tax, sales tax, wealth tax, service tax, custom duty, excise duty and cess as at 31st March, 2018 which has not been deposited on account of disputes are as follows :

Name of the Statue	Nature of dispute due	Amount under dispute not deposited (₹ in lakhs)	Period to which amount is related	Forum where the dispute is pending
Sales Tax	Transit pass issue	14.57	2005-06 to 2014-15	First Appellate Authority
Income Tax	Disallowance of Expenses	37.64	2007-08 to 2014-15	First Appellate Authority
Central Excise & Service Tax	Non payment of Service tax on commission and availment of CENVAT credit	29.92	2005-06 to 2014-15	First Appellate Authority

- (viii) In our opinion and according to information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution or bank as at the balance sheet date and also not issued debentures. Accordingly provisions of the clause 3 (viii) of the Companies (Auditor's Report) Order, 2016 is not applicable to the company.

- (ix) According to the information and explanation given to us, the company has not raised money by way of initial public offer or further public offer (including debt instrument) and not availed term loan during the year. Accordingly, the clause 3(ix) of the Companies (Auditor's Report) Order, 2016 are not applicable to the company.
- (x) During the course of our examination of the books & records of the company carried out in accordance with the generally accepted auditing Practices in India and according to the information and explanation given to us, we have neither come across any instances of fraud on or by the company, noticed or reported during the year, nor have we been informed of such case by Management. Accordingly, the clause 3(x) of the Companies (Auditor's Report) Order, 2016 are not applicable to the company.
- (xi) According to the information and explanation given to us, the company has paid managerial remuneration within the limit prescribed under section 197 of the Companies Act, 2013. Accordingly no requisite approval is required to be sought.
- (xii) In our opinion, the company is not a Nidhi company. Accordingly, provisions of the clause 3(xii) of Companies (Auditor's Report) order, 2016 are not applicable to the company.
- (xiii) According to the information and explanation given to us and in our opinion transactions with the related parties are in compliance with section 177 and 188 of the Companies Act, 2013 and requisite details have been disclosed in the Financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanation given to us, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures for raising funds during the year. Accordingly, the provisions of clause 3 (xiv) of the Companies (Auditor's Report) Order, 2016 are not applicable to the company.
- (xv) According to the information and explanation given to us, the company has not entered into a non-cash transaction with any of the directors or persons connected with directors. Accordingly, the provisions of clause 3 (xv) of the Companies (Auditor's Report) Order, 2016 are not applicable to the company.
- (xvi) In our opinion, the company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions in Paragraph 3(xvi) of Companies (Auditor's Report) order, 2016 are not applicable to the company.

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

Chartered Accountants

Firm Registration Number 101118W

**Nachiket Deo**

Partner

Membership No: 117695

Pune

Date: 28<sup>th</sup> May, 2018

**Annexure B to the Independent Auditor's Report of even date on the Standalone Financial Statements of Kingfa Science & Technology (India) Limited.**

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013**

We have audited the internal financial controls over financial reporting of Kingfa Science & Technology (India) Limited ("the Company") as of March 31, 2018 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 control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). 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.

## Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting 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 deemed to be prescribed under Section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. 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 over financial reporting 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 system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control 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 is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

## Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting 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 control over financial reporting 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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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 Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting 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 Control system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control 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**

Chartered Accountants

Firm Registration Number: 101118W

**Nachiket Deo**

Partner

Membership No: 117695

Pune

Date : 28th May, 2018



## Balance Sheet as at 31 March 2018

₹ in Lakhs

Particulars	Note No.	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>ASSETS</b>				
I. Non-current assets		9,663.22	8,849.41	7,232.95
(a) Property, plant and equipment	1	8,794.26	7,594.11	2,882.85
(b) Capital work-in-progress	1	232.09	967.97	4,133.64
(c) Intangible assets	1	14.85	1.34	1.28
(d) Intangible assets under development		-	-	-
(e) Financial assets				
(i) Other financial assets	2	195.06	184.64	158.84
(f) Other non-current assets	3	426.96	101.35	56.34
<b>II. Current assets</b>		<b>38,473.93</b>	<b>31,615.17</b>	<b>15,804.48</b>
(a) Inventories	4	11,589.10	6,896.57	5,929.84
(b) Financial assets				
(i) Investments		-	-	-
(ii) Trade receivables	5	18,107.49	12,970.71	8,526.05
(iii) Cash and cash equivalents	6.a	132.55	122.50	237.92
(iv) Bank balance other than (iii) above	6.b	7,000.61	10,300.61	413.11
(v) Loans		-	-	-
(vi) Other financial assets	7	548.45	234.61	109.49
(c) Other current assets	8	1,095.73	1,090.17	588.07
<b>Total Assets</b>		<b>48,137.15</b>	<b>40,464.58</b>	<b>23,037.43</b>

## Balance Sheet as at 31 March 2018

₹ in Lakhs

Particulars	Note No.	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>		<b>30,529.32</b>	<b>24,375.29</b>	<b>11,942.75</b>
(a) Equity share capital	9	1,211.05	1,011.06	1,011.06
(b) Other equity				
(i) Capital reserve	10	67.18	67.18	67.18
(ii) Capital redemption reserve	10	87.09	87.09	87.09
(iii) Securities premium reserve	10	24,878.38	10,105.91	10,145.23
(iv) General reserve	10	1,122.76	1,122.76	1,122.76
(v) Retained earnings	10	3,162.86	732.23	(490.57)
(vi) Share application money pending allotment	10	-	11,249.06	-
<b>Liabilities</b>				
<b>i. Non-current liabilities</b>		<b>2,044.81</b>	<b>1,854.10</b>	<b>1,630.36</b>
(a) Financial liabilities				
(i) Borrowings	11	1,561.06	1,556.16	1,591.87
(ii) Other financial liabilities	12	4.50	8.50	8.50
(b) Long-term provisions	13	-	15.98	14.02
(c) Deferred tax liabilities (net)	14	361.06	154.06	15.97
(d) Other non-current liabilities	15	118.19	119.40	-
<b>II. Current liabilities</b>		<b>15,563.02</b>	<b>14,235.19</b>	<b>9,464.32</b>
(a) Financial liabilities				
(i) Borrowings	16	585.04	2,613.66	-
(ii) Trade and other payables	17	14,473.21	10,743.52	8,986.37
(iii) Other financial liabilities	18	145.36	341.28	156.46
(b) Other current liabilities	19	40.41	459.94	312.28
(c) Short-term provisions	20	319.00	76.79	9.21
<b>Total Equity and Liabilities</b>		<b>48,137.15</b>	<b>40,464.58</b>	<b>23,037.43</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****N.K. RAMASWAMY****BO JINGEN**

Chartered Accountants

Director

Managing Director

Firm Registration Number : 101118W

DIN : 0007339610

DIN : 0006617986

**NACHIKET DEO****XIE DONGMING****NIRNOY SUR**

Partner

Chief Financial Officer

Company Secretary

Membership Number : 117695

Chennai : 28 May 2018

## Statement of profit and loss for the year ended 31 March 2018

₹ in Lakhs

Particulars	Note No.	2017-18	2016-17
<b>Income</b>			
Revenue from operations	21	61,783.37	48,322.45
Other income	22	565.80	360.48
<b>Total Income</b>		<b>62,349.17</b>	<b>48,682.93</b>
<b>Expenses</b>			
Cost of raw materials and components consumed	23	48,818.71	36,626.68
Purchase of traded goods	24	2,882.95	1,069.46
Changes in inventories of finished goods, work-in-progress and traded goods	25	(1,735.28)	(1,354.81)
Excise duty on sale of goods	26	1,619.13	5,609.82
Employee benefits expense	27	1,343.43	1,218.56
Finance costs	28	204.02	216.73
Depreciation and amortisation expense	29	622.30	305.73
Other Expenses	30	4,735.18	3,221.09
<b>Total Expenses</b>		<b>58,490.44</b>	<b>46,913.26</b>
<b>Profit before exceptional items and tax</b>		<b>3,858.73</b>	<b>1,769.67</b>
<b>Profit before tax</b>		<b>3,858.73</b>	<b>1,769.67</b>
<b>Tax expense</b>		<b>1,394.69</b>	<b>529.36</b>
Current tax	31	1,170.00	382.00
Deferred tax	31	224.69	147.36
<b>Profit for the year</b>		<b>2,464.04</b>	<b>1,240.31</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		(33.41)	(17.51)
Income tax effect on above		(51.09)	(26.77)
		17.68	9.26
<b>Total other comprehensive income for the year, net of tax [A]</b>		<b>(33.41)</b>	<b>(17.51)</b>
<b>Total comprehensive income for the year, net of tax</b>		<b>2,430.63</b>	<b>1,222.80</b>
<b>Earnings per equity share [nominal value per share ₹10/- (31 March 2017: ₹10/- )]</b>			
Basic		20.51	12.05
Diluted		20.51	12.05

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**

Chartered Accountants

Firm Registration Number : 101118W

**N.K. RAMASWAMY**

Director

DIN : 0007339610

**BO JINGEN**

Managing Director

DIN : 0006617986

**NACHIKET DEO**

Partner

Membership Number : 117695

Chennai : 28 May 2018

**XIE DONGMING**

Chief Financial Officer

**NIRNOY SUR**

Company Secretary

## Statement of Cash Flow for the year ended 31 March 2018

	₹ in Lakhs	
Particulars	2017-18	2016-17
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Profit before Tax</b>	<b>3,858.73</b>	<b>1,769.67</b>
Adjustments to reconcile profit before tax to net cash flows:		
<b>Add:</b>		
Depreciation and Amortisation	622.30	305.73
Provision for doubtful debts and advances (net)	164.09	36.50
Bad debts and Irrecoverable balances written off	-	11.39
Loss on sale of Property, Plant & Equipment	-	5.15
Net gain / (Loss) on ECB Scheme	4.90	(35.71)
Loss / (Profit) on Revalorisation on Imports	(169.09)	-
Loss / (Profit) on Revalorisation on Exports	0.20	-
Finance cost	204.02	216.73
	<b>826.42</b>	<b>539.79</b>
<b>Less:</b>		
Surplus on sale of assets	0.85	5.01
Interest received	500.72	33.39
	<b>501.57</b>	<b>38.40</b>
<b>Operating Profit before working capital changes</b>	<b>4,183.58</b>	<b>2,271.06</b>
<b>Working Capital Adjustments</b>		
(Increase) / Decrease in Trade and Other Receivables	(2,569.87)	(15,081.21)
(Increase) / Decrease in Inventories	(4,692.53)	(966.73)
Increase / (Decrease) in Trade and other Payables	3,390.91	2,141.07
Increase / (Decrease) in Provisions	(7.31)	(34.01)
	<b>(3,878.80)</b>	<b>(13,940.88)</b>
<b>Net Cash generated from operations</b>	<b>304.78</b>	<b>(11,669.82)</b>
Direct taxes paid	(1,025.76)	(278.54)
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>(720.98)</b>	<b>(11,948.36)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
<b>Add :</b>		
Sale of Property, Plant and Equipment	0.94	39.77
Sale of investments	-	-
Interest received	452.29	9.82
Dividend received	-	-
	<b>453.23</b>	<b>49.59</b>
<b>Less :</b>		
Purchase of investments (net)	-	-
Purchase of Property, Plant and Equipment	1,100.16	1,891.28
	<b>1,100.16</b>	<b>1,891.28</b>
<b>NET CASH GENERATED FROM INVESTING ACTIVITIES</b>	<b>(646.93)</b>	<b>(1,841.69)</b>

## Statement of Cash Flow for the year ended 31 March 2018

Particulars	₹ in Lakhs	
	2017-18	2016-17
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Borrowings	(2,028.62)	2,613.66
Proceeds from Issue of Equity Shares	3,723.40	-
Interest paid (finance cost)	(316.82)	(148.77)
Proceeds of Share application Money	-	11,209.74
<b>NET CASH USED IN FINANCING ACTIVITY</b>	<b>1,377.96</b>	<b>13,674.63</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>10.05</b>	<b>(115.42)</b>
<b>Opening Cash and Cash equivalents</b>	<b>122.50</b>	<b>237.92</b>
<b>Closing Cash and Cash equivalents (Refer Note 6a)</b>	<b>132.55</b>	<b>122.50</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

**N.K. RAMASWAMY**

Director

DIN : 0007339610

**BO JINGEN**

Managing Director

DIN : 0006617986

**NACHIKET DEO**

Partner

Membership Number : 117695

**XIE DONGMING**

Chief Financial Officer

**NIRNOY SUR**

Company Secretary

Chennai : 28 May 2018

## Statement of changes in Equity for the year ended 31 March 2018

₹ in Lakhs

Equity Shares of Rs 10 each issued, subscribed and fully paid	No. of Shares	Amount
As at 01 April 2016	1,01,10,568	1,011.06
Issue/Reduction, if any during the year	-	-
As at 31 March 2017	1,01,10,568	1,011.06
Issue/Reduction, if any during the year	19,99,893	199.99
As at 31 March 2018	1,21,10,461	1,211.05

## B. Other Equity (Refer Note 10)

Particulars	Reserves and Surplus					Items of OCI			Total equity	
	Capital Reserve	Capital Redemption Reserve	Securities Premium	General Reserve	Retained Earnings	Share application money	Changes in revaluation surplus	FVOCI reserve		Foreign currency translation reserve
At at 01 April 2016	67.18	87.09	10,145.23	1,122.76	(490.57)	-	-	-	-	10,931.69
Profit/(Loss) for the year	-	-	-	-	1,240.31	-	-	-	-	1,240.31
Other comprehensive income for the year	-	-	-	-	(17.51)	-	-	-	-	(17.51)
<b>Total Comprehensive income for the year</b>	-	-	-	-	<b>1,222.80</b>	-	-	-	-	<b>1,222.80</b>
Rights Issue Expenses	-	-	39.32	-	-	-	-	-	-	39.32
Received during the year	-	-	-	-	-	11,249.06	-	-	-	11,249.06
As at 31 March 2017	67.18	87.09	10,105.91	1,122.76	732.23	11,249.06	-	-	-	23,364.23
As at 01 April 2017	67.18	87.09	10,105.91	1,122.76	732.23	11,249.06	-	-	-	23,364.23
Profit/(Loss) for the year	-	-	-	-	2,464.04	-	-	-	-	2,464.04
Other comprehensive income for the year	-	-	-	-	(33.41)	-	-	-	-	(33.41)
<b>Total Comprehensive income for the year</b>	-	-	-	-	<b>2,430.63</b>	-	-	-	-	<b>2,430.63</b>
Premium received on Rights Issue	-	-	14,799.21	-	-	-	-	-	-	14,799.21
Rights Issue Expenses	-	-	(26.74)	-	-	-	-	-	-	(26.74)
Allotment of shares	-	-	-	-	-	11,249.06	-	-	-	11,249.06
As at 31 March 2018	67.18	87.09	24,878.38	1,122.76	3,162.86	-	-	-	-	29,318.27

For and on behalf of the board of directors

As per our attached report of even date

For M/S. P. G. BHAGWAT

Chartered Accountants

Firm Registration Number : 101118W

NACHIKET DEO

Partner

Membership Number : 117695

Chennai : 28 May 2018

N.K. RAMASWAMY

Director

DIN : 0007339610

XIE DONGMING

Chief Financial Officer

BO JINGEN

Managing Director

DIN : 0006617986

NIRNOY SUR

Company Secretary

## Reconciliation of equity as at 1 April 2016 (date of transition to Ind AS)

				₹ in Lakhs
Particulars	Note No.	Indian GAAP	Effects of transition to Ind AS	Ind-AS
<b>ASSETS</b>				
<b>I. Non-current assets</b>		<b>7,232.95</b>	-	<b>7,232.95</b>
(a) Property, plant and equipment		2,882.85	-	2,882.85
(b) Capital work-in-progress		4,133.64	-	4,133.64
(c) Intangible assets		1.28	-	1.28
(d) Intangible assets under development		-	-	-
(e) Financial assets		-	-	-
(i) Other financial assets		-	158.84	158.84
(f) Other non-current assets		215.18	(158.84)	56.34
<b>II. Current assets</b>		<b>15,793.46</b>	<b>11.02</b>	<b>15,804.48</b>
(a) Inventories		5,929.84	-	5,929.84
(b) Financial assets		-	-	-
(i) Investments		-	-	-
(ii) Trade receivables		8,526.05	-	8,526.05
(iii) Cash and cash equivalents		651.03	(413.11)	237.92
(iv) Bank balance other than (iii) above		-	413.11	413.11
(v) Loans		-	-	-
(vi) Other financial assets		-	109.49	109.49
(c) Other current assets		686.54	(98.47)	588.07
<b>Total Assets</b>		<b>23,026.41</b>	<b>11.02</b>	<b>23,037.43</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>		<b>11,942.75</b>	-	<b>11,942.75</b>
(a) Equity share capital		1,011.06	-	1,011.06
(b) Other equity		-	-	-
(i) Capital reserve		67.18	-	67.18
(ii) Capital redemption reserve		87.09	-	87.09
(iii) Securities premium reserve		10,145.23	-	10,145.23
(iv) General reserve		1,122.76	-	1,122.76
(v) Retained earnings		(490.57)	-	(490.57)
(vi) Share application money pending allotment		-	-	-
<b>Liabilities</b>				
<b>I. Non-current liabilities</b>		<b>1,630.36</b>	-	<b>1,630.36</b>
(a) Financial liabilities		-	-	-
(i) Borrowings		1,591.87	-	1,591.87
(ii) Other financial liabilities		-	8.50	8.50
(b) Long-term provisions		14.02	-	14.02
(c) Deferred tax liabilities (net)		15.97	-	15.97
(d) Other non-current liabilities		8.50	(8.50)	-
<b>II. Current liabilities</b>		<b>9,453.30</b>	<b>11.02</b>	<b>9,464.32</b>
(a) Financial liabilities		-	-	-
(i) Borrowings		-	-	-
(ii) Trade and other payables		8,900.89	85.48	8,986.37
(iii) Other financial liabilities		-	156.46	156.46
(b) Other current liabilities		543.20	(230.92)	312.28
(c) Short-term provisions		9.21	-	9.21
<b>Total Equity and Liabilities</b>		<b>23,026.41</b>	<b>11.02</b>	<b>23,037.43</b>

## Reconciliation of equity as at 31 March 2017

Particulars	Note No.	Indian GAAP	₹ in Lakhs	
			Effects of transition to Ind AS	Ind-AS
<b>ASSETS</b>				
<b>I. Non-current assets</b>		<b>8,724.81</b>	<b>124.60</b>	<b>8,849.41</b>
(a) Property, plant and equipment	33.1	7,474.71	119.40	7,594.11
(b) Capital work-in-progress		967.97	-	967.97
(c) Intangible assets		1.34	-	1.34
(d) Intangible assets under development		-	-	-
(e) Financial assets		-	-	-
(i) Other financial assets		-	184.64	184.64
(f) Other non-current assets		280.79	(179.44)	101.35
<b>II. Current assets</b>		<b>31,615.17</b>	<b>-</b>	<b>31,615.17</b>
(a) Inventories		6,896.57	-	6,896.57
(b) Financial assets		-	-	-
(i) Investments		-	-	-
(ii) Trade receivables		12,970.71	-	12,970.71
(iii) Cash and cash equivalents		10,423.11	(10,300.61)	122.50
(iv) Bank balance other than (iii) above		-	10,300.61	10,300.61
(v) Loans		-	-	-
(vi) Other financial assets		-	234.61	234.61
(c) Other current assets		1,324.78	(234.61)	1,090.17
<b>Total Assets</b>		<b>40,339.98</b>	<b>124.60</b>	<b>40,464.58</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>		<b>24,375.29</b>	<b>-</b>	<b>24,375.29</b>
(a) Equity share capital		1,011.06	-	1,011.06
(b) Other equity		-	-	-
(i) Capital reserve		67.18	-	67.18
(ii) Capital redemption reserve		87.09	-	87.09
(iii) Securities premium reserve	33.4.f	10,145.23	(39.32)	10,105.91
(iv) General reserve		1,122.76	-	1,122.76
(v) Retained earnings	33.4.f	692.91	39.32	732.23
(vi) Share application money pending allotment		11,249.06	-	11,249.06
<b>Liabilities</b>		<b>1,734.70</b>	<b>119.40</b>	<b>1,854.10</b>
<b>I. Non-current liabilities</b>		<b>1,734.70</b>	<b>119.40</b>	<b>1,854.10</b>
(a) Financial liabilities		-	-	-
(i) Borrowings		1,556.16	-	1,556.16
(ii) Other financial liabilities		-	8.50	8.50
(b) Long-term provisions		15.98	-	15.98
(c) Deferred tax liabilities (net)		154.06	-	154.06
(d) Other non-current liabilities	33.4.e	8.50	110.90	119.40
<b>II. Current liabilities</b>		<b>14,229.99</b>	<b>5.20</b>	<b>14,235.19</b>
(a) Financial liabilities		-	-	-
(i) Borrowings		2,613.66	-	2,613.66
(ii) Trade and other payables		10,561.89	181.63	10,743.52
(iii) Other financial liabilities		-	341.28	341.28
(b) Other current liabilities		977.65	(517.71)	459.94
(c) Short-term provisions		76.79	-	76.79
<b>Total Equity and Liabilities</b>		<b>40,339.98</b>	<b>124.60</b>	<b>40,464.58</b>



## Reconciliation of total comprehensive income for the year ended 31 March 2017

Particulars	Note No.	Indian GAAP	Effects of transition to Ind AS	₹ in Lakhs
				Ind-AS
<b>Income</b>				
Revenue from operations	33.4.c	42,712.63	5,609.82	48,322.45
Other income	33.4.e	38.40	322.08	360.48
<b>Total Income</b>		<b>42,751.03</b>	<b>5,931.90</b>	<b>48,682.93</b>
<b>Expenses</b>				
Cost of raw materials and components consumed		36,626.68	-	36,626.68
Purchase of traded goods		888.53	180.93	1,069.46
Changes in inventories of finished goods, work-in-progress and traded goods		(1,173.88)	(180.93)	(1,354.81)
Excise duty on sale of goods		-	5,609.82	5,609.82
Employee benefits expense	33.4.a	1,245.33	(26.77)	1,218.56
Finance costs		(105.05)	321.78	216.73
Depreciation and amortisation expense	33.4.e	305.43	0.30	305.73
Other Expenses	33.4.f	3,260.41	(39.32)	3,221.09
<b>Total expenses</b>		<b>41,047.45</b>	<b>5,865.81</b>	<b>46,913.26</b>
<b>Profit before exceptional items and tax</b>		<b>1,703.58</b>	<b>66.09</b>	<b>1,769.67</b>
Exceptional items		-	-	-
<b>Profit before tax</b>		<b>1,703.58</b>	<b>66.09</b>	<b>1,769.67</b>
<b>Tax expense</b>		<b>520.10</b>	<b>9.26</b>	<b>529.36</b>
Current tax		382.00	-	382.00
Deferred tax	33.4.b	138.10	9.26	147.36
<b>Profit for the year</b>		<b>1,183.48</b>	<b>56.83</b>	<b>1,240.31</b>
<b>Other comprehensive income</b>		<b>-</b>	<b>(17.51)</b>	<b>(17.51)</b>
<b>A. Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</b>		<b>-</b>	<b>(17.51)</b>	<b>(17.51)</b>
Re-measurement gains/(losses) on defined benefit plans	33.4.a	-	(26.77)	(26.77)
Income tax effect on above	33.4.b	-	9.26	9.26
<b>Total comprehensive income for the year, net of tax</b>		<b>1,183.48</b>	<b>39.32</b>	<b>1,222.80</b>

## Statement of Reconciliation of Other Equity

₹ in Lakhs

Particulars	Note No.	As at 31 March 2017	As at 01 April 2016
<b>Other Equity as per IGAAP</b>		<b>12,115.17</b>	<b>10,931.69</b>
<b>1. Add : Share application money pending allotment</b>		<b>11,249.06</b>	<b>-</b>
<b>2. Incr/(Decr) in Profit</b>		<b>56.83</b>	<b>-</b>
Employee benefits expense	33.4.a	26.77	-
Share Issue expenses	33.4.f	39.32	-
Recognition of Government grant	33.4.e	0.30	-
Amortization of leasehold land	33.4.e	(0.30)	-
Tax impact of above	33.4.b	(9.26)	-
<b>3. Incr/(Decr) in OCI</b>		<b>(17.51)</b>	<b>-</b>
Re-measurement gains/(losses) on defined benefit plans	33.4.a	(26.77)	-
Tax impact of above	33.4.b	9.26	-
<b>4. Incr/(Decr) in Securities Premium Reserve</b>		<b>(39.32)</b>	<b>-</b>
Share issue expenses	33.4.f	(39.32)	-
<b>Other Equity as per Ind-AS</b>	<b>10</b>	<b>23,364.23</b>	<b>10,931.69</b>

The net impact on equity due to transition to Ind-AS is Nil as on 1 April 2016 and 31 March 2017. As on 31 March 2017, the share application money amounting to ₹ 11,249.06 Lakhs is regrouped to Other Equity which was separately shown under Indian GAAP

**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	Total	Intangible Assets Software	Grand Total	Capital work in progress
<b>Gross Block</b>												
As At 01 April 2016	31.62	53.85	1,238.04	4,138.53	93.21	94.22	80.49	101.20	5,831.16	90.67	5,921.83	4,133.64
Additions	-	4,246.07	194.07	595.40	0.25	-	5.13	15.58	5,056.50	0.46	5,056.96	1,795.25
Deductions / Transfer	-	-	(13.23)	(848.04)	(8.06)	(0.05)	(18.95)	(13.47)	(901.80)	(87.06)	(988.86)	(4,960.92)
<b>As At 31 March 2017</b>	<b>31.62</b>	<b>4,299.92</b>	<b>1,418.88</b>	<b>3,885.89</b>	<b>85.40</b>	<b>94.17</b>	<b>66.67</b>	<b>103.31</b>	<b>9,985.86</b>	<b>4.07</b>	<b>9,989.93</b>	<b>967.97</b>
<b>Gross Block</b>												
As At 01 April 2017	31.62	4,299.92	1,418.88	3,885.89	85.40	94.17	66.67	103.31	9,985.86	4.07	9,989.93	967.97
Additions	-	-	222.49	1,530.35	4.04	32.44	11.39	13.32	1,814.03	22.02	1,836.05	0.52
Deductions / Transfer	-	-	-	-	-	(6.43)	-	-	(6.43)	-	(6.43)	(736.40)
<b>As At 31 March 2018</b>	<b>31.62</b>	<b>4,299.92</b>	<b>1,641.37</b>	<b>5,416.24</b>	<b>89.44</b>	<b>120.18</b>	<b>78.06</b>	<b>116.63</b>	<b>11,793.46</b>	<b>26.09</b>	<b>11,819.55</b>	<b>232.09</b>
<b>Depreciation</b>												
Upto 01 April 2016	-	3.82	435.91	2,168.09	87.52	73.75	79.14	100.08	2,948.31	89.39	3,037.70	-
For The Year	-	2.12	45.10	225.62	8.03	10.28	3.67	8.10	302.92	2.81	305.73	-
Deductions / Transfer	-	-	(1.34)	(815.79)	(14.37)	(0.05)	(17.33)	(10.60)	(859.48)	(89.47)	(948.95)	-
<b>As At 31 March 2017</b>	<b>-</b>	<b>5.94</b>	<b>479.67</b>	<b>1,577.92</b>	<b>81.18</b>	<b>83.98</b>	<b>65.48</b>	<b>97.58</b>	<b>2,391.75</b>	<b>2.73</b>	<b>2,394.48</b>	<b>-</b>
Upto 01 April 2017	-	5.94	479.67	1,577.92	81.18	83.98	65.48	97.58	2,391.75	2.73	2,394.48	-
For The Year	-	59.48	49.60	486.09	1.89	5.99	4.70	6.04	613.79	8.51	622.30	-
Deductions / Transfer	-	-	-	-	-	(6.34)	-	-	(6.34)	-	(6.34)	-
<b>As At 31 March 2018</b>	<b>-</b>	<b>65.42</b>	<b>529.27</b>	<b>2,064.01</b>	<b>83.07</b>	<b>83.63</b>	<b>70.18</b>	<b>103.62</b>	<b>2,999.20</b>	<b>11.24</b>	<b>3,010.44</b>	<b>-</b>
<b>Net Block</b>												
As At 1 April 2016	31.62	50.03	802.13	1,970.44	5.69	20.47	1.35	1.12	2,882.85	1.28	2,884.13	4,133.64
As At 31 March 2017	31.62	4,293.98	939.21	2,307.97	4.22	10.19	1.19	5.73	7,594.11	1.34	7,595.45	967.97
As At 31 March 2018	31.62	4,234.50	1,112.10	3,352.23	6.37	36.55	7.88	13.01	8,794.26	14.85	8,809.11	232.09

Notes :

- Gross block is at Cost except leasehold land which is net of amount written off.
- For Depreciation and amortisation refer accounting policy (Note 32.4.3).
- 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.
- The information relating to Gross block, accumulated Depreciation, and impairment if any, has been disclosed as an additional information since the company has adopted deemed cost exemption under Ind AS 101, refer Note 33 on first time adoption.

## Notes to the Financial Statements

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

₹ in Lakhs

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Security deposits (Unsecured, considered good)	195.06	178.60	157.99
Other Receivables	-	6.04	0.85
<b>Total</b>	<b>195.06</b>	<b>184.64</b>	<b>158.84</b>

1. Other financial assets are measured at amortised cost. Refer note 32.6.11

## Note 3 : Other non-current assets

Capital advances	318.98	-	-
Tax paid in advance (net of provision)	38.21	-	-
Balance with Government authorities	69.77	101.35	56.34
<b>Total</b>	<b>426.96</b>	<b>101.35</b>	<b>56.34</b>

## Note 4 : Inventories

Raw materials	6,560.86	3,600.03	4,024.65
Raw materials and components	6,560.86	2,956.47	2,529.74
Raw materials in transit	-	70.66	933.72
Materials in Bond	-	572.90	561.19
Work-in-progress	224.57	670.21	338.14
Finished goods	3,853.46	2,079.62	1,237.80
Traded goods	834.56	427.48	246.56
Stores and spares	115.65	119.23	82.69
<b>Total</b>	<b>11,589.10</b>	<b>6,896.57</b>	<b>5,929.84</b>

1. Inventories written down to net realisable value during the year ended 31 March 2018 ₹ 87.50 Lakhs (₹ 18.91 Lakhs in PY) were recognised as an expense in the statement of profit and loss during the year.

## Note 5 : Trade receivables

₹ in Lakhs

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>Trade Receivables</b>			
Trade receivables [Refer note (1) below]	18,107.49	12,970.71	8,526.05
<b>Break-up for security details</b>			
Secured, considered good	-	-	-
Unsecured, considered good	18,107.49	12,970.71	8,526.05
Doubtful	342.11	178.02	141.52
Impairment Allowance (allowance for bad and doubtful debts)	(342.11)	(178.02)	(141.52)
<b>Total</b>	<b>18,107.49</b>	<b>12,970.71</b>	<b>8,526.05</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 PY). Refer Note 32.6.8 for balance, other terms and conditions related to Related party receivables.

3. Movement of impairment Allowance (allowance for bad and doubtful debts)

Opening Balance	178.02	141.52	117.26
Provided During the year	164.09	36.50	24.26
Amounts written off	-	-	-
Amount written back	-	-	-
Closing Balance	342.11	178.02	141.52

4. Refer Note 32.6.11 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 6.a : Cash and cash equivalents

<b>Balance with Bank</b>	<b>129.46</b>	<b>117.82</b>	<b>235.21</b>
Current accounts and debit balance in cash credit accounts	129.46	117.82	235.21
Cash on hand	3.09	4.68	2.71
<b>Total</b>	<b>132.55</b>	<b>122.50</b>	<b>237.92</b>

## Note 6.b : Other bank balances

Unpaid dividend accounts	0.61	0.61	0.61
Deposits with original maturity of more than three months but less than 12 months	7,000.00	10,300.00	412.50
<b>Total</b>	<b>7,000.61</b>	<b>10,300.61</b>	<b>413.11</b>

1. Refer Note 32.4.12 for further details

**Note 7 : Other Financial Assets (Current)**

₹ in Lakhs

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Advance to Employees	14.31	10.91	15.44
Discount Receivable	457.49	196.18	88.94
Others	76.65	27.52	5.11
<b>Total</b>	<b>548.45</b>	<b>234.61</b>	<b>109.49</b>

1. Other financial assets are measured at amortised cost
2. Others includes interest receivable on fixed deposit
3. Refer Note 32.6.11 for further details

**Note 8 : Other Current Assets**

Balance with Government authorities	1,037.66	1,045.52	540.26
Prepaid expenses	16.24	14.08	14.54
Advance Tax (Net of provisions)	-	-	26.67
Others	41.83	30.57	6.60
<b>Total</b>	<b>1,095.73</b>	<b>1,090.17</b>	<b>588.07</b>

**Note 9 : Share capital**

Particulars	No. of shares	₹ in Lakhs
Authorised equity share capital (Shares of Rs. 10 each)		
<b>As at 01 April 2016</b>	<b>1,80,00,000</b>	<b>1,800.00</b>
Increase/(decrease) during the year	-	-
<b>As at 31 March 2017</b>	<b>1,80,00,000</b>	<b>1,800.00</b>
Increase/(decrease) during the year	-	-
<b>As at 31 March 2018</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 2016</b>	<b>3,00,000</b>	<b>300.00</b>
Increase/(decrease) during the year	-	-
<b>At 31 March 2017</b>	<b>3,00,000</b>	<b>300.00</b>
Increase/(decrease) during the year	-	-
<b>At 31 March 2018</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 2016</b>	<b>1,01,10,568</b>	<b>1,011.06</b>
Increase/(decrease) during the year	-	-
<b>As at 31 March 2017</b>	<b>1,01,10,568</b>	<b>1,011.06</b>
Increase/(decrease) during the year	19,99,893	199.99
<b>As at 31 March 2018</b>	<b>1,21,10,461</b>	<b>1,211.05</b>
<b>Total</b>	<b>1,21,10,461</b>	<b>1,211.05</b>

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

1. 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.
2. 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.
3. 90,82,214 (PY 75,82,340) equity shares are held by the holding company, M/s. Kingfa Sci. & Tech. Co. Ltd., China in the paid-up share capital of the company.
4. 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 2016</b>		
No. of Shares	75,82,340	6,90,298
% of Shareholding	74.99%	6.83%
<b>As at 31 March 2017</b>		
No. of Shares	75,82,340	5,67,366
% of Shareholding	74.99%	5.61%
<b>As at 31 March 2018</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 :

Particulars	2017-18	2015-16
Number of Equity shares	19,99,893	37,03,364
Premium per shares (₹)	740	260
Face value of equity shares (₹)	10	10

During the year 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 current year.

## Note 10 : Other Equity

₹ in Lakhs

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>CAPITAL RESERVE</b>			
Opening Balance	67.18	67.18	67.18
Add : Transferred during the year	-	-	-
<b>Closing Balance</b>	<b>67.18</b>	<b>67.18</b>	<b>67.18</b>
<b>CAPITAL REDEMPTION RESERVE</b>			
Opening Balance	87.09	87.09	87.09
Add : Transferred during the year	-	-	-
<b>Closing Balance</b>	<b>87.09</b>	<b>87.09</b>	<b>87.09</b>
<b>SECURITIES PREMIUM RESERVE</b>			
Opening Balance	10,105.91	10,145.23	516.48
Add : Premium received on Rights Issue	14,799.21	-	9,628.75
Less : Rights Issue Expenses	26.74	39.32	-
<b>Closing Balance</b>	<b>24,878.38</b>	<b>10,105.91</b>	<b>10,145.23</b>
<b>GENERAL RESERVE</b>			
Opening Balance	1,122.76	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>1,122.76</b>
<b>RETAINED EARNINGS</b>			
Opening Balance	732.23	(490.57)	(1,570.52)
Retained Earning (IND-AS)	-	-	-
Less : Transferred to Capital Redumption Reserve	-	-	-
Add : Profit/(loss) for the year	2,464.04	1,240.31	1,079.95
Add : Other Comprehensive income / (Loss)	(33.41)	(17.51)	-
<b>Less : Appropriations</b>			
Transferred to General reserve	-	-	-
Final dividend	-	-	-
Tax on proposed dividend	-	-	-
<b>Closing Balance</b>	<b>3,162.86</b>	<b>732.23</b>	<b>(490.57)</b>
<b>Share application money pending allotment</b>			
Opening Balance	11,249.06	-	-
Add : Received during the year	-	11,249.06	-
Less : Allotment of shares	11,249.06	-	-
<b>Closing Balance</b>	<b>-</b>	<b>11,249.06</b>	<b>-</b>
<b>Total</b>	<b>29,318.27</b>	<b>23,364.23</b>	<b>10,931.69</b>

1. The Capital Reserve includes subsidies received from Maharashtra and Tamil Nadu Government.
2. The Capital Redemption Reserve is created for the purpose of redemption of preference shares.
3. Securities premium is received against issue of right equity shares.
4. General reserve is created by setting aside amount from the Retained Earnings of the company for general purposes which is freely available for distribution.



**Note 11 : Borrowings**

₹ in Lakhs

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>Unsecured loans</b>	<b>1,561.06</b>	<b>1,556.16</b>	<b>1,591.87</b>
Loan from Related Party under ECB Scheme	1,561.06	1,556.16	1,591.87
<b>Total</b>	<b>1,561.06</b>	<b>1,556.16</b>	<b>1,591.87</b>

- Borrowings are measured at amortised cost.
- The Company has availed External Commercial Borrowing (ECB) from its holding company, M/s 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 32.6.11

**Note 12 : Other financial liabilities (Non current)**

Earnest Money Deposits	4.50	8.50	8.50
<b>Total</b>	<b>4.50</b>	<b>8.50</b>	<b>8.50</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 32.6.11

**Note 13 : Long-term provisions****Provision for employee benefits**

Provision for gratuity	-	12.28	14.02
Provision for leave encashment	-	3.70	-
<b>Total</b>	<b>-</b>	<b>15.98</b>	<b>14.02</b>

- Refer Note 20 - Short Term Provisions

## Note 14 : Deferred tax liability (net)

₹ in Lakhs

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>Deferred Tax Assets</b>	<b>142.81</b>	<b>287.15</b>	<b>373.57</b>
Unabsorbed Depreciation/Losses	-	-	121.13
Others : Employee benefits expenses, provision for doubtful debts, MAT Credit, etc.	142.81	287.15	252.44
<b>Deferred Tax Liability</b>	<b>503.87</b>	<b>441.21</b>	<b>389.54</b>
Property Plant and Equipment	503.87	441.21	389.54
<b>Total</b>	<b>361.06</b>	<b>154.06</b>	<b>15.97</b>

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

Opening balance as of 1 April	154.06	15.97	(441.35)
Tax income/(expense) during the year recognised in profit or loss	(224.68)	(147.35)	(457.32)
Tax income/(expense) during the year recognised in OCI	17.68	9.26	-
<b>Closing balance as at 31 March</b>	<b>361.06</b>	<b>154.06</b>	<b>15.97</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 34.944% (substantively enacted rate). This rate has changed as compared to the previous year (31 March 2017: 34.608%) due to the regulatory changes and is expected to apply to the period when the asset is realised.

## Note 15 : Other non-current liabilities

Government Grant	118.19	119.40	-
<b>Total</b>	<b>118.19</b>	<b>119.40</b>	<b>-</b>

- 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 :

As at 1 April	119.40	-	-
Availed during the year	-	119.70	-
Released to statement of profit and loss	1.21	0.30	-
<b>As at 31 March</b>	<b>118.19</b>	<b>119.40</b>	<b>-</b>

**Note 16 : Borrowings**

₹ in Lakhs

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
<b>Secured loans from bank</b>	<b>585.04</b>	<b>2,613.66</b>	-
Cash Credit	585.04	1,530.66	-
Buyer's credit arrangement in foreign currency	-	1,083.00	-
<b>Total</b>	<b>585.04</b>	<b>2,613.66</b>	-

- Borrowings are measured at amortised cost.
- Company's fund and non fund based working capital facilities of ₹ 1900 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) (PY unsecured working capital facilities of ₹ 6500 lakhs from CITI Bank.)
- The unutilised portion of company's Cash Credit Limit is ₹ 414.96 Lakhs (₹ 3,886.34 Lakhs in PY)
- For explanations on the company's Interest risk, Foreign currency risk and liquidity risk management processes, refer to Note 32.6.11

**Note 17 : Trade and Other payables**

Due to micro, small and medium enterprises	-	-	-
Due to other than micro, small and medium enterprises	14,473.21	10,743.52	8,986.37
<b>Total</b>	<b>14,473.21</b>	<b>10,743.52</b>	<b>8,986.37</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 balance, other terms and conditions with related parties, refer to Note 32.6.8
- For explanations on Company's Foreign currency risk and liquidity risk management processes, refer to Note 32.6.11

**Note 18 : Other Financial liabilities(Current)**

₹ in Lakhs

Unclaimed dividends	0.61	0.61	0.61
Interest accrued	20.95	133.74	65.78
Payable for capital purchases	-	113.34	11.88
Employee benefits payable	123.80	93.59	78.19
<b>Total</b>	<b>145.36</b>	<b>341.28</b>	<b>156.46</b>

- Other financial liabilities are measured at amortised cost.
- For explanations on Company's Foreign currency risk and liquidity risk management processes, refer to Note 32.6.11

**Note 19 : Other Current liabilities**

₹ in Lakhs

Particulars	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Advance from customers	-	-	-
<b>Other payables</b>	<b>40.41</b>	<b>459.94</b>	<b>312.28</b>
Statutory dues including provident fund and tax deducted at source	39.13	252.21	163.06
Other liabilities	1.28	207.73	149.22
<b>Total</b>	<b>40.41</b>	<b>459.94</b>	<b>312.28</b>

**Note 20 : Short-term provisions****Provision for employee benefits**

Provision for gratuity	29.73	-	-
Provision for leave encashment	30.03	-	9.21
<b>Other provisions</b>			
Tax Provision (Net of Tax paid in Advance)	259.24	76.79	-
<b>Total</b>	<b>319.00</b>	<b>76.79</b>	<b>9.21</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 32.6.6

## 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 32.6.6

**Note 21 : Revenue from operations**

₹ in Lakhs

Particulars	2017-18	2016-17
Sale of products	61,783.37	48,322.45
<b>Total</b>	<b>61,783.37</b>	<b>48,322.45</b>

1. Sale of products includes excise duty collected from customers of ₹ 1,619.13 Lakhs (₹5,609.82 Lakhs in PY). Sale of products net of excise duty is ₹ 60,164.25 Lakhs (₹ 42,712.64 Lakhs in PY).

<b>Note 22 : Other Income</b>		₹ in Lakhs
Particulars	2017-18	2016-17
<b>Interest</b>	<b>500.72</b>	<b>33.39</b>
On Bank Deposits	500.72	33.39
Gain on disposal of property, plant and equipment	0.85	5.01
Gain on Exchange difference	63.02	321.78
Miscellaneous income	1.21	0.30
<b>Total</b>	<b>565.80</b>	<b>360.48</b>
<b>Note 23 : Cost of raw materials and components consumed</b>		
Raw materials and components consumed	48,818.71	36,626.68
<b>Total</b>	<b>48,818.71</b>	<b>36,626.68</b>
<b>Note 24 : Purchase of Traded goods</b>		
Polymers	2,882.95	1,069.46
<b>Total</b>	<b>2,882.95</b>	<b>1,069.46</b>
<b>Note 25 : Changes in inventories of finished goods, work-in-progress and traded goods</b>		
<b>Opening inventory</b>	<b>3,177.31</b>	<b>1,822.50</b>
Work-in-process	670.21	338.14
Finished goods	2,079.62	1,237.80
Traded goods	427.48	246.56
<b>Closing Inventory</b>	<b>4,912.59</b>	<b>3,177.31</b>
Work-in-process	224.57	670.21
Finished goods	3,853.46	2,079.62
Traded goods	834.56	427.48
<b>(Increase)/decrease in inventory</b>	<b>(1,735.28)</b>	<b>(1,354.81)</b>
<b>Total</b>	<b>(1,735.28)</b>	<b>(1,354.81)</b>
<b>Note 26 : Excise duty on sale of goods</b>		
Excise duty on sale of goods	1,619.13	5,609.82
<b>Total</b>	<b>1,619.13</b>	<b>5,609.82</b>
<b>Note 27 : Employee benefits expense</b>		
Salaries, wages, bonus, etc.	1,155.39	1,027.65
Contribution to provident and other funds	100.46	67.41
Welfare and training expenses	87.58	123.50
<b>Total</b>	<b>1,343.43</b>	<b>1,218.56</b>

**Note 28 : Finance costs**

	₹ in Lakhs	
Particulars	2017-18	2016-17
Interest and bill discounting charges	123.56	204.37
Interest expense - others	49.71	-
Other bank charges	30.75	12.36
<b>Total</b>	<b>204.02</b>	<b>216.73</b>

**Note 29 : Depreciation and amortization expense**

<b>Depreciation and amortization expense</b>	<b>622.30</b>	<b>305.73</b>
Depreciation on Tangible assets	554.31	300.80
Amortization on Intangible assets	8.51	2.81
Amortization of Leasehold land	59.48	2.12
<b>Total</b>	<b>622.30</b>	<b>305.73</b>

**Note 30 : Other Expenses**

<b>Manufacturing expenses</b>	<b>1,361.61</b>	<b>934.87</b>
Stores and spares material consumed	160.33	128.13
Power and fuel	1,146.74	776.59
Repairs to machinery	54.54	30.15
<b>Selling expenses</b>	<b>1,794.44</b>	<b>1,156.16</b>
Freight and forwarding	1,555.47	1,076.46
Advertisement and publicity	74.88	43.20
Provision for doubtful debts (net)	164.09	36.50
<b>Administration expenses</b>	<b>1,579.13</b>	<b>1,130.06</b>
Rent	171.32	142.49
Rates and taxes	108.75	39.55
Insurance	62.10	30.63
Repairs to building	34.12	2.16
Other repairs and maintenance	111.20	71.36
Travelling and conveyance	514.46	308.06
Communication expenses	82.94	66.55
Printing and stationery	12.88	11.25
Professional charges	71.74	59.60
Auditor's remuneration	7.77	5.80
Donations	0.02	0.02
Spend on CSR activities	9.27	-
Directors' Sitting Fees	8.10	5.05
Miscellaneous expenses	384.46	371.00
Loss on assets sold, demolished, discarded and scrapped	-	5.15
Bad debts and irrecoverable balances written off	-	11.39
<b>Total</b>	<b>4,735.18</b>	<b>3,221.09</b>

<b>Note 31 : Income Tax</b>		
		₹ in Lakhs
Particulars	2017-18	2016-17
<b>Current tax</b>	<b>1,170.00</b>	<b>382.00</b>
Current income tax	1,170.00	382.00
<b>Deferred tax</b>	<b>224.69</b>	<b>147.36</b>
Relating to origination and reversal or temporary difference	224.69	147.36
<b>Income tax expense reported in the statement of profit and loss</b>	<b>1,394.69</b>	<b>529.36</b>
<b>Other Comprehensive Income (OCI)</b>		
Deferred tax related to items recognised in OCI during the year	17.68	9.26
Net loss/(gain) on actuarial gains and losses	17.68	9.26
<b>Deferred tax charged to OCI</b>	<b>17.68</b>	<b>9.26</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 2018 and 31 March 2017.		
<b>Current tax</b>		
<b>Accounting profit before income tax expense</b>	<b>3,858.73</b>	<b>1,769.67</b>
<b>Tax @ 34.608% (31 March 2017 : 34.608%)</b>	<b>1,335.43</b>	<b>612.45</b>
<b>Tax effect of adjustments in calculating taxable income:</b>	<b>59.26</b>	<b>(83.10)</b>
Corporate Social Responsibility expenses/Donations (net)	3.22	0.02
Non deduction of TDS	0.22	-
Expenditure debited to P&L, not allowed in income tax	4.17	-
Bonus and Professional Tax disallowance	5.01	-
Amortization of Leasehold land	15.20	-
Closing deferred tax rate difference	3.47	-
MAT Credit	6.06	-
Right issue expenses claimed	-	(13.61)
Effect of unabsorbed depreciation availed	-	(75.47)
Other Disallowances / (allowances)	21.91	5.97
<b>At the effective income tax rate of 36.14% (31 March 2017 : 29.91%)</b>	<b>1,394.69</b>	<b>529.36</b>

**NOTE 32: NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2018****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 28th May 2018.

**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 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. These standalone financial statements for the year ended 31 March 2018 are the first standalone financial statements that the Company has prepared in accordance with Ind AS. Refer to Note 4 for information on how the Company adopted Ind AS.

The standalone financial statements have been prepared on a historical cost basis, except defined benefit plan, wherein plan assets are 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. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

**3.1. Judgments**

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

**Operating Lease**

Lease arrangements under which all risks and rewards of ownership are effectively retained by the lessor are classified as operating lease. Lease rental under operating lease are recognised in the Statement of Profit and Loss on a straight-line basis over the lease term.

**3.2. 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 standalone 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.

**Defined benefit plans**

The cost of the defined benefit plans and other post-employment benefits and the present value of the obligation are determined using actuarial valuation. 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, mortality rates and future post-retirement medical benefit increase. 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, management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation.

The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases are based on expected future inflation rates for the country.

Further details about defined benefit obligations are provided in Note 35.6.6.

### **Deferred Tax**

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 utilized.

## **4. Significant Accounting Policies**

### **4.1. 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:

- a. Expected to be realised or intended to be sold or consumed in normal operating cycle
- b. Held primarily for the purpose of trading
- c. Expected to be realised within twelve months after the reporting period, or
- d. 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 :

- a. Expected to be settled in normal operating cycle
- b. Held primarily for the purpose of trading
- c. Due to be settled within twelve months after the reporting period, or
- d. 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.

### **4.2. 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 standalone 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.

### 4.3. 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 IndAS i.e. 1 April 2016.

Property, plant and equipment; and construction in progress are stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. 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		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		
Network	6	Life as prescribed under Schedule-II of Companies Act, 2013
End user devices, such as, desktops, laptops, etc.	3	
Servers	6	
Electrical Installations	10	Life as prescribed under Schedule-II of Companies Act, 2013
Furniture & Fixture		
Furniture, Fixtures and Electrical Fittings	10	Life as prescribed under Schedule-II of Companies Act, 2013
Office Equipment	5	Life as prescribed under Schedule-II of Companies Act, 2013
Vehicles	8	Higher useful life considered based on past history of usage and supported by Technical Evaluation

- 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 of plant and equipment and vehicle 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.

#### 4.4. 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.

#### 4.5. 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 may be 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

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.

#### 4.6. 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.

#### 4.7. 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.

#### 4.8. 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 under Ind AS 17
- Trade receivables under Ind AS 18

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

- Trade receivables resulting from transactions within the scope of Ind-AS 18, if they do not contain a significant financing component
- Trade receivables or contract assets resulting from transactions within the scope of Ind AS 18 that contain a significant financing component, if the Company applies practical expedient to ignore separation of time value of money, and
- All lease receivables resulting from transactions within the scope of Ind AS 17

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**

This is the category most relevant to the Company. After initial recognition, interest-bearing borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognized in the statement of profit and loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

**(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.

#### 4.9. Foreign Currency Transactions

**a. Initial Recognition**

These financial statements are presented in Indian Rupees, which is the functional currency of the company.

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.

#### 4.10. Leases

- i. Where the Company is a lessee - Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item are classified as operating leases. Payments under operating leases are recognised in the Statement of Profit and Loss generally on straight line basis.
- ii. Where the Company is a lessor - Leases in which the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets subject to operating leases are included in fixed assets. Lease income on an operating lease is recognised in the statement of profit and loss on straight line basis.
- iii. Sales & Lease Back - In case where sale and leaseback transaction results in an operating lease, and it is clear that the transaction is established at fair value, any profit or loss is recognised immediately. If the sale price is below fair value, any profit or loss is recognised immediately except that, if the loss is compensated for by future lease payments at below market price, it is deferred and amortised in proportion to the lease payments over the period for which the asset is expected to be used. If the sale price is above fair value, the excess over fair value is deferred and amortised over the period for which the asset is expected to be used.

For operating leases, if the fair value at the time of a sale and leaseback transaction is less than the carrying amount of the asset, a loss equal to the amount of the difference between the carrying amount and fair value is recognised immediately.

#### 4.11. 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.

#### 4.12. 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.

#### 4.13. 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 nor 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;

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.

### Sales tax / GST

Expenses and assets are recognised net of the amount of Sales tax / GST, except:

- When the Sales tax / GST incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the Sales tax / 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 Sales tax / 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.

## 4.14. 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.

#### 4.15. 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.

**4.16. 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.

**4.17. Revenue Recognition**

- a. Revenue from sale of goods is recognized when all significant risks and rewards of ownership of the goods are passed on to the buyer, recovery of the consideration is probable, the associated costs can be estimated reliably, there is no continuing effective control over, or managerial involvement with, the goods, and the amount of revenue can be measured reliably. Sales are stated net of discounts, rebates and returns. It also excludes Goods and Service Tax.
- b. Income from services is generally recognized on completion of performance of determinable significant act as per terms of specific contracts when no significant uncertainty exists regarding the amount of consideration that will be derived from the completion of said act.
- c. Income from dividend on investments is accrued in the year in which it is authorized, whereby right to receive is established.
- d. Income from interest on fixed deposits is recognized on a time proportion considering the amount outstanding and the rate applicable.

**4.18. 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.

**4.19. 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.

**4.20. 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.

**4.21. 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.

**4.22. 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. First-time adoption of Indian Accounting Standards (“Ind AS”)**

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 Company has adopted Ind AS for the first time. Note 33 spells out details of various provisions for First time adoption.

**6. Additional Notes to the Financial Statements****6.1. Contingent Liabilities**

	₹ in Lakhs	
	As at 31 Mar 2018	As at 31 Mar 2017
(A) Contingent Liabilities not provided for		
a. Disputed Sales Tax Demands	14.57	12.94
b. Disputed Income Tax Demands	37.64	37.82
c. Disputed Excise duty and Service tax Demands	29.92	23.70
d. Disputed Custom Duty Demands	-	26.78
<b>6.2.</b> Estimated amount of Contracts remaining to be executed on capital account and not provided for (Net of advances)	<b>1012.88</b>	<b>403.34</b>
<b>6.3.</b> Aggregate amount of Bank Guarantees outstanding	<b>-</b>	<b>76.99</b>
<b>6.4.</b> Aggregate amount of Letters of Credit outstanding	<b>1467.31</b>	<b>2066.03</b>
<b>6.5. Payment to Auditors (Net of Goods Service tax)</b>		

		₹ in Lakhs	
Sr. No.	Particulars	2017-18	2016-17
A	Statutory Auditors		
	a. As Auditors		
	Audit & Assurance Fees	5.00	2.25
	Tax Audit Fees	0.00	1.25
	b. Limited Review	1.25	-
	c. Reimbursement of expenses	0.17	-
	d. Certification & others	-	1.30
	<b>TOTAL (A)</b>	<b>6.42</b>	<b>4.80</b>
B	Cost Auditors		
	a. As auditors	1.25	1.00
	b. In other capacity	-	-
	Certification fees/XBRL	0.10	-
	Reimbursement of expenses	-	-
	<b>TOTAL (B)</b>	<b>1.35</b>	<b>1.00</b>
	<b>Grand Total (A+B)</b>	<b>7.77</b>	<b>5.80</b>

6.6 : Disclosure pursuant to Employee benefits												
A. Defined contribution plans:												
Amount of ₹ 100.46 Lakhs (31 March 2017 : ₹ 67.41 Lakhs) is recognised as expenses and included in Note No. 27 "Employee Benefits Expense"												
B. Defined benefit plans:												
The Company has following post employment benefits which are in the nature of defined benefit plans:												
(a) Gratuity												
(b) Leave Encashment												
March 31, 2018 : Changes in defined benefit obligation and plan assets												
	cost charged to statement of profit and loss					Remeasurement gains/(losses) in other comprehensive income					₹ in lakhs	
	April 1, 2017	Service Cost	Net Interest Expense	Sub-total included in statement of profit and loss (Note 27)	Benefit paid	Return on plan assets (excluding amounts included in net interest expense)	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	-80.46	-21.46	-6.04	-27.50	9.94		8.78	-39.00	1.95	-28.28		-126.30
Fair value of plan assets	68.17		7.21	7.21	-9.94	-22.81				-22.81	53.93	96.56
Benefit liability	-12.28	-21.46	1.17	-20.28	-	-22.81	8.78	-39.00	1.95	-51.09	53.93	-29.73
<b>Leave Encashment</b>												
Defined benefit obligation	-26.84	-39.58	-2.33	-41.91	1.16							-67.58
Fair value of plan assets	23.14		2.32	2.32	-1.16						13.26	37.56
Benefit liability	-3.70	-39.58	-0.01	-39.59	-	-	-	-	-	-	13.26	-30.03
<b>Total benefit liability</b>	<b>-15.98</b>	<b>-61.04</b>	<b>1.16</b>	<b>-59.87</b>	<b>-</b>	<b>-22.81</b>	<b>8.78</b>	<b>-39.00</b>	<b>1.95</b>	<b>-51.09</b>	<b>67.19</b>	<b>-59.76</b>

March 31, 2017 : 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, 2017	
	April 1, 2016	Service Cost	Net Interest Expense	Sub-total included in statement of profit and loss (Note 27)	Benefit paid	Return on plan assets (excluding amounts included in net interest expense)	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	-85.61	7.80	-4.77	3.03	20.89	-80.46	-	61.68	-18.78	-	-80.46	
Fair value of plan assets	71.59		4.89	4.89	-20.89		12.59	-	12.59		68.17	
Benefit liability	-14.02	7.80	0.12	7.93	-	-80.46	-	61.68	-6.19	-	-12.28	
<b>Leave Encashment</b>												
Defined benefit obligation	-34.48	5.18	-1.59	3.59	4.05	-	-	-	-		-26.84	
Fair value of plan assets	25.27		1.92	1.92	-4.05						23.14	
Benefit liability	-9.21	5.18	0.33	5.51	-	-	-	-	-	-	-3.70	
<b>Total benefit liability</b>	<b>-23.23</b>	<b>12.98</b>	<b>0.45</b>	<b>13.43</b>	<b>-</b>	<b>-80.46</b>	<b>-</b>	<b>61.68</b>	<b>-6.19</b>	<b>-</b>	<b>-15.98</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, 2018	Year ended March 31, 2017
Special Deposit Scheme	-	-
(%) of total plan assets	-	-
Insured managed funds	134.12	91.31
(%) 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, 2018	Year ended March 31, 2017
Discount rate	7.50%	8.00%
Future salary increase	8.00%	5.00%
Expected rate of return on plan assets	-	-
Expected average remaining working lives (in years)	-	-
Withdrawal rate (based on grade and age of employees)	15.00%	2.50%

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, 2018	Year ended March 31, 2017
Discount rate	7.44%	8.00%
Future salary increase	8.00%	5.00%
Expected rate of return on plan assets	-	-
Expected average remaining working lives (in years)	-	-
Withdrawal rate (based on grade and age of employees)	15.00%	2.50%

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, 2018	Year ended March 31, 2017
Discount rate	0.5% increase	2.90	3.38
	0.5% decrease	-3.04	-3.65
Future salary increase	0.5% increase	-2.84	-3.20
	0.5% decrease	2.75	2.98
Attrition rate	5% increase	0.36	-0.23
	5% decrease	-0.37	0.23

## Leave Encashment

₹ in lakhs

Particulars	Sensitivity level	(increase) / decrease in defined benefit obligation (Impact)	
		Year ended March 31, 2018	Year ended March 31, 2017
Discount rate	0.5% increase	1.38	1.04
	0.5% decrease	-1.45	-1.13
Future salary increase	0.5% increase	-1.44	-1.16
	0.5% decrease	1.38	1.08
Attrition rate	5% increase	0.05	0.07
	5% decrease	-0.06	-0.06

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, 2018	Year ended March 31, 2017
<b>Within the next 12 months (next annual reporting period)</b>		
Gratuity	17.65	11.65
Leave Encashment	12.84	2.83
<b>Between 2 and 5 years</b>		
Gratuity	80.07	29.66
Leave Encashment	41.96	15.92
<b>Beyond 5 years</b>		
Gratuity	45.67	26.56
Leave Encashment	21.33	9.46
<b>Total expected payments</b>	<b>219.53</b>	<b>96.09</b>

## Weighted average duration of defined plan obligation (based on discounted cash flows)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Gratuity	7.13	14.99
Leave Encashment	6.52	3.02

The followings are the expected contributions to planned assets for the next year:

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Gratuity	-	-
Leave Encashment	-	-

- 6.7. In the absence of information from 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.
- 6.8. 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 & Technology Co. Ltd China
2	Fellow Subsidiaries	Shanghai Kingfa Science and Tech Co Ltd Jiangsu Kingfa Science& Tech Advance Material Co Ltd Hong Kong Kingfa Development Co Ltd Tianjin Kingfa Advanced Materials Co Ltd Kingfa Science& Tech (Europe) Gmbh

**ii) Key Management Personnel**

Sr. No.	Name
A	Mr. Bo Jingen
B	Mr. Wu Xiaohui
C	Mr. N. K. Ramaswamy
D	Mr. Xie Dongming
E	Mr. Nirnoy Sur

**(B) Transactions with Related Parties**

(₹ in Lakhs)

Sr. No.	Nature of the transaction / relationship / major parties	2017-18		2016-17	
		Amount	Amount	Amount	Amount
<b>1</b>	<b>Gross Sales</b>				
	<b>Holding Company</b>			<b>15.93</b>	
	Kingfa Science & Technology Co. Ltd China				15.93
	<b>Fellow Subsidiaries</b>			<b>53.70</b>	
	Shanghai Kingfa Science and Tech Co Ltd				46.80
	Jiangsu Kingfa Science& Tech Advance Material Co Ltd				
	Hong Kong Kingfa Development Co Ltd				
	Tianjin Kingfa Advanced Materials Co Ltd				
	Kingfa Science& Tech (Europe) Gmbh				6.90
	<b>Total</b>			<b>69.63</b>	<b>69.63</b>

**2 Purchases Net of Discount**

<b>Holding Company</b>	<b>2613.64</b>		<b>1597.00</b>	
Kingfa Science & Technology Co. Ltd China		2613.64		1597.00
<b>Fellow Subsidiaries</b>	<b>1203.36</b>		<b>1284.97</b>	
Shanghai Kingfa Science and Tech Co Ltd		60.35		23.21
Jaingsu Kingfa Science& Tech				
Advance Material Co Ltd		911.54		1109.49
Hong Kong Kingfa Development Co Ltd				
Tianjin Kingfa Advanced Materials Co Ltd		231.47		152.26
Kingfa Science& Tech (Europe) Gmbh				
<b>Total</b>	<b>3817.00</b>	<b>3817.00</b>	<b>2881.97</b>	<b>2881.97</b>

**3 Rendering of Services from**

<b>Key Management Personnel</b>	<b>131.37</b>		<b>134.08</b>	
Mr. Bo Jingen		22.86		20.70
Mr. Wu Xiaohui		21.34		19.32
Mr. N. K. Ramaswamy		51.95		54.85
Mr. S. K. Subramanyan		-		15.46
Mr. Xie Dongming		19.05		17.25
Mr. Nirnoy Sur		16.17		6.50

**4 Interest Paid**

<b>Holding Company</b>	<b>77.37</b>		<b>66.96</b>	
Kingfa Science & Technology Co. Ltd China		77.37		66.96
<b>Total</b>				

	<b>As at 31 March 2018</b>		<b>As at 31 March 2017</b>	
<b>Outstanding</b>				
<b>Accounts Payable</b>				
<b>Holding Company</b>	<b>5926.19</b>		<b>4030.30</b>	
Kingfa Science & Technology Co. Ltd China		5926.19		4030.30
<b>Fellow Subsidiaries</b>	<b>3911.65</b>		<b>3309.50</b>	
Shanghai Kingfa Science and Tech Co Ltd		82.16		23.21
Jiangsu Kingfa Science & Tech Advance Material Co Ltd		2084.69		1235.43
Hong Kong Kingfa Development Co Ltd		1314.29		1840.27
Tianjin Kingfa Advanced Materials Co Ltd		430.50		210.59
Kingfa Science& Tech (Europe) Gmbh				
<b>Total</b>	<b>9837.84</b>	<b>9837.84</b>	<b>7339.80</b>	<b>7339.80</b>

**2 Accounts Receivable**

<b>Holding Company</b>	<b>15.30</b>		<b>15.95</b>	
Kingfa Science & Technology Co. Ltd China		15.30		15.95
<b>Fellow Subsidiaries</b>	<b>(3.64)</b>		<b>25.02</b>	
Shanghai Kingfa Science and Tech Co Ltd		(10.54)		18.12
Jiangsu Kingfa Science& Tech Advance Material Co Ltd				
Hong Kong Kingfa Development Co Ltd				
Tianjin Kingfa Advanced Materials Co Ltd				
Kingfa Science& Tech (Europe) Gmbh		6.90		6.90
<b>Total</b>	<b>11.66</b>	<b>11.66</b>	<b>40.97</b>	<b>40.97</b>

**3 Loan outstanding**

<b>Holding Company</b>	<b>1561.06</b>		<b>1556.16</b>	
Kingfa Science & Technology Co. Ltd China		1561.06		1556.16
<b>Total</b>	<b>1561.06</b>		<b>1556.16</b>	

**4 Interest Payable**

<b>Holding Company</b>	<b>20.62</b>		<b>15.69</b>	
Kingfa Science & Technology Co. Ltd China		20.62		15.69
<b>Total</b>	<b>20.62</b>		<b>15.69</b>	

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 2018, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2017: `Nil and 1 April 2016: `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.

**Transactions with key management personnel****Compensation of key management personnel of the Company**

(₹ in Lakhs)

<b>Particulars</b>	<b>2017-18</b>	<b>2016-17</b>
Short-term employee benefits	121.45	134.08
Post-employment benefits	9.92	
Other long-term employment benefits		
Sitting Fees		
<b>Total compensation paid to key management personnel</b>	<b>131.37</b>	<b>134.08</b>

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.

#### 6.9. Earnings Per Share (Basic and Diluted)

Particulars	2017-18	2016-17
Profit for the year after taxation (₹ in Lakhs)	2464.04	1240.31
Total number of equity shares at the end of the year	121.11	101.11
Weighted average number of equity shares for the purpose of computing Earnings Per Share	120.16	102.94
Basic and Diluted Earnings Per Share (in ₹)	20.51	12.05

Earnings per share are calculated in accordance with Accounting Standard (Ind AS 33) "Earnings Per Share".

#### 6.10. 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.

#### 6.11. 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 2018, 31 March 2017 and 1 April 2016.

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 2018, 31 March 2017 and 1 April 2016.

##### 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 2018	As at 31st March 2017	As at 1st April 2016
Long Term Fixed Interest Loans	-	-	-
Short Term Fixed Interest Loans	585.04	1530.66	-
Long Term Floating Interest Loans	1561.06	1556.16	1591.87
Short Term Floating Interest Loans	-	1082.99	-

## b. Interest Rate Sensitivity

(₹ in Lakhs)

Financial Year	Change in Interest rate	Effect on profit before tax	Effect on pre-tax equity
March 31, 2018	+50 bps	15.79	15.79
	-50 bps	(15.79)	(15.79)
March 31, 2017	+50 bps	14.40	14.40
	-50 bps	(14.40)	(14.40)

## 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 2018	31 March 2017	31 March 2016
Receivable	USD	22,197	63,184	24,643
	CNY	32,080	-	-
Payable	USD	1,97,07,062	1,49,79,227	1,07,39,502
	JPY	-48,39,000	-	-
Cash and cash equivalent	USD	1888	263	-
	CNY	1400	1400	-

The Company is in the process of managing its foreign currency risk by hedging transactions related to sales & purchases.

## Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD, CNY & JPY 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, 2018	+7%	896.13	896.13
	-7%	(896.13)	(896.13)
31 March 2017	+7%	676.98	676.98
	-7%	(676.98)	(676.98)

(₹ in Lakhs)

Financial Year	Change in CNY rate	Effect on profit before tax	Effect on pre-tax equity
31 March 2018	+7%	0.23	0.23
	-7%	(0.23)	(0.23)
31 March 2017	+7%	0.00	0.00
	-7%	(0.00)	(0.00)

Financial Year	Change in JPY rate	Effect on profit before tax	Effect on pre-tax equity
31 March 2018	+7%	179.64	179.64
	-7%	(179.64)	(179.64)
31 March 2017	+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 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
<b>Year ended 31 March, 2018</b>						
Interest bearing borrowings	585.04			1561.06		2146.10
Other financial liabilities	124.12	20.62		4.50	0.61	149.86
Trade payables		12949.41	1523.81			14473.21
Derivatives						
	<b>709.16</b>	<b>12970.03</b>	<b>1523.81</b>	<b>1565.56</b>	<b>0.61</b>	<b>16769.17</b>
<b>Year ended 31 March 2017</b>						
Interest bearing borrowings	1530.66	1083.00		1556.16		4169.82
Other financial liabilities	324.98	15.69		9.11		349.78
Trade payables		10707.59	35.93			10743.52
Derivatives						
	<b>1855.64</b>	<b>11806.28</b>	<b>35.93</b>	<b>1565.27</b>		<b>15263.12</b>
<b>Year ended 1 April 2016</b>						
Interest bearing borrowings				1591.87		1591.87
Other financial liabilities	141.41	14.44		9.11		164.96
Trade payables		7155.48	1830.90			8986.37
Derivatives						
	<b>141.41</b>	<b>7169.92</b>	<b>1830.90</b>	<b>1600.98</b>		<b>10743.20</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 2018

Particulars	31 March 2018	31 March 2017
Cash and cash equivalents	132.55	122.50
Current borrowings	(585.04)	(2613.66)
Non-current borrowings	(1561.06)	(1556.16)
<b>Net Debt</b>	<b>(2013.55)</b>	<b>(4047.32)</b>

Particulars	Cash and cash equivalents	Current borrowings	Non-current borrowings	Total
<b>Net debt as on 1 April 2017</b>	<b>122.50</b>	<b>(2613.66)</b>	<b>(1556.16)</b>	<b>(4047.32)</b>
Cash flows	10.05	2028.62	(4.90)	2033.77
<b>Net debt as on 31 March 2018</b>	<b>132.55</b>	<b>(585.04)</b>	<b>(1561.06)</b>	<b>(2013.55)</b>

**6.12. 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 2018, 31 March 2017 and 1 April 2016.

6.13. Expenditure on CSR Activities	(₹ in Lakhs)
1 Gross amount required to be spent by the company during the year	20.78
2 Amount spent during the year	09.27

**NOTE 33 : First-time adoption of Indian Accounting Standards ("Ind AS")**

These financial statements, for the year ended 31 March 2018, are the first financial statements, the Company has prepared in accordance with Ind AS. For periods up to and including the year ended March 31, 2017, the Company prepared its financial statements in accordance with Indian GAAP.

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending 31 March 2018, together with the comparative period data as at and for the year ended 31 March 2017, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening Balance Sheet was prepared as at 1 April 2016, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the Balance Sheet as at 1 April 2016 and the financial statements as at and for the year ended 31 March 2017.

**Exemptions applied**

Ind AS 101 "First-time Adoption of Indian Accounting Standards" allows a first-time adopter certain exemption from the retrospective application of certain requirements under Ind AS.

**The Company has applied the following exemptions:**

1. The Company has elected to continue with the carrying value for all of its Property, plant and equipment as recognised in its Indian GAAP financial statements as at April 01, 2016 as deemed cost at the date of transition.
2. The Company has elected to disclose the following amounts prospectively from the date of transition (Ind AS ordinarily requires the amounts for the current and previous four annual periods to be disclosed):
  - (i) the present value of the defined benefit obligation, the fair value of the plan assets and the surplus or deficit in the plan; and
  - (ii) the experience adjustments arising on the plan liabilities and the plan assets.
3. Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. However, the Company has used the exemption in Ind AS 101 and assessed all such arrangements for embedded leases based on conditions existing as at the date of transition to Ind-AS.

**Exceptions**

The Company has elected to apply the derecognition requirement for financial assets under Ind AS 109 “Financial Instruments”, prospectively for transactions occurring on or after 1 April 2016.

**Estimates**

The estimates made under Ind AS as at 1 April 2016 and at 31 March 2017 are consistent with the estimates made for the same dates in accordance with Indian GAAP except the following item where application of Indian GAAP did not require estimation:

**4. Notes to the reconciliation of the equity as at 1 April 2016 and 31 March 2017 and total comprehensive income for the year ended 31 March 2017.**

**a. Defined benefit obligation**

Both under Indian GAAP and Ind AS, the Company recognises costs related to its post-employment defined benefit plan on an actuarial basis. However, under Indian GAAP, the entire cost, including actuarial gains and losses, are recognised in the statement of profit and loss. Under Ind AS, 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 Other Comprehensive Income net of taxes.

**b. Deferred taxes**

Indian GAAP requires deferred taxes to be accounted using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12-Income Taxes requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP.

In addition, certain transitional adjustments lead to temporary differences. According to the accounting policies, the Company has to account for such differences. Deferred tax adjustments have been recognised in correlation to the underlying transaction either in retained earnings or as a separate component of equity.

**c. Sale of goods**

Under Indian GAAP, sale of goods was presented as net of excise duty. However, under Ind AS, sale of goods includes excise duty. Excise duty on sale of goods is separately presented on the face of statement of profit and loss. Thus, sale of goods under Ind AS has increased with a corresponding increase in expenses.

**d. Other comprehensive income**

Under Indian GAAP, there were no requirements to separately disclose Other Comprehensive Income ('OCI') and hence, the Company had not presented other comprehensive income (OCI) separately. As such, items falling under OCI and effect of Income tax thereon are disclosed. Hence, the Company has reconciled the profit under Indian GAAP to the profit as per Ind AS. Further, the profit under Ind AS is reconciled to total comprehensive income as per Ind-AS.

**e. Government grant**

The company had taken a leasehold land during FY 2016-17 for which the government has provided an exemption from payment of stamp duty as per the relevant pronouncements. The amount of exemption has been added as a cost of the land and is treated as deferred income in the financial statements. This deferred amount is charged to income as and when the obligations prescribed for availing the exemption gets fulfilled.

**f. Rights issue expenses**

The company had incurred expenses for the purpose of right issue. These expenses were charged to Profit & Loss Account under I-GAAP. However as per the extant guidelines of INDAS, the same have been charged off to equity.

**g. Standalone Statement of cash flow**

The transition from Indian GAAP to Ind AS has no material impact on the standalone statement of cash flows.

**NOTE 34 : Standards issued but not yet effective**

The Ministry of Corporate Affairs (MCA) notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 on March 28, 2018. The Rules shall be effective from reporting period beginning on or after April 1, 2018 and cannot be early adopted.

**a. Ind AS 115 - Revenue from contracts with customers**

Ind AS 115, Revenue from contracts with customers deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a promised good or service and thus has the ability to direct the use and obtain the benefits from the good or service in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. The standard replaces Ind AS 18 Revenue and Ind AS 11 Construction contracts and related appendices.

A new five-step process must be applied before revenue can be recognised:

- (i) identify contracts with customers
- (ii) identify the separate performance obligation
- (iii) determine the transaction price of the contract
- (iv) allocate the transaction price to each of the separate performance obligations, and
- (v) recognise the revenue as each performance obligation is satisfied.

The new standard is mandatory for financial years commencing on or after April 1, 2018 and early application is not permitted. The standard permits either a full retrospective or a modified retrospective approach for the adoption.

There are consequential amendments to other Ind AS due to notification of Ind AS 115. The Company is in the process of evaluating the impact on the financial statements in terms of the amount and timing of revenue recognition under the new standard.

**b. Ind AS 21 - The Effects of changes in foreign exchange rates**

The MCA has notified Appendix B to Ind AS 21, Foreign currency transactions and advance consideration. The appendix clarifies how to determine the date of transaction for the exchange rate to be used on initial recognition of a

related asset, expense or income where an entity pays or receives consideration in advance for foreign currency-denominated contracts.

For a single payment or receipt, the date of the transaction should be the date on which the entity initially recognises the non-monetary asset or liability arising from the advance consideration (the prepayment or deferred income/contract liability). If there are multiple payments or receipts for one item, date of transaction should be determined as above for each payment or receipt.

**The appendix can be applied :**

- (i) retrospectively for each period presented applying Ind AS 8;
- (ii) prospectively to items in scope of the appendix that are initially recognized
  - on or after the beginning of the reporting period in which the appendix is first applied (i.e. 1 April 2018); or
  - from the beginning of a prior reporting period presented as comparative information (i.e. 1 April 2017).

The Company is in the process of evaluating the impact on the financial statements in terms of the amount and timing of revenue recognition under the new standard.

**c. Ind AS 40 – Investment property**

The amendments clarify that transfers to, or from, investment property can only be made if there has been a change in use that is supported by evidence. A change in use occurs when the property meets, or ceases to meet, the definition of investment property. A change in intention alone is not sufficient to support a transfer. The list of evidence for a change of use in the standard was re-characterized as a non-exhaustive list of examples and scope of these examples have been expanded to include assets under construction / development and not only transfer of completed properties.

The amendment provides two transition options. Entities can choose to apply the amendment:

- (i) Retrospectively without the use of hindsight; or
- (ii) Prospectively to changes in use that occur on or after the date of initial application (i.e. April 1, 2018). At that date, an entity shall reassess the classification of properties held at that date and, if applicable, reclassify properties to reflect the conditions that exist as at that date.

There is no impact of this amendment to the Company.

**d. Ind AS 12 – Income taxes**

The amendments clarify the accounting for deferred taxes where an asset is measured at fair value and that fair value is below the asset's tax base. They also clarify certain other aspects of accounting for deferred tax assets set out below:

A temporary difference exists whenever the carrying amount of an asset is less than its tax base at the end of the reporting period.

The estimate of future taxable profit may include the recovery of some of an entity's assets for more than its carrying amount if it is probable that the entity will achieve this. For example, when a fixed-rate debt instrument is measured at fair value, however, the entity expects to hold and collect the contractual cash flows and it is probable that the asset will be recovered for more than its carrying amount.

Where the tax law restricts the source of taxable profits against which particular types of deferred tax assets can be recovered, the recoverability of the deferred tax assets can only be assessed in combination with other deferred tax assets of the same type.

Tax deductions resulting from the reversal of deferred tax assets are excluded from the estimated future taxable profit that is used to evaluate the recoverability of those assets. This is to avoid double counting the deductible temporary differences in such assessment.

An entity shall apply the amendments to Ind AS 12 retrospectively in accordance with Ind AS 8. However, on initial application of the amendment, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity.

There is no impact of this amendment to the Company.

**NOTE 35** : 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 35, 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**

Chartered Accountants

Firm Registration Number : 101118W

**N.K. RAMASWAMY**

Director

DIN : 0007339610

**BO JINGEN**

Managing Director

DIN : 0006617986

**NACHIKET DEO**

Partner

Membership Number : 117695

**XIE DONGMING**

Chief Financial Officer

**NIRNOY SUR**

Company Secretary

Chennai : 28 May 2018

**'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

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**NOTICE**  
**34<sup>TH</sup> ANNUAL GENERAL MEETING**

**NOTICE IS HEREBY GIVEN THAT THE 34TH ANNUAL GENERAL MEETING (AGM) OF THE MEMBERS OF KINGFA SCIENCE & TECHNOLOGY (INDIA) LIMITED WILL BE HELD ON THURSDAY, SEPTEMBER 27, 2018 AT 10.00 A.M. AT RAJ PARK CHENNAI, "RUBY HALL", 180, T.T.K. ROAD, ALWARPET, CHENNAI - 600 018 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, 2018**

"RESOLVED THAT Audited Financial Statements of the Company for the Financial Year ended 31st March 2018 along with Directors' Report, Independent Auditor's Report thereon be and is hereby received, considered, approved and adopted."

**Item No. 2: Re-appointment of Mr. N.K.Ramaswamy**

"RESOLVED THAT Mr. N.K.Ramaswamy (DIN 07339610), 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."

**Item No. 3: Ratification for the re-appointment of M/s. P.G. BHAGWAT, Chartered Accountants as the Statutory Auditors 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 in line with the resolution passed by the Shareholders in their 33rd Annual General Meeting (AGM) held for the financial year 2016-17 appointing M/s. P.G. BHAGWAT, Chartered Accountants (FRN 101118W) for a period of five years and pursuant to the provisions of Sections 139, 142 and all other applicable provisions, if any, of the Companies Act, 2013 ("Act") and the Companies (Audit and Auditors) Rules, 2014 as amended from time to time, the Company hereby ratifies their appointment as Statutory Auditors of the Company

to hold office from the conclusion of this Annual General Meeting (AGM) till the conclusion of the 35th Annual General Meeting to be held for the financial year 2018-19, on a remuneration to be fixed by the Board of Directors plus out of pocket expenses as may be incurred by them for the performance of their duties in connection with the audit of the company for the financial year ending March 31, 2019."

**SPECIAL BUSINESS:**

**Item No.4: Approval of Cost Auditor's remuneration.**

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), 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, be paid a remuneration, for the Financial Year ending March 31, 2019, amounting to ₹1,25,000/- plus applicable taxes and re-imbursement of out of pocket expenses incurred by them in connection with the aforesaid audit."

**Item No.5: To consider the material related party transaction with Kingfa Sci. & Tech. Co., Ltd., Guangzhou, China.**

To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **ORDINARY RESOLUTION:**

"RESOLVED that approval of the Company be and is hereby accorded in respect of material related party transaction(s) for purchase of Plastic Resin, PC Resin, PC-ABS Resin, PBT Resin, PVC Resin, ABS Resin, PET Resin, PP Resin, etc of various grades / other goods and materials by the Company

from Kingfa Sci. & Tech. Co., Ltd., Guangzhou, China in the ordinary course of business and at arm's length basis for a consideration estimated at ₹ 100 Crores for the Financial Year 2018-19."

**Item No.6: Authorisation to borrow money exceeding aggregate of the Paid up Capital and Free Reserves of the Company.**

To consider and if thought fit, to pass, with or without modification(s), the following resolution as a **SPECIAL RESOLUTION**:

"RESOLVED THAT in supersession of the Special Resolution adopted at the 30th Annual General Meeting held on 25th July, 2014 and pursuant to the provisions of Section 180 (1)(c) and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification or re-enactment thereof for the time being in force), consent of the members of the Company be and is hereby accorded to the Board of Directors (including the committee thereof) to borrow moneys in excess of the aggregate of the paid up share capital and free reserves of the company, provided that the total money borrowed and outstanding at any point of time, apart from temporary loans obtained / to be obtained from the company's bankers in the ordinary course of business, shall not be in excess of ₹ 300 Cr. (Rupees Three Hundred Crores)."

"RESOLVED FURTHER THAT in order to secure the loan taken in line with above authorisation, the Board of Directors of the Company (including the committee thereof) be and is hereby authorised to create a charge, mortgage, hypothecation, pledge or otherwise, in respect of all, or any of the company's assets and do all such acts, deeds and things and execute and certify all such documents and writings as may be necessary, expedient and incidental thereto."

By Order of the Board of Directors  
for **Kingfa Science & Technology (India) Limited**

Place : Chennai

Date : August 10, 2018

**NIRNOY SUR**

Company Secretary

**NOTES :**

- 1. A MEMBER ENTITLED TO ATTEND AND VOTE, IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.**

2. Instrument of Proxies, in order to be effective, must be received at the Company's Registered office not later than 48 (forty eight) hours before the time fixed for holding the Annual General Meeting. A Proxy form is sent herewith.
3. Corporate Members are required to send a certified true copy of the Board Resolution, pursuant to Section 113 of the Companies Act, 2013, authorizing their representatives to attend and vote on their behalf at the Meeting.
4. The Register of Members and Share Transfer Books of the Company will remain closed from Friday, 21st September, 2018 to Thursday, 27th September, 2018 (both days inclusive).
5. Members holding Equity Shares in physical form are requested to advise any change of address immediately to the Company's Registrar and Share Transfer Agent (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 Members holding Equity Shares in dematerialized form must intimate the change in address to their respective Depository Participants.
6. Shareholders / Proxy holders are requested to bring their copy of the annual report with them at the meeting and to produce at the entrance, the attached attendance slip duly completed and signed for the admission to the meeting hall.
7. Members desirous of getting any information about the accounts and operation of the company are requested to address their query to the company at the registered office of the company well in advance so that the same may reach at least seven days before the date of meeting to enable the management to keep the required information readily available at the meeting.
8. The Annual Report 2017-18, the Notice of the 34th AGM, and instructions for e-voting, along with the attendance slip and proxy form, are being sent by electronic mode to members whose email addresses are registered with the Company / depository participant(s), unless a member has requested for a physical copy of the documents. For members who have not registered their email addresses, physical copies are being sent by the permitted mode.

9. Additional information, pursuant to Regulation 36 of the Listing Regulations and other requisite information as per Clause 1.2.5 of Secretarial Standards-2 on General Meetings, in respect of the directors seeking reappointment at the AGM, are provided in Annexure 1 and forms part of the Notice.
10. 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 their PAN to the Depository Participant(s) with whom they maintain their demat accounts. Members holding shares in physical form should submit their PAN to the RTA of the Company / Company.
11. All unclaimed dividends up to the final dividend for FY 2007-08 paid by the Company have been transferred to Investor Education and Protection Fund ("said Fund") of the Central Government. No dividend was declared for FY 2008-09 and FY 2009-10 by the Company. Pursuant to the provisions of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the Company has uploaded the details of the unpaid and unclaimed amounts lying with the Company on the website of the Company ([www.kingfaindia.com](http://www.kingfaindia.com)). Unclaimed dividend for the FY 2010-11 will fall due for transfer to the said Fund on 05.11.2018. Those Members, who have not encashed their dividends for the FY 2010-11, are requested to claim it from the RTA of the Company / Company immediately.
12. Pursuant to the provisions of Section 124(6) of the Companies Act, 2013 and the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, ("Rules") as amended from time to time all equity shares of the Company on which dividend has not been paid or claimed for seven consecutive years or more as on 04.11.2018 shall be transferred by the Company to Investor Education and Protection Fund ("IEPF"). The Company has also written to the concerned Shareholders. These details are also available on the Company's website [www.kingfaindia.com](http://www.kingfaindia.com). Shareholders are requested to claim the dividend on these equity shares latest by 04.11.2018 to avoid aforesaid transfer of shares. No claim shall lie against the Company in respect of these equity shares post their transfer to IEPF. Upon transfer, the Shareholders will be able to claim these equity shares only from the IEPF Authority by making an online application the details of which are available at [www.iepf.gov.in](http://www.iepf.gov.in).
13. On 8th June 2018, SEBI vide its notification No. SEBI/LAD-NRO/GN/2018/24 had amended the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), which states that, "except in case of transmission or transposition of securities, requests for effecting transfer of securities shall not be processed unless the securities are held in the dematerialized form with a depository." As such, SEBI had mandated transfer of shares in dematerialised form alone. This comes into effect from December 5, 2018 or such other date as may be specified and hence Shareholders are requested to take note of it and take necessary steps to dematerialise their shares that are held in physical form.
14. A route map showing directions to the venue of the 34th Annual General Meeting is given at the end of this Notice as per the requirement of the Secretarial Standards-2 on "General Meetings".
15. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to Special Business at the Meeting, is annexed hereto.
16. **Voting through electronic means**
  - I. In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the Company is pleased to provide members facility to exercise their right to vote on resolutions proposed to be considered at the 34th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by National Securities Depository Limited (NSDL).
  - II. The facility for voting through ballot paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.

- III. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
- IV. The remote e-voting period commences on 24th September, 2018 (9:00 am) and ends on 26th September, 2018 (5:00 pm). During this period members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 20th September, 2018, may cast their vote by remote e-voting. 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.
- V. The process and manner for remote e-voting are as under:
- A. In case a Member receives an email from NSDL [for members whose email IDs are registered with the Company/Depository Participants(s)]:
- (i) Open email and open PDF file viz; "Kingfa India remote e-Voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for remote e-voting. Please note that the password is an initial password.
  - (ii) Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com>
  - (iii) Click on Shareholder – Login
  - (iv) Put user ID and password as initial password/PIN noted in step (i) above. Click Login.
  - (v) Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
  - (vi) Home page of remote e-voting opens. Click on remote e-Voting: Active Voting Cycles.
  - (vii) Select "REVEN" (Remote E-Voting Event Number) of Kingfa Science & Technology (India) Limited.
  - (viii) Now you are ready for remote e-voting as Cast Vote page opens.
- (ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
- (x) Upon confirmation, the message "Vote cast successfully" will be displayed.
- (xi) Once you have voted on the resolution, you will not be allowed to modify your vote.
- (xii) 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. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to [pssrinivasan1939@gmail.com](mailto:pssrinivasan1939@gmail.com) or [evoting@kingfaindia.com](mailto:evoting@kingfaindia.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)
- B. In case a Member receives physical copy of the Notice of AGM [for members whose email IDs are not registered with the Company / Depository Participants(s) or requesting physical copy]:
- (i) Initial password is provided as below/at the bottom of the Attendance Slip for the AGM :  
**REVEN (Remote e-voting Event Number)**  
**USER ID PASSWORD/PIN**
  - (ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.
- VI. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and remote e-voting user manual for Members available at the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800-222-990.
- VII. If you are already registered with NSDL for remote e-voting then you can use your existing user ID and password/PIN for casting your vote.
- VIII. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- IX. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 20th September, 2018.

- X. Any person, who acquires shares of the Company and become member of the Company after dispatch of the Notice of AGM and holding shares as of the cut-off date i.e. 20th September, 2018, may obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or [yuvraj@integratedindia.in](mailto:yuvraj@integratedindia.in). 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](http://www.evoting.nsdl.com)
- XI. 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 through ballot paper.
- XII. Mr.P.S.Srinivasan, Practising Company Secretary (C.P. No.3122) has been appointed as the Scrutinizer to scrutinize the voting and remote e-voting process in a fair and transparent manner.
- XIII. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of ballot paper for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
- XIV. The Scrutinizer shall after the conclusion of voting at the AGM, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the 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 shall countersign the same and declare the result of the voting forthwith.
- XV. The Results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company [www.kingfaindia.com](http://www.kingfaindia.com) and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be communicated to BSE Limited and National Stock Exchange of India Limited, where the shares of the Company are listed.
17. The documents referred to in this notice and explanatory statement are available for inspection during business hours on all working days (except Saturdays, Sundays and holidays) at the Registered Office of the Company up to and including the date of the Annual General Meeting.

**EXPLANATORY STATEMENT IN RESPECT OF THE  
SPECIAL BUSINESS PURSUANT TO SECTION 102 OF  
THE COMPANIES ACT, 2013**

**Item No. 4**

**Approval of cost auditor's remuneration**

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 ₹ 1,25,000/- (excluding all applicable taxes and reimbursement of out of pocket expenses) for the Financial Year ending March 31, 2019.

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, 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, 2019, as set out in the Ordinary Resolution for the aforesaid services to be rendered by them.

None of the Directors and / or Key Managerial Personnel of the Company or their relatives is concerned or interested, financial or otherwise, in the said Resolution.

The Board of Directors recommends the Ordinary Resolution set out at Item No. 4 of the Notice for approval by the Members.

**Item No. 5**

**Related Party Transactions of material nature**

Under Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, all Related Party Transactions shall require prior approval of the Audit Committee and all material Related Party Transactions shall require approval of the Shareholders through resolution. The said Regulation further provides a definition of the term 'Material' as follows:

“A transaction with a related party shall be considered material if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.”

As a part of its regular business, the Company purchases Plastic Resin, PC Resin, PC-ABS Resin, PBT Resin, PVC Resin, ABS Resin, PET Resin, PP Resin, etc. of various grades / other goods and materials from Kingfa Sci. & Tech. Co., Ltd., Guangzhou, China (“Kingfa, China”) at an arm’s length basis under the purchase orders raised from time to time and in the Financial Year 2018-19, the aggregate value of these transactions is likely to be around ₹ 100 Crores (“Kingfa, China on-going transaction”). It may be noted that during the Financial Year 2017-18, the total turnover of the Company was ₹ 617.83 Crores and that the Company had transactions with Kingfa Sci. & Tech. Co., Ltd., Guangzhou, China of ₹ 26.14 Crores.

The transactions as described above may likely to exceed the materiality threshold as prescribed under Regulation 23 of the Listing Regulations. Thus, these transactions would require the approval of the Members by way of ordinary resolution.

Kingfa Sci. & Tech. Co., Ltd., Guangzhou, China is the Holding Company of the Company.

The Audit Committee of the Board of Directors of the Company reviewed the Kingfa, China on-going transactions and recommended the same for approval by the Board of Directors and Members of the Company at their meeting held on May 28, 2018. The Board of Directors also at their meeting held on May 28, 2018 reviewed the Kingfa, China on-going transactions and proposed the same to be placed before the Members for their approval.

The Members’ approval to the above material related party transactions is sought in terms of Regulation 23(4) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

None of the Directors and / or Key Managerial Personnel of the Company or their relatives is concerned or interested, financial or otherwise, in the said Resolution.

The Members’ approval is solicited for the resolution at Item No. 5 of the Notice.

## Item No. 6

### **Authorisation to borrow money exceeding aggregate of the Paid up Capital and Free Reserves of the Company**

The members of the Company at their 30th Annual General Meeting held on 25th July, 2014 approved by way of an Special Resolution under Section 180 (1 ) (c) of the Companies Act, 2013 borrowings over and above the aggregate of paid up share capital and free reserves of the Company, provided that the total amount of such borrowings together with the amounts already borrowed and outstanding at any point of time shall not be in excess of ₹ 150 Crores (Rupees One Hundred and Fifty Crores Only) apart from temporary loans obtained from the company’s bankers in the ordinary course of business.

Keeping in view the Company’s existing and future financial requirements, to support its business operations and capacity expansion, the Company needs additional funds. For this purpose, the Company is desirous of raising finance from various Banks and/or Financial Institutions and/or any other lending institutions and/or Bodies Corporate and/or such other persons as may be considered fit, which, together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company’s bankers in the ordinary course of business) may exceed the aggregate of the paid -up capital and the free reserves of the Company. Hence it is proposed to increase the maximum borrowing limits upto ₹ 300 Crores (Rupees Three Hundred Crores Only) apart from temporary loans obtained from the company’s bankers in the ordinary course of business. Pursuant to Section 180(1)(c) of the Companies Act, 2013, the Board of Directors cannot borrow more than the aggregate amount of the paid-up capital of the Company and its free reserves at any one time except with the consent of the members of the Company in a general meeting.

It is, therefore, necessary for the members to pass Special Resolution under Section 180(1)(c) of the Companies Act, 2013, as set out at Item No. 6 of the Notice. The Board recommends the resolution for the approval of the members as Special Resolution.

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 6.

By Order of the Board of Directors  
**for Kingfa Science & Technology (India) Limited**

Place : Chennai  
Date : August 10, 2018

**NIRNOY SUR**  
Company Secretary

## ANNEXURE 1

## DETAILS OF DIRECTOR SEEKING 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]

Name of the Director	<b>Mr. N.K.Ramaswamy</b>
DIN	07339610
Date of Birth	21/08/1961
Age	57 years
Date of first appointment on the Board	13.11.2015
Qualifications	Bachelor degree in Science & Technology.
Experience and Expertise	New project implementation & the strategic marketing.
Number of Meetings of the Board attended during the year	4 out of 4
List of Directorship / Membership / Chairmanship of Committees of other Board	–
Shareholding in the Company	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	As per Nomination and Remuneration Policy of the Company and details of remuneration is provided in the Corporate Governance Report Section of the Annual Report 2017-18.
Justification for choosing the appointees for appointment as Independent Director	NA

By Order of the Board of Directors  
for **Kingfa Science & Technology (India) Limited**

Place : Chennai

Date : August 10, 2018

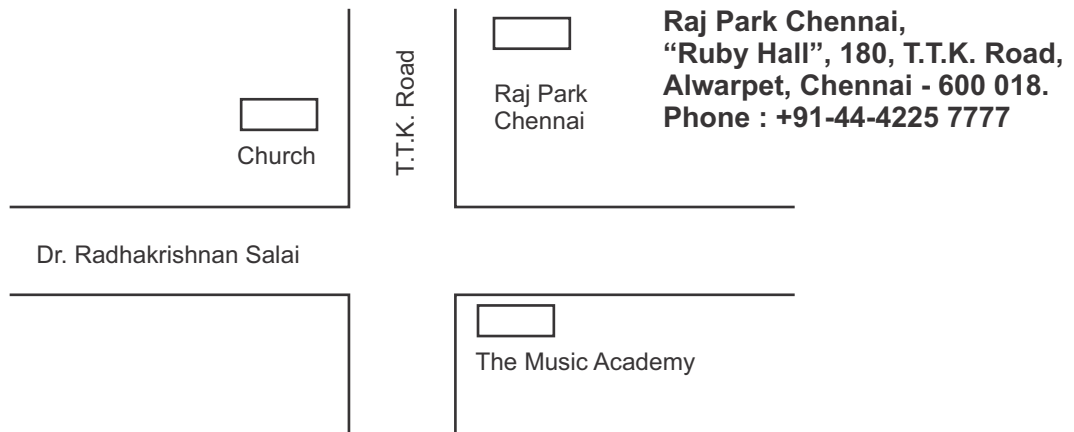
**NIRNOY SUR**  
Company Secretary



**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 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

**ROUTE MAP TO THE VENUE OF 34TH ANNUAL GENERAL MEETING OF  
KINGFA SCIENCE & TECHNOLOGY (INDIA) LIMITED**



**KINGFA**  
**金发科技(印度)有限公司**  
**KINGFA SCIENCE & TECHNOLOGY (INDIA) LIMITED**  
(formerly Hydro S & S Industries Limited)

CIN : L25209TN1983PLC010438

**Registered Office** : Dhun Building, III Floor, 827, Anna Salai, Chennai - 600 002.

Phone : +91 - 44 - 28521736, Fax : +91 - 44 - 28520420, E-mail : cs@kingfaindia.com, Website : www.kingfaindia.com

**ATTENDANCE SLIP**

**34<sup>TH</sup> ANNUAL GENERAL MEETING**

Number of Shares:

I/We certify that I/We am/are member(s) /proxy / authorized representative for the member(s) of the Company.

I/We hereby record my/our presence at the 34<sup>th</sup> **Annual General Meeting** of the Company at Raj Park Chennai, "Ruby Hall", 180, T.T.K. Road, Alwarpet, Chennai - 600018 on Thursday, September 27, 2018 at 10.00 a.m.

Member's Folio/  
DP ID-Client ID No.

Member's/Proxy's name  
in Block Letters

Member's/Proxy's  
Signature

**Voting through Electronic means**

REVEN (Remote e-voting Event Number)	USER ID	PASSWORD/PIN

**Note :**

1. Please complete the Folio/DP ID-Client ID No. and name, sign this Attendance Slip and hand it over at the ENTRANCE OF THE MEETING HALL.
2. Electronic copy of the Annual Report for 2017-18 and Notice of the Annual General Meeting (AGM) along with Attendance Slip and Proxy Form is being sent to all the members whose email address is registered with the Company/Depository Participant unless any member has requested for a hard copy of the same. Members receiving electronic copy and attending the AGM can print copy of this Attendance Slip.
3. Physical copy of the Annual Report for 2017-18 and Notice of the Annual General Meeting (AGM) along with Attendance Slip and Proxy Form is sent in the permitted mode(s) to all members whose e-mail is not registered or have requested for a hard copy.

**KINGFA**  
**金发科技(印度)有限公司**  
**KINGFA SCIENCE & TECHNOLOGY (INDIA) LIMITED**  
 (formerly Hydro S & S Industries Limited)  
 CIN : L25209TN1983PLC010438

**Registered Office** : Dhun Building, III Floor, 827, Anna Salai, Chennai - 600 002.  
 Phone : +91 - 44 - 28521736, Fax : +91 - 44 - 28520420, E-mail : cs@kingfaindia.com, Website : www.kingfaindia.com

**PROXY FORM (Form No. MGT-11)**

[Pursuant to section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies  
 (Management and Administration) Rules, 2014]

Name of the member(s) : .....  
 Registered address : .....  
 E-mail id : .....  
 Folio No./Client ID, DP ID : .....

I/We, being the member (s) of ..... shares of the above named company, hereby appoint

1. Name: ..... Address: .....  
 E-mail ID: ..... Signature: ..... or failing him/her,
2. Name: ..... Address: .....  
 E-mail ID: ..... Signature: ..... or failing him/her,
3. Name: ..... Address: .....  
 E-mail ID: ..... Signature: .....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 34<sup>th</sup> Annual General Meeting of the Company to be held on Thursday, September 27, 2018 at 10.00 A.M. at Raj Park Chennai, "Ruby Hall", 180, T.T.K. Road, Alwarpet, Chennai - 600018, and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Resolutions	Vote (Optional, see Note 2) (Please mention no. of shares)	
		For	Against
<b>Ordinary Business</b>			
1.	Adoption of Audited Financial Statements of the Company for the Financial Year ended 31st March 2018 along with Directors' Report, Independent Auditor's Report thereon.		
2.	Re-appointment of Mr. N.K.Ramaswamy as a Director retiring by rotation.		
3.	Ratification for the re-appointment of M/s. P.G. BHAGWAT, Chartered Accountants as Statutory Auditors of the Company.		
<b>Special Business</b>			
4.	Approval of Cost Auditor's remuneration.		
5.	Material Related Party transaction with Kingfa Sci. & Tech. Co., Ltd., Guangzhou, China.		
6.	Authorisation to borrow money exceeding aggregate of the Paid up Capital and Free Reserves of the Company.		

Signed this ..... day of ..... 2018.

Signature of Member :

Signature of Proxy holder(s) :

Affix  
Revenue  
Stamp ₹.1/-

Notes:

1. This form, in order to be effective, should be duly stamped, completed, signed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. It is optional to indicate your preference. If you leave the 'For' or 'Against' column blank against any or all resolutions, your proxy will be entitled to vote in the manner as he/she deem appropriate.
3. Please complete all details of member(s) before submission.