

Date : 26th August, 2019

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

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

Scrip Code / ID : 524019 / KINGFA

Symbol : KINGFA

**Sub : Annual Report for the Financial Year 2018 - 19 alongwith
Notice convening 35th Annual General Meeting**

Dear Sir / Madam,

As required under Regulation 34 and Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we submit herewith the Annual Report of the Company for the Financial Year 2018 - 19 alongwith Notice convening 35th Annual General Meeting, Attendance Slip and Proxy Form scheduled to be held on Friday, 27th September, 2019 at 10.30 a.m. at Raj Park Chennai, "Opal Hall", 180, T. T. K. Road, Alwarpet, Chennai - 600 018.

We request you to take the above information on record.

Thanking you,

Yours faithfully,

for Kingfa Science & Technology (India) Limited,


(NIRNOY SUN)
Company Secretary



Encl : as above



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

2018 - 2019 ANNUAL REPORT

Board of Directors

Mr. Bo Jingen, *Managing Director*
 Mr. Wu Xiaohui, *Whole-time Director*
 Mr. N.K.Ramaswamy, *Whole-time Director (upto 15.10.2018)*
 Mr. N.Subramanian, *Independent Director*
 Mr. Dilip Dinkar Kulkarni, *Independent Director*
 Ms. Nilima Ramrao Shinde, *Independent Director*
 Mr. D.Balaji, *Executive Director (w.e.f. 29.10.2018)*

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,
 8th 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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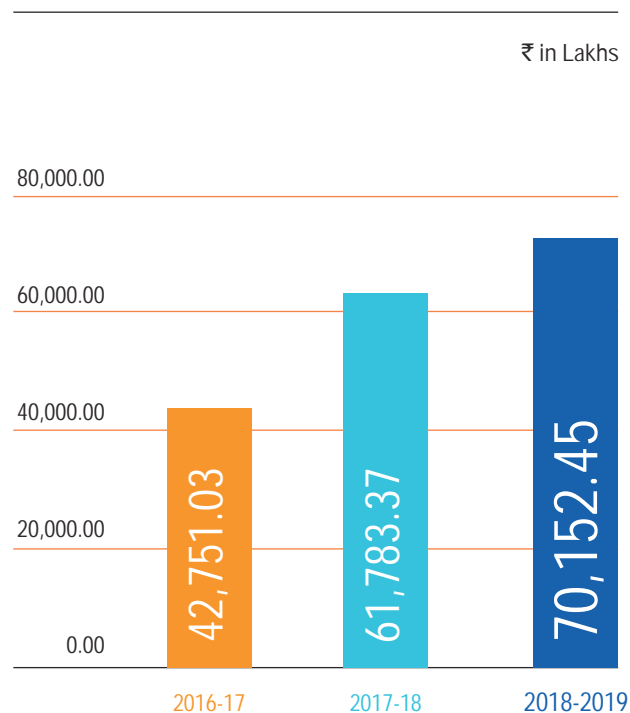
FIVE - YEAR FINANCIAL DATA

(₹ in Millions)

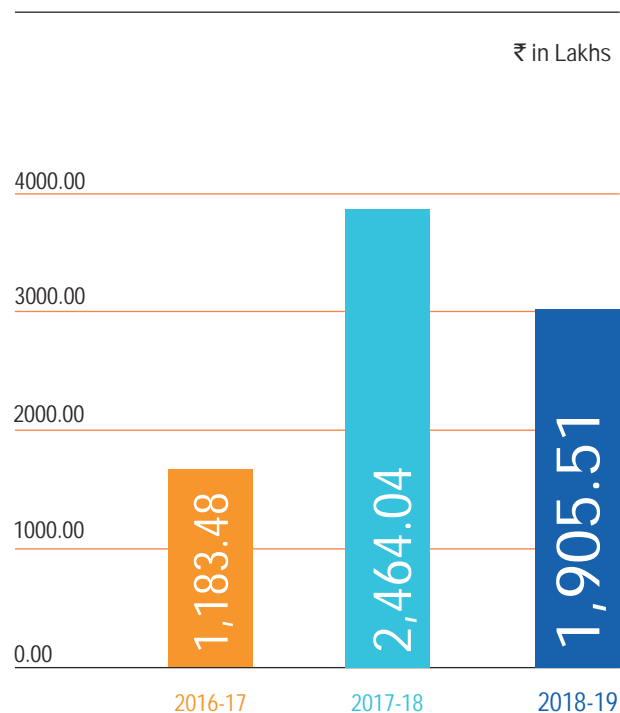
For the Year	2018-19	2017-18	2016-17	2015-16	2014-15
Sales : Domestic	6,980.709	6,175.342	4,825.695	3,557.465	2,409.968
Exports	34.536	2.996	6.550	2.486	5.809
Operating Profit (PBIDT)	393.040	468.505	190.394	275.329	65.817
Finance Cost	20.724	20.402	(10.505)	72.098	81.233
Depreciation and amortisation Expense	80.080	62.230	30.542	29.393	31.418
Tax expenses - Current	109.000	117.000	38.200	20.111	-
- Deferred	(7.315)	22.469	13.809	45.732	(16.414)
Profit/(Loss) After Tax	190.551	246.404	118.348	107.994	(30.421)
As at the end of the Year					
Share Capital	121.105	121.105	101.106	101.106	64.072
Reserves & Surplus	3,123.820	2,931.827	1,211.516	1,093.168	17.557
Loan Funds	166.461	156.556	156.466	160.037	758.534
Gross Block	1,236.509	1,181.955	987.024	592.184	524.038
Net Current Assets	1,661.312	2,291.091	1,738.518	634.015	530.744
Measures of Investment					
Return on Capital Employed (%)	9.06%	12.74%	10.88%	18.16%	4.09%
Return on Equity (%)	5.87%	8.07%	9.02%	9.04%	-37.27%
Earnings per Share (₹)	15.73	20.51	11.71	13.55	(4.75)
Dividend Cover (Times)	-	-	-	-	-
Dividend (%)	-	-	-	-	-
Book Value of an Equity Share	257.944	242.090	129.827	118.121	12.740
Of Performance					
- Profitability (%)					
Profit/(Loss) before Tax (%)	4.17%	6.41%	3.99%	5.53%	-2.14%
Profit/(Loss) after Tax (%)	2.72%	4.10%	2.77%	3.44%	-1.39%
- Capital Turnover (times)	2.03	1.90	3.29	2.63	2.94
- Stock Turnover (times)	5.46	5.41	7.01	6.00	7.72
- Working Capital Turnover (times)	4.22	2.70	2.78	5.61	4.65
Of Financial Status					
- Debt-Equity Ratio (times)	0.05	0.05	0.12	0.13	1.84
- Current Ratio	1.81	2.43	1.88	1.67	0.92
- Fixed Assets to Shareholders' Funds (times)	0.55	0.32	0.57	0.24	3.13

PERFORMANCE METRICS

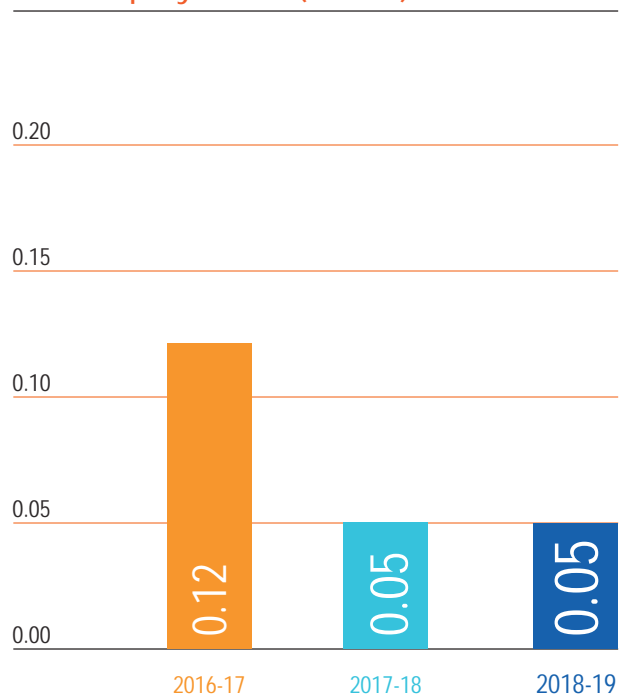
Revenue



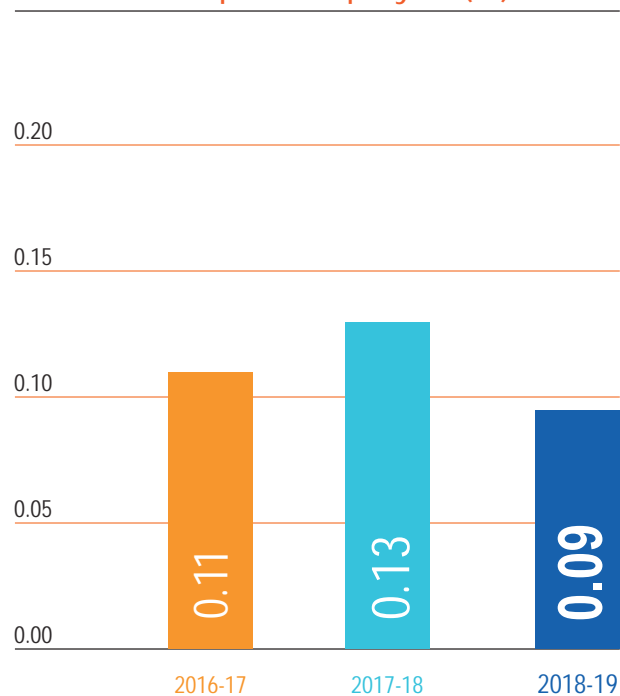
PAT



Debt-Equity Ratio (Times)



Return on Capital Employed (%)



History and use of Polypropylene

The history of man-made fibres began at the end of the 19th century with the first semi-synthetic or regenerated materials and although completely synthetic polymers were developed in the early 20th century, many fibres that are now in common use were not fully exploited until the 1960s and 1970s.

Polypropylene is a highly crystalline thermoplastic polymer produced by the chain growth polymerisation of propylene, a gas obtained from petroleum cracking. It has properties related to polyethylene but has a much higher melting temperature and is much stiffer. Polypropylene can be produced with different molecular chain structures under controlled conditions (stereo-specific) but only the "isotactic" form is produced in large quantities. Here the methyl side groups are arranged on the same side of the polymer chain.

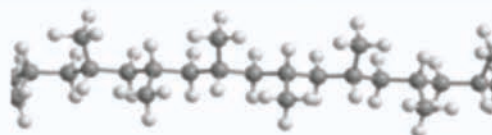
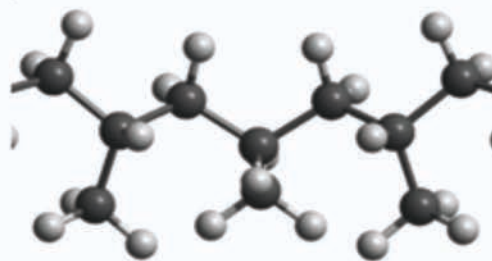
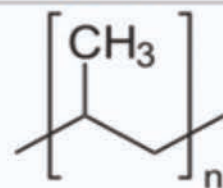
Isotactic polypropylene was discovered in 1954 by the Italian chemist Giulio Natta and his assistant Paulo Chini, working in conjunction with the Italian company Montecatini. Catalysts of the type invented by Karl Ziegler, the German chemist, for the production of polyethylene at ambient pressure were used.

Commercial production of polypropylene began in 1957 with Hercules Incorporated, Montecatini and Farbwerke Hoechst AG.

ICI produced polypropylene resin as Propathene in 1954.

Natta and Ziegler were awarded the Nobel Prize for Chemistry in 1963 in recognition of their work on "Ziegler-Natta" catalysts.

Polypropylene



Names

IUPAC name

Poly(1-methylethylene)

Other names

Polypropylene; Polypropene;
Polipropene 25 [USAN]; Propene polymers;
Propylene polymers; 1-Propene; [-CH₂-CH
(CH₃)-]_n

Identifiers

CAS Number	9003-07-0
ChemSpider	none
ECHA InfoCard	100.117.813

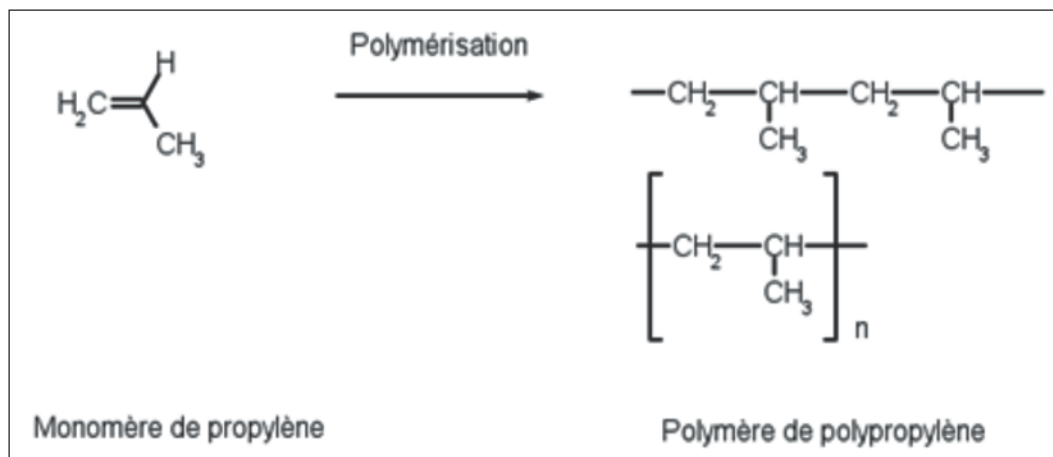
Properties

Chemical formula	(C ₃ H ₆) _n
Density	0.855 g/cm ³ , amorphous 0.946 g/cm ³ , crystalline
Melting point	130 to 171 °C (266 to 340 °F; 403 to 444 K)

Except where otherwise noted, data are given for materials in their **standard state** (at 25 °C [77 °F], 100 kPa).

Production

Polypropylene is produced by the chain-growth polymerization of propene :



The industrial production processes can be grouped into gas phase polymerization, bulk polymerization and slurry polymerization. All state-of-the-art processes use either gas-phase or bulk reactor systems.

- In gas-phase and slurry-reactors, the polymer is formed around heterogeneous catalyst particles. The gas-phase polymerization is carried out in a fluidized bed reactor, propene is passed over a bed containing the heterogeneous (solid) catalyst and the formed polymer is separated as a fine powder and then converted into pellets. Unreacted gas is recycled and fed back into the reactor.
- In bulk polymerization, liquid propene acts as a solvent to prevent the precipitation of the polymer. The polymerization proceeds at 60 to 80 °C and 30–40 atm are applied to keep the propene in the liquid state. For the bulk polymerization, typically loop reactors are applied. The bulk polymerization is limited to a maximum of 5% ethen as comonomer due to a limited solubility of the polymer in the liquid propene.
- In the slurry polymerization, typically C4–C6 alkanes (butane, pentane or hexane) are utilized as inert diluent to suspend the growing polymer particles. Propene is introduced into the mixture as a gas.

The properties of PP are strongly affected by its tacticity, the orientation of the methyl groups (CH₃) relative to the methyl groups in neighboring monomer units.

The tacticity of polypropylene can be chosen by the choice of an appropriate catalyst.

Industrial processes

Traditionally, three manufacturing processes are the most representative ways to produce polypropylene.

Hydrocarbon slurry or suspension : Uses a liquid inert hydrocarbon diluent in the reactor to facilitate transfer of propylene to the catalyst, the removal of heat from the system, the deactivation/removal of the catalyst as well as dissolving the atactic polymer. The range of grades that could be produced was very limited. (The technology has fallen into disuse).

Bulk slurry (or bulk) : Uses liquid propylene instead of liquid inert hydrocarbon diluent. The polymer does not dissolve into a diluent, but rather rides on the liquid propylene. The formed polymer is withdrawn and any unreacted monomer is flashed off.

Gas phase : Uses gaseous propylene in contact with the solid catalyst, resulting in a fluidized-bed medium.

Polypropylene is an important plastic and is used in many different forms and applications through a range of manufacturing processes. A large proportion of polypropylene is used in fibres as constituents of fabrics, upholstery and carpets. Many industrial uses involve ropes, woven and non-woven fabrics and reinforcements. Blow moulded containers, such as bottles for foods, shampoos and other liquids, form part of everyday experience. A wide range of injection moulded items exists in appliance housings, resistant containers, car components both interior and exterior applications, toys and furniture. The remarkable fatigue resistance properties of polypropylene has seen valuable applications in long life hinge designs in packaging containers and elsewhere.

Since the 1980s the production, consumption and applications of this polymer have increased through the application of even more efficient catalysts and property enhancements and today PP is the most common fibre used all over the world. The usefulness of PP depends on the retention of its properties during a prolonged service life. For instance, under mild conditions, unstabilised PP will retain its properties for long

periods of time. However in most applications, exposure to heat and light will occur which accelerates oxidative degradation. The properties that make PP widely used as a fibre do not prevent the fibre from deteriorating over time when exposed to daylight and UV radiation.

Through the process of compounding incorporation of suitable UV stabilisers and Anti-oxidants make PP to resist the effects of sun light / heat. Through compounding reinforcing agents like Glass fiber, fillers such as Minerals and other modifiers are added to make PP suitable for Myriad of applications. The process of Compounding made what PP is today – a versatile and a unique plastic.

Reference :

<https://en.wikipedia.org/>

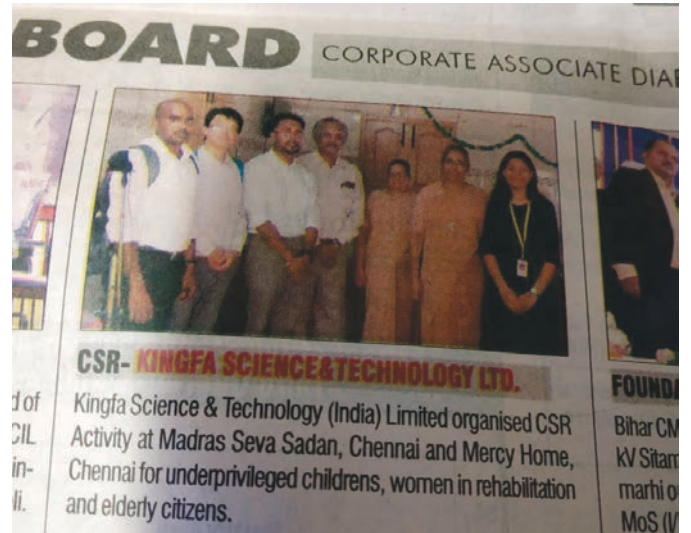
<http://plastiquarian.com/>

<https://www.incca.org/>

Recognition



CSR Snapshots



CSR Snapshots



कोळिय परिसरातील शाळना संगणकाचे वाटप

चासकमानः कोळिय (ता.खेड) येथिल जिल्हा परिषद प्राथमिक शाळा गाबरवाडी येथे भामनेर खो-यातील विविध शाळांना संगणक, प्रिंटर गटशिक्षणाधिकारी संजय नाईके यांच्या हस्ते प्रदान करण्यात आले. गटशिक्षणा अधिकारी यांच्या मार्गदर्शनाखाली सोमनाथ पाचपुते, सदिप कवाटे यांच्या प्रयत्नातुन किंफा सायन्स अँड टेक्नोलॉजी यांच्या वित्त सी.एस.आर फंडातुन कोळिये, वाकी तर्फे वाडा, गाबरवाडी, लादवड,आदी शाळांना स्मार्ट टी.व्ही देण्यात आले. तसेच तोरणे, कोळिये भिमनेर, चासकमान धरण परिसरातील काढेवाडी बुद्रुक आदी जिल्हा परिषद शाळांना संगणक, प्रिंटर देण्यात आल्यामुळे डिजिटल शाळा उपक्रमासाठी साहित्याचा महत्त्वपूर्ण उपयोग होणार आहे. यावेळी तालुकास्तरीय वक्तृत्व स्पर्धेत प्रथम क्रमांक अंनिता परदेशी, द्वितीय क्रमांक पांडुरंग आह्लाड, तसेच निबंध स्पर्धेत रसिका पानगे यांचा द्वितीय क्रमांक पटकवल्याने गटशिक्षणा अधिकारी नाईके यांच्या हस्ते सन्मान करण्यात आला. यावेळी कंपनीचे असिस्टंट मॅनेजर राहुल कदोरे, उद्योजक सचिन पानमंद, केंद्रप्रमुख भारती उबाळे, एकनाथ लांधी, सुरेश नाईकर, पतसंस्थेचे संचालक नारायण बोरकर, ईश्वर वाघमारे, शिवे केंद्रातील सर्व शाळांचे मुख्याध्यापक उपस्थित होते.

सकाक

पिंपरे खुर्दसह चार शाळांना
'किंगफा'तर्फे स्मार्ट टीव्ही

वाल्हे, ता. ९ : जिल्हा परिषद प्राथमिक शाळेतील विद्यार्थ्यांना शालेय शिक्षणाबरोबरच देश, तसेच जगभरातील घडणाऱ्या घडामोडींचे आकलन व्हावे, याकरिता पिंपरे खुर्द, वागदरवाडी, गुळुचे व नीरा येथील चार जिल्हा परिषद प्राथमिक शाळांना 'डिजिटल शाळा' उपक्रमांतर्गत स्मार्ट टी. व्ही. भेट देण्यात आले. यासाठी जेजुरी (ता. पुरंदर) जवळील एस.आय.डी.सी. येथील किंकाफा सायन्स अँड टेक्नॉलॉजी इंडिया लिमिटेड कंपनी पदाकार घेतला.

सामाजिक जाणिवेच्या भावनेतून किंगफा सायन्स अँड टेक्नॉलॉजी कंपनीचे सचिव निर्णय सुरू व निघा राय यांच्या हस्ते शाळांना एकेक स्मार्ट टीव्ही भेट देण्यात आला. याप्रसंगी कंपनीचे राहुल कुंभारे, अनिल रोकडे, केंद्रप्रमुख राजेंद्र कुंजीर, दिलीप थोपटे, राजेंद्र थोपटे, बाळासाहेब थोपटे, दादा बरकडे, अरुणा गरूड, भर्गारथ निगडे आदी उपस्थित होते. नवनाथ गायकवाड यांनी प्रास्ताविक केले. महादेव माळवदेकर यांनी सूत्रसंचालन, तर दिलीप थोपटे यांनी आभार मानले.



पिंपरे खुर्द (ता.पुंरंद) : वागदरवाडी जिल्हा परिषद प्राथमिक शाळेला स्मार्ट टी. व्ही. भेट देताना कंपनीचे सचिव निनॉय सर (उजवीकडून दसरे).

Pune, District-Today
10/04/2019 Page No. 7



किंगफा सायन्स अँड टेक्नोलॉजी यांच्या सीएसआर फंडातून कोळिये, वाकीतर्फे

जिल्हा परिषद शाळांना
विविध साहित्यांचे वाटप

लोकमत न्यूज नेटवर्क

आसखेड : जिल्हा परिषद प्राथमिक शाळांना शाळेचे शिक्षक सोमनाथ पाचपुते व संदीप कचाटे यांच्या प्रयत्नातून किंग्फा सायन्स अँड टेक्नोलॉजी यांच्या सीएसआर फंडातून कोळिये, वाकीतर्फे वाडा, गाबरवाडी, लादवड, या शाळांना स्मार्ट टीकी, तारोणे, कोळिये व कान्हेवाडी बुद्रुक या शाळांना संगणक व प्रिंटर प्रदान करण्यात आले.

या वेळी खेड तालुक्याचे
गटशिक्षणाधिकारी संजय नाईकडे

कंपनीचे असिस्टंट मॅनेजर राहुल कंधारे, निरमोय सुर (हेड एचआर कंपनी सेक्रेटरी), कुई वेई (असिस्टंट मॅनेजर), अनिल शेकाळे (एसआर ऑफिसर), निधी राय (एचआर एक्झिक्युटिव्ह), युवा उद्योजक सचिन पानमंद, केंद्रप्रमुख भारती उबाळे, एकनाथ लांधी, शिक्षक नेते सुरेश नाईक, नारायण घोरकर व आदर्श शिक्षक ईश्वर वाघमारे, सर्व शाळांचे मुख्याध्यापक उपस्थित होते.

सोमनाथ पाचपुते यांनी प्रास्ताविक केले. अनिता परदेशी यांनी सूत्रसंचालन केले. संदीप कचाटे यांनी आभार मानले.



खज्जद (ता. पुरंदर) : गोटेमाळ वस्तीवरील जिल्हा परिषद शाळेत स्मार्ट टीव्ही घेऊ देताना मान्यवर.

गोट्टेमाळ शाळेला स्मार्ट टीव्ही भेट

खल्लट, ता. ७ : जेजुरी (ता. पुरंदर) किल्ला कंपनीकडून खल्लट येथील गोटेमाळ जिल्हा परिषद प्राथमिक शाळेतल स्मार्ट टीव्ही बंद देण्यात आला. या वेळी कंपनीने कंपनी सचिव निर्मल सुठे, निधी राठी अजित शिंदे, वैजनास कामधे, सुरेश रासकर, मधुकर कडमये, लक्ष्मण कामधे, वैजु कामधे, ताराजी कडमये रमेश कामधे, वैजनास मधे, रमेश कामधे यांच्यासमवेत येऊन कंपनीकडून मिळालेले मते, नेमका कडमये

रेव्हा जाधव, भगवान कळंबे, राजेंद्र रासकर, लीमिथा रासकर, सुप्रिया कादंबरे उपस्थित होते. राहुल कुंभार, मुख्यअध्यक्ष विजय जाधव यांनी मनीषात स्वागत केले.

या वेळी महाशिरस शाळेसही एक क्वार्टर लीमिथा देण्यात आला. मुख्यअध्यक्ष सुधीर मेढरे यांनी लीमिथाकडून सुसर्वाचालन विजय जाधवा यांनी केले. चंद्रकला थोंडर यांनी आभार मानले.



भायचंइनगर- वासुली (ता. खेड) : शाळेला संगणक संघ देताना मान्यवर

भामचंद्रनगरच्या शाळेला
किंग-फाकडून ई-लर्निंग

अविनाश, ता. ७ : पाकपत्र
अखिलेगिक वसाहतीच्या दृष्ट्या
प्रत्येक दोनमधील विनाशका या
पंचवीसहून सौरमध्यार निमीजंतर्गत
नामधेनगर (ता. खेड) येथील
मिल्हा परिषद शाळेला एक ई-रान
संब, एक संगणक संघ तसेच वाहारी
गावठण्यातील मिल्हा परिषद शाळा व
अंगणवाडीसाठी प्रत्येकी एक संगणक
संघ देण्यात आले.

या वेळी विंग-पर कंपनीचे मनुष्यबळ विकास अधिकारी सुप्रीय सूर, राहुल कुंभारे, निधी राय, विशाल विंगळे, माजी उपस्थपंच सुरेश विंगळे-दिशमुख, केंद्रप्रमुख दिलीप ठोकेकर,

पोलिश घाटीत अमेरिकी पाचपुले,
दहावेक देशपुले, सविन पाचपुले,
मोनोच पाचपुले, खंडु निजिच, श्रीपती
निजिच, बरुच पाचपुले, मुळपाचपुले
रातित बरुचपुले, मुळा पाचपुले, रस्तापुले
पुले उजवित होले.

एच. आर. कुभारे म्हणाले,
"कुठिल काळान्त बरुचपुलेचा रोहडआर
निघीतु लोचकपाचपुले व लोचक
पोचकपुलेची जागीत जात निघी
दिला जातल." यांनी जसपुलेच सुरेश
निजिच-देवपुले यांनी प्रास्ताविक
केले. दहावेक पुले यांनी मुळपुलेचा
केले, बरुचपुलेच इटिप इतिक बरुच
आधार पाचपुले.

CSR Snapshots



CSR Snapshots



Snapshots of status in new Manufacturing Facility at Chakan, Pune



DIRECTORS' REPORT

Your Directors hereby present their 35th Annual Report along with Audited Financial Statements for the year ended March 31, 2019.

FINANCIAL RESULTS

(₹ in Lakhs)

Particulars	Year Ended March 31, 2019		Year Ended March 31, 2018	
Revenue from Operations				
Gross		70,152.45		61,783.37
Net of Excise Duty		70,152.45		60,164.24
Other Income		437.69		565.80
Profit before Finance Costs, Depreciation and Amortisation Expense & Tax Expenses		3,930.40		4,685.05
Finance Costs		207.24		204.02
Profit before Depreciation and Amortisation Expense & Tax Expenses		3,723.16		4,481.03
Depreciation and Amortisation Expense		800.80		622.30
Profit before Tax Expenses		2,922.36		3,858.73
Tax expenses - Current Tax	1,090.00		1,170.00	
- Deferred Tax	(73.15)	1,016.85	224.69	1,394.69
Profit after Tax Expenses		1,905.51		2,464.04
Balance brought forward		3,162.86		732.23
Other Comprehensive Income		14.43		(33.41)
Surplus carried forward		5,082.80		3,162.86

BUSINESS OPERATIONS

Your Company reported a top-line growth of 16.60% over the Previous Year. The Net Revenue from operations stood at ₹ 70,152.45 Lakhs compared with ₹ 60,164.24 Lakhs in the Previous Year. The Operating Profit before tax stood at ₹ 2,922.36 Lakhs as against ₹ 3,858.73 Lakhs in the Previous Year. The Net Profit for the year stood at ₹ 1,905.51 Lakhs against ₹ 2,464.04 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

The Board of Directors of your Company, after considering and keeping in view of setting up of Global Scale Manufacturing and Development Center at Chakan in Pune, has decided that it would be prudent, not to recommend any dividend for the year under review.

RESERVES

As on March 31, 2019 the reserves and surplus stood at ₹ 31,238.20 Lakhs as compared to ₹ 29,318.27 Lakhs as on March 31, 2018. Your Directors do not propose to transfer any amount to the reserves.

SHARE CAPITAL

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

FINANCE

Cash and cash equivalents as at March 31, 2019 was ₹5,310.25 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

We furnish below the progress at the new Manufacturing Facility at Chakan Industrial Area, Phase- 2, MIDC, Village – Vasuli - Shinde, Tal - Khed, Dist - Pune, India 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.

Factory – I

All Foundation and Basement Grid slab are in the finishing stage, Ground floor and Column work are in progress.

Factory – II

Civil work nearly to complete, Roofing, Carpentry, Plumbing & Painting work are in progress, Underground water tank construction finished with hydro testing and Machine Installation work started.

Warehouse

Civil work is in progress, PEB fabrication work completed, Installation work of rafter, purlin, wall cladding and roofing sheet started and also Internal Brick, Painting work started.

Infra, Utility work

Road Soling work, Rainwater harvesting pit work, External Plumbing, Compound wall work are all in progress.

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 Company has appointed independent professional audit firm to carry out internal audit at all its locations. The scope of its Internal Audit program is laid down by the Audit committee of the Board of Auditors. To maintain its objectivity and independence, the Internal Audit function reports to the Chairman of the Audit Committee of the Board and to the Managing Director.

The Internal Audit team monitors and evaluates the efficacy and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company. Based on the report of internal audit function, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and recommendations along with corrective actions thereon are presented to the Audit Committee of the Board of Directors.

REPORTING OF FRAUDS

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

CORPORATE SOCIAL RESPONSIBILITY

As a part of its initiative under the “Corporate Social Responsibility” (CSR) drive, the Company has undertaken projects which are in accordance with the Companies Act, 2013 and the Company's CSR policy. The Company is considering various proposals for undertaking projects primarily focused on health care, skill development, sports training, education, rural development, infrastructure development and projects directly benefitting the weaker sections of the society and elderly citizens for its ongoing CSR initiatives.

The company looks forward to meeting the budgeted expenditure by contributing in the various CSR activities mentioned above and strives to achieve the CSR goals through committed and structured projects and events. Though some projects have been financed, some are in the implementation stage to meet the CSR objectives of the Company.

The Report on CSR activities as required under the Companies (Corporate Social Responsibility Policy) Rules, 2014 is annexed as Annexure – I and forms an integral part of this Report.

ENVIRONMENT, HEALTH AND SAFETY

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

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

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

INDUSTRIAL RELATIONS

Industrial relations remained cordial during the year.

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

DIRECTORS

A. Changes in Directors

Mr.N.K.Ramaswamy, Whole-time Director designated as Chief Executive Officer has resigned as Director from the Board of the Company, due to personal reasons with effect from October 15, 2018. The Board wishes to place on record its appreciation of the valuable service rendered by him during his tenure in the Company.

The Board of Directors on the recommendation of the Nomination and Remuneration Committee, appointed Mr.D.Balaji (DIN 0008256342) as an Additional Director of the Company with effect from October 29, 2018 subject to approval of the Shareholders at the ensuing Annual General Meeting. The Board also appointed him as Whole-time Director of the Company designated as Executive Director, consented to retire by rotation, for a period of three years with effect from October 29, 2018. The Board recommends for the approval of the Members in the 35th AGM of your Company, the appointment of Mr.D.Balaji.

B. Rotation of Director

Your Director, Mr.Bo Jingen (DIN 06617986) retire by rotation and being eligible, offers himself for re-appointment. The Directors recommend Mr.Bo Jingen for re-appointment.

C. Reappointment of Independent Director

Pursuant to the provisions of the Companies Act, 2013 ("Act"), the shareholders in the 30th AGM of your Company held on 25th July, 2014 appointed Mr. N.Subramanian ((DIN : 03602858) as an Independent Non-Executive Director to hold office for five consecutive years for a term up to 15th May, 2019. Mr. N.Subramanian is eligible for re-appointment as an Independent Non Executive Director for a second term of five consecutive years and have given his consent for re-appointment.

Pursuant to the provisions of the Act, based on the recommendation of the Nomination and Remuneration Committee, the Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue his services and recommends for the approval of the Members through a Special Resolution in the 35th AGM of your Company, the re-appointment of Mr. N.Subramanian as an Independent Non-Executive Director for second term of five consecutive years from 16th May, 2019 upto 15th May, 2024.

D. Declaration by an Independent Director(s)

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

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

FAMILIARIZATION PROGRAM FOR INDEPENDENT DIRECTORS

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

NUMBER OF MEETINGS OF THE BOARD

During the year, four Board Meetings were convened and held on 28th May, 2018, 10th August, 2018, 29th October, 2018 and 29th January, 2019 and details of the same are given in the Corporate Governance Report which forms part of this Report.

COMMITTEES OF THE BOARD

The details of the various Committees of the Board i.e. Audit Committee, Nomination and Remuneration Committee, Stakeholder Relationship Committee and Corporate Social Responsibility Committee held during the Financial Year 2018 – 19 are provided in the Corporate Governance Report.

BOARD EVALUATION

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

NOMINATION AND REMUNERATION POLICY

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

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

- (i) that in the preparation of the Annual Accounts for the year ended 31st March, 2019, 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, 2019 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. 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. A Declaration regarding Compliance by Board Members and Senior Management Personnel is given at the end of this report.

WHISTLE BLOWER POLICY AND VIGIL MECHANISM

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

PREVENTION OF INSIDER TRADING

Pursuant to SEBI (Prohibition of Insider Trading) Regulations 2015 (The PIT Regulations), the Company has formulated and adopted a Code for Prevention of Insider Trading and the same has been uploaded on the website of the Company.

STATUTORY AUDITORS

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

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

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

There is no audit qualification for the year under review.

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

SECRETARIAL AUDIT

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

COST AUDIT

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

In compliance with the provisions of Section 148 of the Companies Act, 2013, the Board of Directors, on the recommendation of Audit Committee, have appointed Mr.K.Suryanarayanan, Cost Accountant (Registration Number 102347) as Cost Auditor to audit the cost accounts of the Company for the financial year 2019-20. As required under the Companies Act, 2013, a resolution seeking member's approval for the remuneration payable to the Cost Auditor forms part of the Notice convening the Annual General Meeting for their ratification.

EXTRACT OF ANNUAL RETURN

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

BUSINESS RISK MANAGEMENT

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

STATUTORY INFORMATION

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

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

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

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

Year	Date of declaration	No. of Shareholders	Total Unclaimed Dividend (₹)	Due date for transfer to IEPF Account
2011 – 2012 to 2017 - 2018	No Dividend declared		N.A.	

Transfer of Equity Shares to IEPF Demat Account

During the year under review, pursuant to Section 124 (6) of Act, and the Rules & Circulars notified thereunder, 58,767 Shares on which dividend was unclaimed/unpaid for seven years have been transferred to a demat account of the Investor Education and Protection Fund Authority (IEPF) Authority. Of the above, 53,526 Shares in the physical form and 5,241 Shares in dematerialised form. The details of the nodal officer can be accessed at www.kingfaindia.com. Shares which are transferred to the Demat Account of IEPFA can be claimed back by the shareholders from IEPFA by following the procedure prescribed under the rules. This complies with applicable SS1 Standards.

CORPORATE GOVERNANCE AND MANAGEMENT'S DISCUSSION & ANALYSIS REPORTS

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

ACKNOWLEDGEMENT

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

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

For and on behalf of the Board of Directors

BO JINGEN

D. BALAJI

Managing Director

Executive Director

Place : Chennai

Date : 28th May, 2019

ANNEXURE – I

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

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

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

The focus areas of our CSR initiatives are Promoting Education, Child Development, Girl Education, Enhancing Vocational Skills, Healthcare, Direct benefits to Weaker Sections of the Society for the Financial Year 2018-19.

The activities and funding are monitored internally by the Company.

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

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

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

The average Net Profit for the last three financial years is ₹ 2551.06 Lakhs.

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

The Company is required to spend ₹ 51.02 Lakhs towards CSR for the Financial Year 2018-2019.

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

- a. Total cumulative amount to be spent for the financial year : ₹ 62.53 Lakhs
- b. Amount unspent, if any: ₹ 48.61 Lakhs
- c. Manner in which the amount spent during the financial year are detailed below :

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

The details are as under :

(₹ In Lakhs)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S. No.	CSR Project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs were undertaken	Amount outlay (budget) project or program wise	Amount Spent on the projects or programs sub-heads : (1) Direct expenditure on projects (2) overheads	Cumulative expenditure upto to the reporting period	Amount spent : Direct or through implementing agency
1.	Encouragement & empowerment of children in Education Sector, Sports, promoting smart learning & Providing Vision to girl children & senior citizens towards better living standards.	Encouraging maintenance of hygiene & better living standards for Children and elders, along with inciting eagerness for sports.		₹ 20.00	₹ 1.38	₹ 1.38	Direct
	Donation of Medicines, light bulbs, water taps	Health & Hygiene	Mercy Home - Kilpauk, Chennai				
	Donation of sports goods and equipment.	Sports	Shri Ramakrishna Mission Home for Children - Chennai				

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Better living standard for girl Children- Donation of mattress, toiletries, clothes & stationery.	Essentials	Madras Seva Sadan- Harrington Road, Chennai				
2.	Improving access to Education & Sports for Children by promoting digital learning platform. Donation of computer sets, Table & Chairs for teachers	Education - E Learning	Vanur Govt. Hr. Secondary School, Vanur, Puducherry	₹ 20.00	₹ 3.94	₹ 3.94	Direct
	Improvement of Educational Infrastructure - Donation of Bench & desk, Table & Chairs for teachers.	Education	Government Primary School - Puducherry				
	Education through Digital learning- donation of Computer set & Smart TV	E-Learning	Panchayath union Primary School - Puducherry				
3.	Serving the society through contribution of Educational, infrastructure and digitalization needs.	Fulfilling Educational need : Donation of Smart TVs, computers & printers.	Gotemala Khalad School, Jejuri,	₹ 22.53	₹ 8.60	₹ 8.60	Direct

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Donation of Smart TVs and printers.	E-Learning	Malshiras School, Jejuri				
		E-Learning	Wagdarwadi School, Walhe, Jejuri				
		E-Learning	Pisurti School, Jejuri				
		E-Learning	Pimpare Khurd School, Jejuri				
		E-Learning	Nira School, Jejuri				
		E-Learning	Gulunche School, Jejuri				
		E-Learning	Jejuri Ambajichi Wadi, Jejuri				
		E-Learning	Jejuri Juni Jejuri				
		E-Learning	Jejuri Ambajichi Wadi, Jejuri				
	Infrastructure & better living - Donation of Uniform & Beds	Esstentials	Jiwan Vardhini Niwasi Matim and Vidyalaya				
	Community Service : Donation of Computers & Printer	Service	Police station - Jejuri				
		Service	Police Station- Chakan				
		E-Learning	Waki Primary School - Chakan				
		E-Learning	Koliye Primary school-Chakan				
		E-Learning	Gabarwadi Primary School- Chakan				
		E-Learning	Kanewadi Primary School- Chakan				
		E-Learning	Kalokhewadi Primary School- Chakan				
		E-Learning	Torane Primary School- Chakan				

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
		E-Learning	Ladvad Primary School - Chakan				
		E-Learning	Vanjariwasti Primary School- Chakan				
		E-Learning	Shinde Primary School- Chakan				
		E-Learning	Bhamchandre Wasuli School, Chakan				
		E-Learning	Gaonthan Wasuli School, Chakan				
		E-Learning	Asked School, Chakan				
TOTAL				₹ 62.53	₹ 13.92	₹ 13.92	

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 is considering various proposals for undertaking projects primarily focused on health care, skill development, sports training, education, rural development, infrastructure development and projects directly benefitting the weaker sections of the society and elderly citizens for its ongoing CSR initiatives.

The company looks forward to meeting the budgeted expenditure by contributing in the various CSR activities mentioned above and strives to achieve the CSR goals through committed and structured projects and events. Though some projects have been financed, some are in the implementation stage to meet the CSR objectives of the Company.

The above initiatives, when implemented, is expected to take care of the unspent amount of earlier year which was required to be incurred by the company to fulfill its obligations as per Section 135 of the companies Act, 2013 and also will go a long way in fulfilling the obligations of the company towards CSR 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 : 28th May, 2019
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., China	Shanghai Kingfa Sci & Tech. Dvpt. Co., Ltd.	Jiangsu Kingfa Sci. & Tech. Advanced Material Co., Ltd	Hongkong Kingfa Development Co., Ltd.	Tianjin Kingfa Advanced Materials Co., Ltd	KINGFA Sci. & Tech. (Europe) GmbH	KINGFA Sci. & Tech. (USA)
Nature of relationship	Holding Company	Subsidiary of Holding Company	Subsidiary of Holding Company	Subsidiary of Holding Company	Subsidiary of Holding Company	Subsidiary of Holding Company	Subsidiary of Holding Company
(b) Nature of contracts/arrangements/transactions	Buy / Sell	Buy / Sell	Buy / Sell	Buy / Sell	Buy / Sell	Buy / Sell	Buy / Sell
(c) Duration of the contracts / arrangements / transactions	01/04/2018 to 31/03/2019	01/04/2018 to 31/03/2019	01/04/2018 to 31/03/2019	01/04/2018 to 31/03/2019	01/04/2018 to 31/03/2019	01/04/2018 to 31/03/2019	01/04/2018 to 31/03/2019
(d) Salient terms of the contracts or arrangements or transactions including the value, if any:	Purchase / Sale of Materials 3,951.97 / Nil	Purchase / Sale of Materials 64.01 / 99.29	Purchase / Sale of Materials 1,020.24 / Nil	Purchase / Sale of Materials Nil / Nil	Purchase / Sale of Materials 135.5 / Nil	Purchase / Sale of Materials Nil / Nil	Purchase / Sale of Materials Nil / 224.22
(e) Date(s) of approval by the Board, if any:	Since these RPTs are in the ordinary course of business and are at arms length basis, omnibus approval obtained from the Audit Committee at its Meeting held on 28/05/2018 and approval obtained from the Board at its Meeting held on 28/05/2018. Also, Shareholder's approval obtained at the 34th AGM held on 27/09/2018 for material related party transaction with the Holding Company which are in the ordinary course of business and are at arms length basis.						
(f) Amount paid as advances, if any:	Nil	Nil	Nil	Nil	Nil	Nil	Nil

For and on behalf of the Board of Directors

Place : Chennai
Date : 28th May, 2019

BO JINGEN
Managing Director

D. Balaji
Executive Director

ANNEXURE - III to Board's Report

Form No. MR-3

SECRETARIAL AUDIT REPORT

For The Financial Year Ended On 31st March, 2019

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

To,

The Members,

KINGFA SCIENCE & TECHNOLOGY (INDIA) LIMITED,

Dhun Building, III Floor,

827, Anna Salai,

Chennai - 600 002.

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

Based on my verification of Kingfa Science & Technology (India) Limited books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on March 31, 2019 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, 2019 according to the provisions of:

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

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

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

I further report that

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

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

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

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

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

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

VAISHNAV ASSOCIATES

Practicing Company Secretary

S.Vaishnav

Place : Chennai

ACS/FCS No.8675

Date : May 28, 2019

C P No.: 11392

Annexure "A"

(To the Secretarial Audit Report of M/s.Kingfa Science & Technology (India) Limited for the financial year ended 31-03-2019)

To

The Members

Kingfa Science & Technology (India) Limited

The Secretarial Audit Report for the Financial Year ended 31 March 2019 is to be read along with this Annexure A

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

4. Where ever required, I have obtained the management representation about the compliance and law, rules and regulation and happening of events etc.

5. The compliance of the provisions of corporate and other applicable laws, rules, regulation, standards is the responsibility of the management. My examination was limited to the verification of procedure on test basis.

6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor the effectiveness with which the management has conducted the affairs of the company.

VAISHNAV ASSOCIATES

Practicing Company Secretary

S.Vaishnav

Place : Chennai

ACS/FCS No.8675

Date : May 28, 2019

C P No.: 11392

FORM NO. MGT-9
EXTRACT OF ANNUAL RETURN
 As on Financial Year ended on 31.03.2019

[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)

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

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Foreign Holding Company

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

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

(i) Category-wise Shareholding

Category Code	Category of Shareholder	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A.	SHAREHOLDING OF PROMOTER AND PROMOTER GROUP									
(1)	Indian									
a)	Individual/Hindu Undivided Family	0	0	0	0.00	0	0	0	0.00	0.00
b)	Central Government/ State Governments	0	0	0	0.00	0	0	0	0.00	0.00
c)	Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
d)	Financial Institutions / Banks	0	0	0	0.00	0	0	0	0.00	0.00
e)	Any other (Specify)	0	0	0	0.00	0	0	0	0.00	0.00
	Sub Total A(1)	0	0	0	0.00	0	0	0	0.00	0.00
(2)	Foreign									
a)	Individual (Non resident Individuals / Foreign individuals)	0	0	0	0.00	0	0	0	0.00	0.00
b)	Bodies Corporate	9082214	0	9082214	74.99	9082214	0	9082214	74.99	0.00
c)	Institutions	0	0	0	0.00	0	0	0	0.00	0.00
d)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
e)	Any other (Specify)	0	0	0	0.00	0	0	0	0.00	0.00
	Sub Total A(2)	9082214	0	9082214	74.99	9082214	0	9082214	74.99	0.00
	Total shareholding of Promoter and Promoter Group (A) = (A)(1) + (A)(2)	9082214	0	9082214	74.99	9082214	0	9082214	74.99	0.00
B	Public Shareholding									
(1)	Institutions									
a)	Mutual Funds / UTI	0	0	0	0.00	0	0	0	0.00	0.00
b)	Financial Institutions / Banks	1250	200	1450	0.01	20	0	20	0.00	(0.01)
c)	Central Government/ State Governments	0	0	0	0.00	0	0	0	0.00	0.00
d)	Venture capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
e)	Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
f)	Foreign Institutional Investors	0	0	0	0.00	0	0	0	0.00	0.00
g)	Foreign Venture Capital Investors	0	0	0	0.00	0	0	0	0.00	0.00
h)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
i)	Foreign Port Folio Investor - Corporate	793271	0	793271	6.55	793471	0	793471	6.55	0.00
j)	Any other	0	0	0	0.00	0	0	0	0.00	0.00
	Sub Total B(1)	794521	200	794721	6.56	793491	0	793491	6.55	(0.01)

(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	
(2)	Non-Institutions									
a)	Bodies Corporate	155342	746	156088	1.29	119011	501	119512	0.99	(0.30)
b)	Individuals									
(i)	Individual Shareholders holding Nominal Share Capital upto ₹ 1 Lakh	1453310	121538	1574848	13.00	1473225	57485	1530710	12.64	(0.36)
(ii)	Individual Shareholders holding Nominal Share Capital in excess of ₹ 1 Lakh	446309	21588	467897	3.86	458345	21588	479933	3.96	0.10
c)	Qualified Foreign Investor									
d)	Any other									
d(i)	CLEARING MEMBER	2485	0	2485	0.02	8306	0	8306	0.07	0.05
d(ii)	CORPORATE CM/TM - CLIENT MARGIN A/C	22585	0	22585	0.19	29691	0	29691	0.25	0.06
d(iii)	IEPF	0	0	0	0.00	58767	0	58767	0.49	0.49
d(iv)	CORPORATE CM/TM-COLLATERAL ACCOUNT	2573	0	2573	0.02	1136	0	1136	0.01	(0.01)
d(v)	CORPORATE CM/TM-PROPRIETARY ACCOUNT	4928	0	4928	0.04	4058	0	4058	0.03	(0.01)
d(vi)	CORPORATE BODY-LIMITED LIABILITY PARTNER	132	0	132	0.00	433	0	433	0.00	0.00
d(vii)	LIMITED LIABILITY PARTNERSHIP	1425	0	1425	0.01	1645	0	1645	0.01	0.00
d(viii)	TRUST	565	0	565	0.00	565	0	565	0.00	0.00
	Sub Total B(2)	2089654	143872	2233526	18.44	2155182	79574	2234756	18.45	0.01
	Total Public Shareholding (B)= (B)(1)+(B)(2)	2884175	144072	3028247	25.01	2948673	79574	3028247	25.01	0.00
	TOTAL (A) + (B)	11966389	144072	12110461	100.00	12030887	79574	12110461	100.00	0.00
C	Shares held by Custodians and against which Depository Receipts have been issued									
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
	Grand Total (A) + (B) + (C)	11966389	144072	12110461	100.00	12030887	79574	12110461	100.00	0.00

(ii) Shareholding of Promoters

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	% 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	9082214	74.99	-	9082214	74.99	-
	TOTAL	9082214	74.99	-	9082214	74.99	-
							% Change during the year
							0.00
							0.00

(iii) Change in Promoters Shareholding

Particulars	Shareholding at the beginning of the year			Increase / Decrease		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company	% of total shares of the Company
Date wise Increase / Decrease in Promoters Shareholding during the year							
KINGFA SCI. AND TECH. CO. LTD							
PAN : AAFCK0816Q							
Opening Balance as on 01/04/2018	9082214	74.99					
Closing Balance as on 31/03/2019				No Change		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	% of total shares of the Company	No. of Shares	% of total shares of the Company	% of total shares of the Company
1	HONGKONG VICTORY INVESTMENT CO LIMITED	765100	6.318		765100	6.318	
2	MUKUL MAHAVIRPRASAD AGRAWAL	140000	1.156		140000	1.156	
3	V RAJUMARI	139492	1.152		126757	1.047	
4	DARSHAN DILIP BABOO	37528	0.310		39800	0.329	
5	AMIT GUNCHANDRA MEHTA	28969	0.239		28969	0.239	
6	JINENDRA KUMAR JAIN	0	0.000		29000	0.239	
7	SRIKALA RAVIKUMAR	21588	0.178		21588	0.178	
8	INDIA MAX INVESTMENT FUND LIMITED	19356	0.160		19556	0.161	
9	PRABHUDAS LILLADHER FINANCIAL SERVICES PVT. LTD.	32509	0.268		18835	0.156	
10	KAUSHAL DILIP BABOO	11572	0.096		13687	0.113	

(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
DIRECTORS					
1.	Mr. Bo Jingen, Managing Director				
	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	-	-	-	-
2.	Mr. Wu Xiaohui, Whole-time Director				
	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	-	-	-	-
3.	Mr. N.Subramanian, Independent Director				
	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	-	-	-	-
4.	Mr. Dilip Dinkar Kulkarni, Independent Director				
	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	-	-	-	-
5.	Mr. N.K. Ramaswamy, WTD / Chief Executive Officer (Upto 15.10.2018)				
	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	-	-	-	-
6.	Ms. Nilima Ramrao Shinde, Independent Director				
	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	-	-	-	-
7.	Mr.D.Balaji, WTD / Executive Director (w.e.f. 29.10.2018)				
	At the beginning of the year	255	0.00	255	0.00
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	No Change			
	At the End of the year			255	0.00

Sl. No.	Shareholding of each Directors and Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
KEY MANAGERIAL PERSONNEL					
1.	Mr. Xie Dongming, Chief Financial Officer				
	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	-	-	-	-
2.	Mr. Nirnoy Sur, Company Secretary				
	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
Indebtedness at the beginning of the financial year				
i) Principal Amount	-	1,561.06	-	1,561.06
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	20.95	-	20.95
Total (i+ii+iii)	-	1,582.01	-	1,582.01
Change in Indebtedness during the financial year				
• Addition	-	192.82	-	192.82
• Reduction	-	-	-	-
Net Change	-	192.82	-	192.82
Indebtedness at the end of the financial year				
i) Principal Amount	-	1,660.11	-	1,660.11
ii) Interest due but not paid	-	91.51	-	91.51
iii) Interest accrued but not due	-	23.21	-	23.21
Total (i+ii+iii)	-	1,774.83	-	1,774.83

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 (Upto 15.10.2018)	Mr. D. Balaji - WTD / ED (w.e.f. 29.10.2018)	
1.	Gross salary					
	(a) Salary as per provisions contained in section 17(1) of the Income-Tax Act, 1961	20.16	18.82	27.06	11.22	77.26
	(b) Value of perquisites u/s 17 (2) Income -Tax Act, 1961	2.70	2.52	0.16	-	5.38
	(c) Profits in lieu of salary under section 17(3) Income-Tax Act, 1961	-	-	-	-	-
2.	Stock Option	-	-	-	-	-
3.	Sweat Equity	-	-	-	-	-
4.	Commission					
	- as % of profit	-	-	-	-	-
	- others, specify...	-	-	-	-	-
5.	Others, please specify- Performance Incentive	-	-	-	13.36	13.36
	Total (A)	22.86	21.34	27.22	24.58	96.00
	Ceiling as per the Act					344.44

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	3.75	3.60	3.75	11.10
	- Commission	-	-	-	-
	- Others, please specify	-	-	-	-
	Total (1)	3.75	3.60	3.75	11.10
2.	Other Non-Executive Director				
	- Fee for attending board / committee meetings	-	-	-	-
	- Commission	-	-	-	-
	- Others, please specify	-	-	-	-
	Total (2)	-	-	-	-
	Total (B) = (1+2)	3.75	3.60	3.75	11.10
	Total Managerial Remuneration				11.10
	Overall Ceiling as per the Act				344.44

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	18.07 - -	16.80 2.25 -	34.87 2.25 -
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission - as % of profit - others, specify...	- -	- -	- -
5.	Others, please specify	-	-	-
	Total	18.07	19.05	37.12

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)
A. COMPANY					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
B. DIRECTORS					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
C. OTHER OFFICERS IN DEFAULT					
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, 2019 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. Air line Jenetics solenoid valves are replaced with air leakage proof Asco Pneumatic Valve that prevent air leakages and increasing the air compressor efficiency that reduce power consumption in Jejuri Plant.
2. Optimised the extruder heater ON/OFF frequency by making the minimum ON/OFF band within 5 deg. from 10 deg. in Jejuri Plant.
3. In the shop floor, tube lights and plant highway lights were replaced with LED lights resulting in reduction of electricity power in all Plants.
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
- Our key area of focus, being a material solution provider is to deliver the evolving requirements of the customers/end users of our material by developing formulations at optimal cost that help customers design and manufacture products that are successful in the market place. The requirement from customers are material with greater strength, gloss, scratch resistance, avoidance of post molding operations, ease of assembly, environment friendly (energy consumption), processing flexibility among other requirements. Manufacturing methods like multiple controls and feeding options, blending and mixing techniques have enable us to modify the material properties and performance of our material solutions. Our R&D focus continues to develop grades which deliver these performance needs effectively and optimal cost. Our

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

(ii) Imported Technology : Not applicable

(iii) Expenditure on R & D (₹ in Lakhs)

(a) Capital	-	66.42
(b) Recurring	-	323.06

Total - 389.48

(C) FOREIGN EXCHANGE EARNINGS & OUTGO

(₹ in Lakhs)

Foreign Exchange Earnings	-	324.59
Foreign Exchange Outgo	-	25,015.13

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

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

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

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

Mr. Bo Jingen (Managing Director)	5.87:1
Mr. Wu Xiaohui (Whole-time Director)	5.47:1
Mr. N.K.Ramaswamy (WTD / Chief Executive Officer) (Resigned effective from October 15, 2018)	14.64:1
Mr. D. Balaji (WTD / Executive Director) (Inducted from October 29, 2018)	19.46:1

- (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 20%.

- (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 195 as of 31.03.2019.
- (v) Affirmation that the remuneration is as per the remuneration policy of the company:
YES
- For and on behalf of the Board of Directors
- BO JINGEN
Managing Director
- D. Balaji
Executive Director
- Place : Chennai
Date : 28th May, 2019

CORPORATE GOVERNANCE REPORT

The Directors present the Company's Report on Corporate Governance for the year ended March 31, 2019, in terms of Regulation 34(3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements, 2015 ("The Listing Regulations").

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.

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.

2) Board of Directors

Composition

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

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

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

Meetings

During the year 2018 - 19, the Board met 4 times on 28th May, 2018, 10th August, 2018, 29th October, 2018 and 29th January, 2019. The last AGM was held on 27th September, 2018.

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, 2019.

Name of the Director	Category	No. of Board Meetings Attended	Attendance at the Last AGM	Directorships in other Boards		Committee(s) @ Membership (Inclusive of Kingfa India)	
				Directorships	Chairmanships	Memberships	Chairmanships
Mr. Bo Jingen (DIN 06617986)	NI-EX	4	Yes	-	-	1	-
Mr. Wu Xiaohui (DIN 06617977)	NI-EX	3	Yes	-	-	-	-
Mr. N.K.Ramaswamy (DIN 07339610)	NI-EX	2	Yes	Resigned effective from October 15, 2018			
Mr. N.Subramanian (DIN 03602858)	IN-NE	4	Yes	2	-	3	2
Mr. Dilip Dinkar Kulkarni (DIN 07272118)	IN-NE	4	Yes	-	-	1	-
Ms. Nilima Ramrao Shinde (DIN 07646156)	IN-NE	4	Yes	-	-	2	-
Mr. D.Balaji (*) (DIN 08256342)	NI-EX	2	N.A.	-	-	-	-

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

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

(*) Inducted from October 29, 2018.

None of the Directors are related to each other.

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

Independent Directors

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

Board Procedure

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

- operating plans, capital budgets.
- quarterly results of the company.
- risks faced and steps taken to mitigate / minimize the risks, if any.

- minutes of meeting of audit committee and other committees.
- information on recruitment and remuneration of senior officers just below the level of board of directors, including appointment or removal of Chief Financial Officer and the Company Secretary.
- significant developments in the industrial and human relations front.
- materially important show cause, demand and penalty notices and prosecutions, if any.
- fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.

- materially relevant defaults in financial obligations to and by the company or substantial non payment for goods sold by the company.
- foreign exchange exposure and steps taken by management to limit the risks of adverse exchange rate movement.
- any issue, which involves possible public or product liability claims of substantial nature, including any judgement order.
- details of any joint venture or collaboration agreement.
- transactions that involve substantial payment towards goodwill, brand equity, or intellectual property.
- proposals for diversification, investment, disinvestments and restructuring; and
- non-compliance with any regulatory or statutory provision or listing requirements as well as shareholder services.

Information placed before the Board

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

Number of Independent Directorships

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

Familiarisation Programmes for Board Members

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

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

The details of such familiarization programmes for Independent Directors of the Company are posted on the website of the Company viz. www.kingfaindia.com.

3) Audit Committee

Terms of reference

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

A. Powers of Audit Committee

The Audit Committee shall have powers, including the following:

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

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

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

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

- iii. Major accounting entries involving estimates based on the exercise of judgment by management;
- iv. Significant adjustments made in the financial statements arising out of audit findings;
- v. Compliance with listing and other legal requirements relating to financial statements;
- vi. Disclosure of any related party transactions;
- vii. Modified opinion(s) in the draft audit report;
5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
7. Reviewing and Monitoring the auditor's independence and performance, and effectiveness of audit process;
8. Approval or any subsequent modification of transactions with related parties;
9. Scrutiny of inter-corporate loans and investments;
10. Valuation of undertakings or assets, wherever it is necessary;
11. Evaluation of internal financial controls and risk management systems;
12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
14. Discussion with internal auditors any significant findings and follow up there on;
15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;

16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors;
18. To review the functioning of the Whistle Blower mechanism;
19. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate;
20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

Further, the Audit Committee shall mandatorily review the following information:

- Management discussion and analysis of financial condition and results of operations;
- Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
- Management letters / letters of internal control weaknesses issued by the statutory auditors;
- Internal audit reports relating to internal control weaknesses; and
- The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee.
- Statement of deviations.

Presently, it comprises three Non-Executive Directors - all of whom are independent. The Members of the Committee have exposure to Finance, Accounts, Company Law and General Business Practices.

The Composition of the Audit Committee are as under:

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

Meetings

During the financial year 2018 - 19, four Audit Committee Meetings were held on 28th May, 2018, 10th August, 2018, 29th October, 2018 and 29th January, 2019.

Attendance

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

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

4) Nomination and Remuneration Committee

Terms of reference

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

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

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

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

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

- 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

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 2018 - 19, two meetings of the Nomination and Remuneration Committee were held on 29th October, 2018 and 29th January, 2019 and it was attended by all the four Members.

Remuneration policy

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

Remuneration of Directors

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

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

The term of office of Mr.Bo Jingen as Managing Director and Mr.Wu Xiaohui as Whole-time Director expires on February 26, 2020 and both of them have consented to retire by rotation.

Mr.D.Balaji was appointed as Whole-time Director of the Company designated as Executive Director, consented to retire by rotation, for a period of three years with effect from October 29, 2018.

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

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

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

The Board of Directors through resolution dated 28th May 2018 increased the Sitting fees payable to the Non - Executive Directors / Independent Directors for every Meeting of the Board and Committees of the Board attended by them.

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

The details of the remuneration paid / payable to the Directors for the year 2018 - 19 together with sitting fees paid and the shareholding held by the Non Executive Directors as on 31st March, 2019 are as under :

Managing Director / Whole-time Directors

(₹ in Lakhs)

Name of Director	Salary	Perquisites	Commission	Performance Incentive	Total
Mr. Bo Jingen	20.16	2.70	-	-	22.86
Mr. Wu Xiaohui	18.82	2.52	-	-	21.34
Mr. N.K.Ramaswamy (*)	27.06	0.16	-	-	27.22
Mr. D.Balaji @	11.22	-	-	13.36	24.58

(*) Resigned effective from October 15, 2018

@ Inducted from October 29, 2018

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	3.75	Nil	Nil
Mr. Dilip Dinkar Kulkarni	3.60	Nil	Nil
Ms. Nilima Ramrao Shinde	3.75	Nil	Nil

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

Performance Evaluation

Pursuant to the provisions of the Companies Act, 2013 and Regulation 17 of the Listing Regulations, the Board has carried out the performance evaluation of its own performance, its Committees and Directors individually. A structured questionnaire was prepared covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance. The performance evaluation was then discussed and noted.

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

5) Stakeholder Relationship Committee

Terms of Reference

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

The Composition of the Stakeholder Relationship Committee are as under:

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

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

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

Meetings

During the year 2018 - 19, the Stakeholder Relationship Committee met four times on 28th May, 2018, 10th August, 2018, 29th October, 2018 and 29th January, 2019.

Attendance

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

The Company confirms that there were no share transfers pending for approval as on 31st March, 2019 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 2018 – 19 and there are no complaints pending to be resolved as on 31st March, 2019.

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
(Resigned effective from October 15, 2018)
- C) Mr. Wu Xiaohui - Member
- D) Mr. D.Balaji - Member
(Inducted from October 29, 2018)

Meeting and Attendance

The Committee met one time during the financial year 2018 – 19 on 29th January, 2019 and it was attended by two Members, Mr. Dilip Dinkar Kulkarni and Mr. D. Balaji.

7) Independent Directors' Meeting

During the year under review, the Independent Directors met on 29th January, 2019 inter alia, to:

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

All the Independent Directors were present at this Meeting.

8) General Body Meetings

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

Financial Year Ended	Date	Time	Venue
31.03.2018	27.09.2018	10.00 a.m.	Raj Park Chennai, 'Ruby Hall', 180, T.T.K.Road, Alwarpet, Chennai – 600 018.
31.03.2017	25.09.2017	11.30 a.m.	Raj Park Chennai, 'Summit Hall', 180, T.T.K.Road, Alwarpet, Chennai – 600 018.
31.03.2016	15.09.2016	11.30 a.m.	Raj Park Chennai, 'Summit Hall', 180, T.T.K.Road, Alwarpet, Chennai – 600 018.

(B) Details of Special Resolutions passed at the last three Annual General Meetings:

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

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

II. 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.

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

a) Adoption of new set of Articles of Association.

(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 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. Shareholder's approval also obtained in the 34th AGM held on 27th September, 2018 for material Related Party Transactions with Kingfa Sci. & Tech. Co., Ltd., Guangzhou, China and a statement in summary form of transactions with them in the ordinary course of business and arm's length basis is placed before the Audit Committee and the Board.

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 (Prohibition of Insider Trading), Regulations.
This code is applicable to Promoter, all Directors, Designated Employees, Connected and Specified persons having access to unpublished price sensitive information.
The Company has also formulated 'The Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information' in compliance with SEBI (Prohibition of Insider Trading), Regulations. This Code is displayed on the Company's website viz. www.kingfaindia.com
 - 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.
 - Where the board had not accepted any recommendation of any committee of the board which is mandatorily required, in the relevant financial year.
Not Applicable
 - Disclosure under Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013
As required by the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 and the Rules made thereunder, the Company has formulated and implemented a policy on prevention of sexual harassment at the workplace with a mechanism of lodging complaints. The Company has not received any complaint under this policy during the year under review.
 - 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
Date
Time
Venue
- c) Financial Year : 1st April to 31st March
- d) Financial Calendar for 2019 – 2020:

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

First Quarter Results (30th June, 2019)	on or before August 14, 2019
Second Quarter Results (30th September, 2019)	on or before November 14, 2019
Third Quarter Results (31st December, 2019)	on or before February 14, 2020
Fourth Quarter Results (31st March, 2020)	before end of May, 2020
Annual General Meeting (2019-2020)	In accordance with Companies Act, 2013

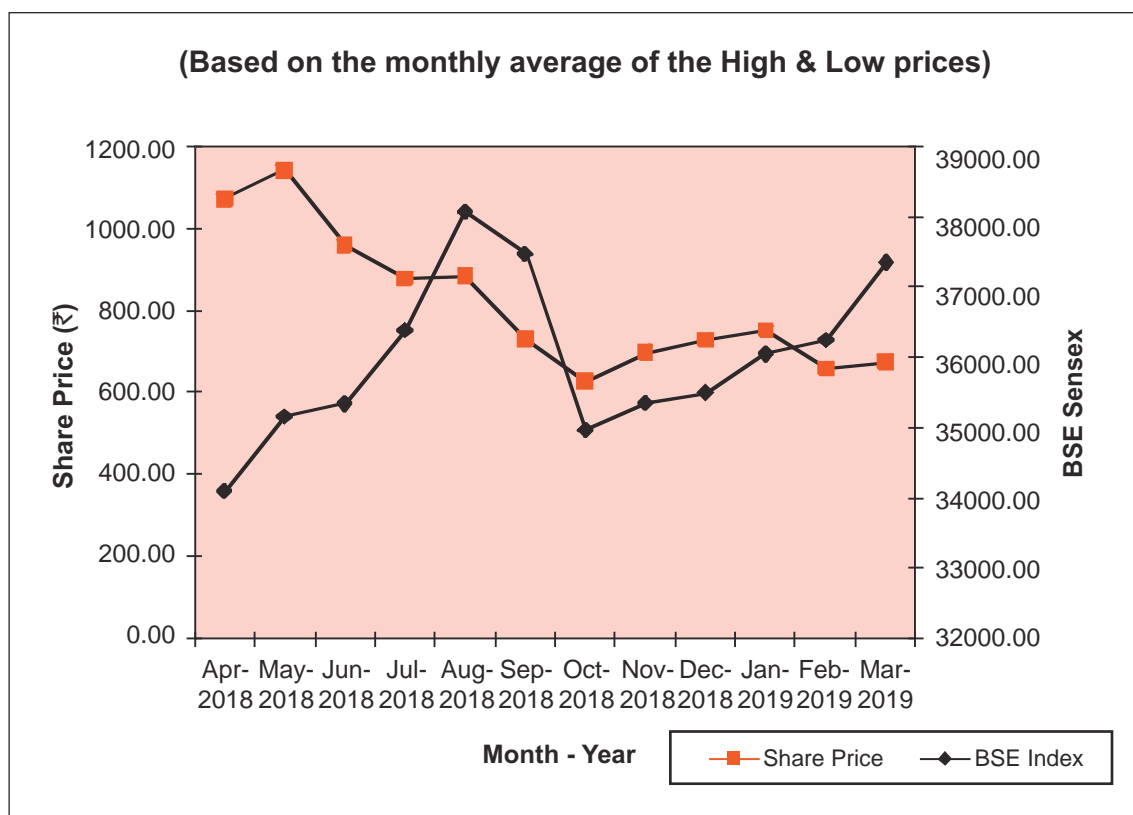
- e) Date of Book Closure : Details are given in the notice of the Annual General Meeting which is forming part of the Annual Report of the Company.
- f) Dividend Payment Date : Equity Shares – Not Applicable
- g) Listing on Stock Exchanges
- | | |
|--|--------|
| (1) BSE Limited (BSE) | 524019 |
| (Scrip ID – KINGFA) | |
| Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai - 400 001. | |
| (2) National Stock Exchange of India Limited (NSE) | KINGFA |
| Exchange Plaza,
Bandra Kurla Complex,
Bandra East, Mumbai - 400051 | |
| Demat ISIN No. for CDSL and NSDL is INE473D01015. | |
| The Listing fees to BSE and NSE have been paid. | |

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

(in ₹)

Month	Year	BSE		NSE	
		High	Low	High	Low
April	2018	1,258.20	882.30	1,262.50	880.00
May	2018	1,299.95	985.05	1,309.95	1,013.80
June	2018	1,044.75	870.00	1,046.00	874.10
July	2018	953.00	800.00	959.95	814.05
August	2018	950.00	815.00	951.10	816.00
September	2018	882.00	573.50	870.00	566.90
October	2018	698.70	550.20	690.00	547.00
November	2018	801.15	591.00	810.00	582.25
December	2018	796.95	656.05	786.60	655.00
January	2019	817.90	680.00	815.00	681.30
February	2019	719.85	592.05	727.60	584.05
March	2019	713.90	631.20	718.00	625.55

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 31.03.2019.
- i) Distribution of Shareholding

CATEGORY	SHAREHOLDERS		SHARES	
	NUMBER	% TO TOTAL	NUMBER	% TO TOTAL
Upto 2500	8782	98.75	1277816	10.55
2501 - 5000	62	0.70	218381	1.80
5001 - 10000	30	0.34	200247	1.65
10001 – 20000	11	0.12	147121	1.21
20001 – 30000	2	0.02	57969	0.48
30001 – 40000	1	0.01	39800	0.33
40001 – 50000	0	0.00	0	0.00
50001 – 100000	1	0.01	58767	0.49
100000 & above	4	0.04	10110360	83.48
TOTAL	8893	100.00	12110461	100.00

ii) Shareholding Pattern

CATEGORY	HOLDERS	SHARES	VOTING STRENGTH (PERCENTAGE)
Promoter	1	9082214	74.99
Non-Resident Individuals / OCBs	305	116661	0.96
Foreign Port Folio Investor – Corporate / Foreign National	4	793781	6.55
Bodies Corporate	145	119945	0.99
FIs/Mutual Funds/Banks	1	20	0.00
Resident Individuals	8353	1893672	15.64
Others	84	104168	0.86
Total	8893	12110461	100.00

m) Dematerialisation of Shares & liquidity

The shares of the Company can be held and traded in electronic form. As on March 31, 2019, 99.31% of the Company's total equity shares representing 1,20,30,887 shares were held in dematerialised form and the balance 0.65% representing 79,574 shares in the physical form.

n) Outstanding GDRs / ADRs / Warrants

or any Convertible instruments, - Nil
conversion date and likely impact on equity

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.

- Modified Thermoplastics

(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

Managing Director

D. BALAJI

Executive Director

Place : Chennai

Date : 28th May, 2019

CERTIFICATE OF COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS

(As per clause C of Schedule V of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015 read with regulation 34(3) of the said Listing Regulation)

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

I have examined compliance of conditions of Corporate Governance by Kingfa Science & Technology (India) Limited, ("the Company") for the year ended on March 31, 2019, as referred to in regulation 15(2) read with clause C of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Hereinafter, collectively referred to as the "Listing Regulations") read with Regulation 34(3) of the said Listing Regulations for the year ended on March 31, 2019.

The compliance of conditions of Corporate Governance is the responsibility of the management. My examination was limited to procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. In my opinion, and to the best of my knowledge and information and according to the explanations given to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Regulations.

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 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
Shaswati Vaishnav
ACS: 11392 CP No : 8675

Place : Chennai
Date : May 28, 2019

CERTIFICATE OF NON DISQUALIFICATION OF DIRECTORS

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

As required by clause 10(i) of Part C of Schedule V of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations 2015, I certify that none of the Directors on the Board of Kingfa Science & Technology (India) Limited have been debarred or disqualified from being appointed or continuing as directors of Companies by the Board/SEBI/Ministry of Corporate Affairs or any such statutory authority.

VAISHNAV ASSOCIATES
Practicing Company Secretary
Shaswati Vaishnav
ACS: 11392 CP No: 8675

Place : Chennai
Date : May 28, 2019

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 31st March, 2019 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, 2019

BO JINGEN
Managing Director

XIE DONGMING
Chief Financial Officer

MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT

A) INTRODUCTION

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

B) ECONOMIC SCENARIO

This year's economic situation was governed more by International trade relations between business powers than any other specific issue. During the year the fluctuation in oil prices and the exchange rate adversely affected the performance of most of the companies. This was more acute for companies who were dependent on imports. In a nutshell we can say the economic situation was little unpredictable.

In spite of this scenario, India continues to remain 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 in the previous years. The growth of the economy remains one of the robust globally which is commendable in spite of headwinds like GST switch over, raising Oil prices and exchange rate. Being close

to the elections, lot of caution is seen in major economic expansion activities.

With major initiatives and changes behind us and focus on ease of doing business, digitization and consolidation, we feel that the growth engine would keep chugging on with speed irrespective of how the Global economic scenario/tensions unfold. India has clearly emerged as the fastest growing major economy in the world and is expected to be one of the top three economic powers of the world over the next 10-15 years, backed by its strong democracy and partnerships.

C) INDUSTRY STRUCTURE AND DEVELOPMENTS

During the year under review, the normal festival boost for automotive and appliances was not the same as that in previous years. The industry was feeling the pressure on the cost front everywhere and also built up inventory and bringing down the manufacturing though PMI peaked at 54.3 during Feb'19. The multiple initiatives of the government on Skilling India and Manufacturing for growth is reflected in the automotive industry as well as bigger home appliances. Even more reflective of the growth and robustness is the growth in sales of Commercial vehicles by more than 24% during the year. With this kind of growth sustaining we were also able to record continuous growth in volumes year on year and more than doubled the volume in 3 years. This was the result of increased focus on all key OEMs across the country. Our focus on Appliances and other product lines in the recent years also started yielding tangible results with our business in Non-automotive sector continuing to double year on year.

AUTOMOTIVE INDUSTRY IN INDIA PRODUCTION TREND

Category	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Passenger Vehicles	3,087,973	3,221,419	3,465,045	3,801,670	4,020,267	4,026,047
Commercial Vehicles	699,035	698,298	786,692	810,253	895,448	1,112,176
Three Wheelers	830,108	949,019	934,104	783,721	1,022,181	1,268,723
Two Wheelers	16,883,049	18,489,311	18,830,227	19,933,739	23,154,838	24,503,086
Quadricycle			531	1,584	1,713	5,388
Grand Total	21,500,165	23,358,047	24,016,599	25,330,967	29,094,447	30,915,420

Source: Siamindia.com

D) COMPANY PERFORMANCE

As indicated above with the automotive industry especially the commercial vehicles recording an impressive growth for the year, your company sustained impressive growth year-on-year and more than doubled the volume of sales in 3 years. Resourcing the front end & development teams and enhancing production capacity enabled us to increase our scope of engagement with existing OEMs and also new projects with vigor. The company continued its aggressive approach for market share with share of business with all OEMs in both Auto and Non-Auto sectors going up during the year and this is reflected in our growth which is significantly much more than our peers and the industry.

1) Operations

More than doubling the volume in 3 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 1,10,000 MTPA and new addition in our existing facility we are well prepared to deliver another year of exceptional growth opportunity that is unfolding.

Raw material prices remained volatile for better part of the year, however the rise in oil prices started cascading down to our RM in the beginning of the year though this didn't continue in the later part. 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 continue to remain as a big challenge demanding our focus. We have established a robust Supply chain team and process to manage the entire order to delivery process which is a key to managing larger capacities and multiple production lines in the coming years.

2) Marketing Initiatives

Styling, Fuel economy, environment friendly materials, 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, service 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 OEMs 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 company has become the pioneers in offering paint free solutions to the automotive industry.

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

It is always important to have multiple options for growth and managing risks associated with any one industry. With the growth in economy and also available disposable income industries like white goods, Small appliances, water treatment and handling, mass transportation are seeing newer market segments and growth. The construction industry is looking at dismantlable structures for faster work completion. All these industries are looking for newer material options to cater to these needs. We are now seeing traditional items like ceiling fans and coolers giving 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 and regulations.

Water treatment, Washing machines, Air Conditioners, Power Storage equipments have all have shown significant growth and are on high

growth curve and we continue to engage with them for mutual benefit.

3) Human Resources & Industrial Relations

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

Training has been the focus in order to gear up the manpower to meet the enhanced requirements thrown up by the industry. While the plant personnel were trained in analyzing and getting to the root causes for problem solving, the front end sales team got exposed to newer selling skills in order to clinch the new business with speed. The technical team continued to get the training at our HQ on the latest advancements. Incentives and rewards in line with the company's goals and being worked out on a continuous basis. The team felt charged with the opportunity given to them. The permanent employees on the rolls of the company stood at 195 as of 31st March 2019.

4) Business Opportunity

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

Our construction of Global Scale Manufacturing and Contemporary Design and Development Center at Chakan, Pune is going as per plan and is in the final stages of completion. This facility would enable us to develop material and formulations for future applications that evolve continuously.

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

New automobile brands have entered India now and have offered a big opportunity for the company to benefit from their new requirement. Similarly, we also see new brands from abroad entering into Indian space in the appliances segment. As consolidation happens in the industry, we also see the leaders in their respective businesses growing stronger with additional portfolios added giving us more opportunity to grow with them.

Our focus is now moving towards offering more and more engineering plastics. The experience gained in the modification of PP & TPE compounds will be at hand for the team to move fast on the engineering plastics products as well.

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.

Commodity Price Risks

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

Foreign Exchange Risks

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

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

Credit risk

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

Asset protection

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

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

F) INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

G) FINANCIAL PERFORMANCE OF THE COMPANY

Revenues

Sales revenue of the company grew by 16.60% over the previous year, whilst the volumes grew by 11.81%. 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. 4953 MT and constitutes approx. 12% of the company turnover.

Input costs

Input costs control is the continuous process and the input cost control is achieved through a combination of sourcing action, Formulation rationalization and Optimization. Production process improvement and planning was utilized to monitor our manufacturing costs.

Financial costs

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

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

H) OUTLOOK

- a) Only if the trend in increasing offtake of vehicles is sustained will the volume of tonnage increases materialise. Such increased volumes and management of supply chain and logistics should help in bettering margins during the current year subject of course to the price 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.

I) DETAILS OF SIGNIFICANT CHANGES

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

Particulars	2018-19	2017-18
(i) Debtors Turnover :	3.59	3.98
(ii) Inventory Turnover :	5.46	5.41
(iii) Interest Coverage Ratio :	29.97	52.51
(iv) Current Ratio :	1.81	2.43
(v) Debt Equity Ratio (%) :	5%	5%
(vi) Operating Profit Margin (%) :	4.46%	6.58%
(vii) Net Profit Margin (%) :	2.72%	4.10%

Cautionary Statement

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

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

This is to confirm that the Company has adopted a code of conduct for the members of its Board and Senior Management Personnel. I confirm that the Company has, in respect of the Financial year ended 31st March, 2019, received from the members of the Board and Senior Management Team of the Company, a declaration of compliance with the code of conduct as applicable to them.

BO JINGEN
Managing Director

D.BALAJI
Executive Director

Place : Chennai
Date : 28th May, 2019

INDEPENDENT AUDITOR'S REPORT

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

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

Opinion

We have audited the standalone Ind AS financial statements of Kingfa Science & Technology (India) Limited ("the Company"), which comprise the balance sheet as at 31 March 2019, and the statement of Profit and Loss (including Other Comprehensive Income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information. (hereinafter referred to as "the Standalone Ind AS Financial Statements")

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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 2019, and its standalone profit (including Other Comprehensive Income), standalone changes in equity and its standalone cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone Ind AS financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Key Audit Matters	How our audit addressed the key audit matters
Valuation of Trade Receivable As outlined in Note 6, there were trade receivables as at 31 March 2019 more than 180 days past dues. The collectability of the Companies trade receivables and the valuation of the allowance for impairment of the trade receivables is a key audit matter due to the judgement involved.	<ul style="list-style-type: none"> - We have evaluated and tested the Company's process for trade receivables including the provisioning and collection process. - We tested on sample basis that trade receivables were subsequently collected. - Where there were indicators that the trade receivables were unlikely to be collected within contracted payment terms, we assessed the adequacy of the allowance for impairment of trade receivables. To do this: <ul style="list-style-type: none"> a. We assessed the aging of trade receivables quantum of claims with and from the customers. b. We have evaluated the independent confirmations from customers and performed alternate audit procedures on sample basis. c. We considered the historical accuracy of forecasting the allowance for impairment of trade receivables.

<p>Valuation of Inventory</p> <p>At the 31 March 2019 the value of inventory amounted to ₹ 10,256.24 lakhs representing 31.61% of total equity and 18.60% of total assets. Inventories have been considered key audit matter due to the size of the balance, nature of the product, price volatility of raw material and finished product, process of manufacture and management judgements involved. Refer note 33.4.12 to the Standalone Ind AS Financial Statements for accounting policy for valuation of inventories.</p>	<ul style="list-style-type: none"> - We have evaluated and tested the design of internal controls relating to the process of inventory recording and valuation. - We have conducted physical verification of inventory on a sample basis at the year-end in order to test the assertion of existence. - We have conducted analysis of net realisable value (NRV) and cost of inventory on a sample basis in order to ascertain that inventory is carried at lower of NRV and Cost. - We have evaluated on a test check basis the process followed by the management to identify non-moving, slow moving, obsolete inventory and we have evaluated on a test check basis the appropriateness of the estimates for impairment (if any) accounted for on such inventory. - We have conducted cut off procedures on a test check basis to ensure completeness of inventory recorded in the books of account. - We have tested on a sample basis compliance of the cost formulae as specified in the accounting policy adopted by the company.
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Other Information

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

Our opinion on the standalone Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

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

We have nothing to report in this regard.

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

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the standalone financial position, standalone financial performance, standalone changes in equity and standalone cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements

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

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

We also :

- Identify and assess the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone Ind AS financial statements, including the disclosures, and whether the standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure A; a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143(3) of the Act, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), standalone changes in equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with the Companies (Accounts) Rules, 2014.
- e) On the basis of the written representations received from the directors as on 31 March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2019 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 Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- (i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 33.5.1 to the financial statements;
- (ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For M/s P G Bhagwat
Firm Registration Number: 101118W
Chartered Accountants

Pritam Prajapati
Partner
Membership Number 135734

Pune
28 May 2019

Annexure A to Independent Auditors' Report

Referred to in paragraph 1 of the Independent Auditors' Report of even date to the members of Kingfa Science & Technology (India) Limited on the standalone Ind AS financial statements as of and for the year ended 31 March 2019

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
- (b) The fixed assets of the Company have not been physically verified by the Management during the year. Accordingly, the discrepancies, if any, could not be ascertained and therefore, we are unable to comment on whether the discrepancies, if any have been properly dealt with in the books of account.

- (c) The title deeds of immovable properties, as disclosed in Note 3 on fixed assets to the financial statements, are held in the name of the Company.
- ii. The physical verification of inventory have been conducted at reasonable intervals by the Management during the year. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
- iii. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.
- iv. The Company has not granted any loans or made any investments, or provided any guarantees or security to

the parties covered under Section 185 and 186. Therefore, the provisions of Clause 3(iv) of the said Order are not applicable to the Company.

- v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.
- vi. Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products.

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

- vii. (a) According to the information and explanations given to us and the records of the Company

examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of Income Tax, duty of Customs and Goods and Service Tax, though there has been a slight delay in a few cases, and is regular in depositing undisputed statutory dues, including provident fund, employees' state insurance cess and other material statutory dues, as applicable, with the appropriate authorities.

- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no Duty of Customs and Goods and Services Tax which have not been deposited on account of any dispute. The particulars of dues of Income-Tax, Sales-Tax, Excise Duty and Service Tax as at 31 March 2019 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount (₹ in lakhs)	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Income Tax	44.36	AY 2007-08, AY 2008-09, AY 2010-11 and AY 2011-12	Appeal to Commissioner of Income Tax
Sales Tax Act and VAT Laws	Sales Tax	29.83	FY 2014-15	Joint Excise and Taxation Commissioner Appeal
	Transit pass	14.57	FY 2005-06 to FY 2014-15	First Appellate Authority issue
Central Excise Act, 1944	Excise Duty	4.17	FY 2012-13	Assistant Commissioner of Central Excise
	Excise Duty	8.06	FY 2009-15 and FY 2016-17	Commissioner (Appeals) of Central Excise
Finance Act, 1994	Service Tax	5.78	FY 2015-16	Commissioner (Appeals) of Service Tax
	Service Tax	6.73	FY 2015-16 to June 2017	Assistant Commissioner of GST and Central Excise

- viii. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank or Government or dues to debenture holders.
- ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans during the year. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.

- x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.

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|---|---|
| <p>xi. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.</p> <p>xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.</p> <p>xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Ind AS 24, Related Party Disclosures specified under Section 133 of the Act, read with the Companies (Accounts) Rules, 2014.</p> <p>xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.</p> | <p>xv. The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.</p> <p>xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.</p> |
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For M/s. P. G. Bhagwat

Firm Registration Number: 101118W

Chartered Accountants

Pritam Prajapati

Partner

Membership Number 135734

Pune

28 May 2019

Annexure B to the Independent Auditors' Report

Referred to in paragraph 2 (f) of the Independent Auditors' Report of even date to the members of Kingfa Science & Technologies (India) Limited on the standalone Ind AS financial statements for the year ended 31 March 2019

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

We have audited the internal financial controls with reference to financial statements of Kingfa Science & Technologies (India) Limited ("the Company") as of 31 March 2019 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditor in terms of their report referred to in the Other Matter paragraph below, is sufficient and

appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal financial controls with reference to financial statements

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

Inherent Limitations of Internal financial controls with reference to financial statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of

collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31 March 2019, based on the internal controls with reference to financial statements criteria established by the Company considering the essential components of internal controls stated in the Guidance Note on Audit of Internal financial controls over financial reporting issued by the Institute of Chartered Accountants of India.

For M/s. P. G. Bhagwat
Firm Registration Number: 101118W
Chartered Accountants

Pritam Prajapati
Partner
Membership Number 135734

Pune
28 May 2019

Balance Sheet as at 31 March 2019

₹ in Lakhs

Particulars	Note No.	As at 31 March 2019	As at 31 March 2018
ASSETS			
I. Non-current assets		17,913.40	9,693.82
(a) Property, plant and equipment	1	8,490.32	8,794.26
(b) Capital work-in-progress	1	7,859.93	208.41
(c) Intangible assets	1	8.75	14.85
(d) Financial assets			
(i) Other financial assets	2	615.12	195.06
(e) Current tax(net)	3	120.57	68.82
(f) Other non-current assets	4	818.71	412.42
II. Current assets		37,226.54	38,835.50
(a) Inventories	5	10,256.24	11,589.10
(b) Financial assets			
(i) Trade receivables	6	20,955.52	18,107.49
(ii) Cash and cash equivalents	7.a	5,310.25	4,132.55
(iii) Bank balance other than (iii) above	7.b	-	3,000.61
(iv) Other financial assets	8	314.24	548.45
(c) Other current assets	9	390.29	1,457.30
Total Assets		55,139.94	48,529.32

Balance Sheet as at 31 March 2019

₹ in Lakhs

Particulars	Note No.	As at 31 March 2019	As at 31 March 2018
EQUITY AND LIABILITIES			
Equity		32,449.25	30,529.32
(a) Equity share capital	10	1,211.05	1,211.05
(b) Other equity			
(i) Capital reserve	11	67.18	67.18
(ii) Capital redemption reserve	11	87.09	87.09
(iii) Securities premium reserve	11	24,878.38	24,878.38
(iv) General reserve	11	1,122.76	1,122.76
(v) Retained earnings	11	5,082.80	3,162.86
Liabilities			
I. Non-current liabilities		2,077.27	2,044.81
(a) Financial liabilities			
(i) Borrowings	12	1,660.11	1,561.06
(ii) Other financial liabilities	13	4.50	4.50
(b) Deferred tax liabilities (net)	14	295.68	361.06
(c) Other non-current liabilities	15	116.98	118.19
II. Current liabilities		20,613.42	15,955.19
(a) Financial liabilities			
(i) Borrowings	16	-	585.04
(ii) Trade and other payables	17		
--total outstanding dues of micro enterprises and small enterprises			
--total outstanding dues of creditors other than micro enterprises and small enterprises		19,493.70	14,834.77
(iii) Other financial liabilities	18	223.83	145.36
(b) Other current liabilities	19	477.71	40.41
(c) Short-term provisions	20	18.17	59.76
(d) Current tax liabilities(net)	21	400.01	289.85
Total Equity and Liabilities		55,139.94	48,529.32

Significant accounting policies

33

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

As per our attached report of even date

For and on behalf of the board of directors

For M/S. P. G. BHAGWAT

BO JINGEN

D. BALAJI

Chartered Accountants

Managing Director

Executive Director

Firm Registration Number : 101118W

DIN : 0006617986

DIN : 08256342

PRITAM PRAJAPATI

XIE DONGMING

NIRNOY SUR

Partner

Chief Financial Officer

Company Secretary

Membership Number : 135734

Chennai : 28 May 2019

Statement of profit and loss for the year ended 31 March 2019

₹ in Lakhs

Particulars	Note No.	2018-19	2017-18
Income			
Revenue from operations	22	70,152.45	61,783.37
Other income	23	437.69	565.80
Total Income		70,590.14	62,349.17
Expenses			
Cost of raw materials and components consumed	24	55,637.45	48,818.71
Purchase of traded goods	25	3,731.76	2,882.95
Changes in inventories of finished goods, work-in-progress and traded goods	26	308.95	(1,735.28)
Excise duty on sale of goods	27	-	1,619.13
Employee benefits expense	28	1,123.03	1,057.28
Finance costs	29	207.24	204.02
Depreciation and amortisation expense	30	800.80	622.30
Other Expenses	31	5,858.55	5,021.33
Total expenses		67,667.78	58,490.44
Profit before exceptional items and tax		2,922.36	3,858.73
Exceptional items		-	-
Profit before tax		2,922.36	3,858.73
Tax expense		1,016.85	1,394.69
Current tax	32	1,090.00	1,170.00
Deferred tax	32	(73.15)	224.69
Profit for the year		1,905.51	2,464.04
Other comprehensive income			
A. Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Re-measurement gains/(losses) on defined benefit plans		14.43	(33.41)
Income tax effect on above		22.20	(51.09)
		(7.77)	17.68
Total other comprehensive income for the year, net of tax [A]		14.43	(33.41)
Total comprehensive income for the year, net of tax		1,919.94	2,430.63
Earnings per equity share [nominal value per share ₹ 10/- (31 March 2018: ₹ 10/-)]			
Basic		15.73	20.51
Diluted		15.73	20.51
Significant accounting policies	33		
The accompanying notes are an integral part of the financial statements.			
As per our attached report of even date	For and on behalf of the board of directors		
For M/S. P. G. BHAGWAT	BO JINGEN	D. BALAJI	
Chartered Accountants	Managing Director	Executive Director	
Firm Registration Number : 101118W	DIN : 0006617986	DIN : 08256342	
PRITAM PRAJAPATI	XIE DONGMING	NIRNOY SUR	
Partner	Chief Financial Officer	Company Secretary	
Membership Number : 135734			
Chennai : 28 May 2019			

Statement of Cash Flow for the year ended 31 March 2019

	₹ in Lakhs	
Particulars	2018-19	2017-18
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before Tax	2,922.36	3,858.73
Adjustments to reconcile profit before tax to net cash flows:		
Add:		
Depreciation and Amortisation	800.80	622.30
Provision for doubtful debts and advances (net)	65.87	164.09
Net gain / (Loss) on ECB Scheme	99.05	4.90
Loss / (Profit) on Revalorisation on Imports	(437.67)	(169.09)
Loss / (Profit) on Revalorisation on Exports	5.84	0.20
Finance cost	207.24	204.02
	<u>741.13</u>	<u>826.42</u>
Less:		
Surplus on sale of assets	1.16	0.85
Interest received	426.45	500.72
	<u>427.61</u>	<u>501.57</u>
Operating Profit before working capital changes	3,235.88	4,183.58
Working Capital Adjustments		
(Increase) / Decrease in Trade and Other Receivables	716.77	1,254.86
(Increase) / Decrease in Inventories	1,332.87	(4,692.53)
Increase / (Decrease) in Trade and other Payables	712.60	(11,082.30)
Increase / (Decrease) in Provisions	(78.44)	(193.60)
	<u>2,683.80</u>	<u>(14,713.57)</u>
Net Cash generated from operations	5,919.68	(10,529.99)
Direct taxes paid	(1,022.93)	(1,025.76)
NET CASH FLOW FROM OPERATING ACTIVITIES	4,896.75	(11,555.75)
CASH FLOW FROM INVESTING ACTIVITIES		
Add :		
Sale of Property, Plant and Equipment	80.35	0.94
Interest received	449.46	452.29
	<u>529.81</u>	<u>453.23</u>
Less :		
Purchase of Property, Plant and Equipment	8,209.26	1,100.16
	<u>8,209.26</u>	<u>1,100.16</u>
NET CASH GENERATED FROM INVESTING ACTIVITIES	(7,679.45)	(646.93)

Statement of Cash Flow for the year ended 31 March 2019

		₹ in Lakhs
Particulars	2018-19	2017-18
CASH FLOW FROM FINANCING ACTIVITIES		
Borrowings	(585.04)	(2,028.62)
Proceeds from Issue of Equity Shares	-	3,723.40
Interest paid (finance cost)	(113.46)	(316.82)
NET CASH USED IN FINANCING ACTIVITY	(698.50)	1,377.96
Net increase / (decrease) in cash and cash equivalents	(3,481.20)	(10,824.72)
Opening Cash and Cash equivalents	4,132.55	122.50
Closing Cash and Cash equivalents (Refer Note 6a)	5,310.25	4,132.55

As per our attached report of even date

For and on behalf of the board of directors

For M/S. P. G. BHAGWAT

BO JINGEN

D. BALAJI

Chartered Accountants

Managing Director

Executive Director

Firm Registration Number : 101118W

DIN : 0006617986

DIN : 08256342

PRITAM PRAJAPATI

XIE DONGMING

NIRNOY SUR

Partner

Chief Financial Officer

Company Secretary

Membership Number : 135734

Chennai : 28 May 2019

Statement of changes in Equity for the year ended 31 March 2019

A. Equity Share Capital (Refer Note 10)

₹ in Lakhs

Equity Shares of ₹ 10 each issued, subscribed and fully paid	No. of Shares	Amount
As at 01 April 2018	1,21,10,461	1,211.05
Issue / Reduction, if any during the year		
As at 31 March 2019	1,21,10,461	1,211.05

B. Other Equity (Refer Note 11)

₹ in Lakhs

Particulars	Reserves and Surplus					Total equity
	Capital Reserve	Capital Redemption Reserve	Securities Premium	General Reserve	Retained Earnings	
At at 01 April 2018	67.18	87.09	24,878.38	1,122.76	3,162.86	29,318.28
Profit/(Loss) for the year					1,905.51	1,905.51
Other comprehensive income for the year					14.43	14.43
Total Comprehensive income for the year	-	-	-	-	1,919.94	1,919.94
As at 31 March 2019	67.18	87.09	24,878.38	1,122.76	5,082.80	31,238.22
As at 31 March 2019	67.18	87.09	24,878.38	1,122.76	5,082.80	31,238.22

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

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

BO JINGEN
Managing Director
DIN : 0006617986

D. BALAJI
Executive Director
DIN : 08256342

PRITAM PRAJAPATI
Partner
Membership Number : 135734

XIE DONGMING
Chief Financial Officer

NIRNOY SUR
Company Secretary

Chennai : 28 May 2019

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
Gross Block												
As At 01 April 2018	31.62	4,299.92	1,641.37	5,416.24	89.44	120.18	78.06	116.63	11,793.46	26.09	11,819.55	208.41
Additions	-	-	6.17	528.35	-	-	5.11	12.57	552.20	5.54	557.74	8,200.89
Deductions/Transfer	-	-	-	-	-	(12.20)	-	-	(12.20)	-	(12.20)	(549.37)
As At 31 March 2019	31.62	4,299.92	1,647.54	5,944.59	89.44	107.98	83.17	129.20	12,333.46	31.63	12,365.09	7,859.93
Depreciation												
Upto 01 April 2018	-	65.42	529.27	2,064.01	83.07	83.63	70.18	103.62	2,999.20	11.24	3,010.44	-
For The Year	-	45.15	52.60	659.63	1.65	14.35	4.42	11.36	789.16	11.64	800.80	-
Deductions	-	-	-	-	-	(12.20)	-	-	(12.20)	-	(12.20)	-
As At 31 March 2019	-	110.57	581.87	2,723.64	84.72	85.78	74.60	114.98	3,776.16	22.88	3,799.04	-
Provision for Impairment Loss												
Upto 01 April 2018	-	-	-	-	-	-	-	-	-	-	-	-
For The Year	-	3.82	59.04	4.12	-	-	-	-	66.98	-	66.98	-
Deductions	-	-	-	-	-	-	-	-	-	-	-	-
As At 31 March 2019	-	3.82	59.04	4.12	-	-	-	-	66.98	-	66.98	-
Net Block												
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	208.41
As At 31 March 2019	31.62	4,185.53	1,006.63	3,216.83	4.72	22.20	8.57	14.22	8,490.32	8.75	8,499.07	7,859.93

Notes :

- Gross block is at Cost except leasehold land which is net of amount written off.
- For Depreciation and amortisation refer accounting policy (Note 33.4.4).
- Capital work in progress : Capital work-in-progress comprises cost of assets that are not yet installed and ready for their intended use at the balance sheet date. Capital work in progress as on 31 March 2019 mainly comprises of Chakan Project.
- Company has made a provision for impairment loss of Rs. 66.98 Lakhs during the year for asset relating to pudukkottai land, building, plant and machinery. Since operations at Pudukottai have been discontinued.
- The information relating to Gross block, accumulated Depreciation, and Impairment has been disclosed as an additional information since the company has adopted deemed cost exemption under Ind AS 101, on first time adoption.

Notes to the Financial Statements

Note 2 : Other financial assets (non current)

₹ in Lakhs

Particulars	As at 31 March 2019	As at 31 March 2018
Security deposits	577.55	195.06
Advance to employees	37.57	-
Total	615.12	195.06
Security Deposit		
Break-up for security details		
Secured, considered good	-	-
Unsecured, considered good	615.12	195.06
Doubtful	-	-
Security deposit which have significant increase in credit risk	-	-
Security deposit - credit impaired	-	-
Total	615.12	195.06
1. Other financial assets are measured at amortised cost		
Note 3 : Current tax(net)		
Tax paid in advance(net of provision)	120.57	68.82
Total	120.57	68.82
Note 4 : Other non-current assets		
Capital advances		
Unsecured considered good	765.19	342.65
Unsecured considered doubtful	23.68	-
Less: Allowance for credit loss	(23.68)	-
	765.19	342.65
Balance with Government authorities	50.28	69.77
Advance Gratuity	3.24	-
Total	818.71	412.42

Note 5 : Inventories

₹ in Lakhs

Particulars	As at 31 March 2019	As at 31 March 2018
Raw materials	5,489.98	6,560.86
Raw materials and components	5,096.49	6,560.86
Raw materials in transit	393.49	-
Work-in-progress	123.15	224.57
Finished goods	3,882.18	3,853.46
Finished goods in transit	-	-
Traded goods	598.31	834.56
Stores and spares	162.62	115.65
Total	10,256.24	11,589.10

1. Inventories written down to net realisable value during the year ended 31 March 2019 ₹ 74.99 Lakhs (₹ 87.50 Lakhs in 31 march 2018) were recognised in the statement of profit and loss during the year.

Note 6 : Trade receivables

Trade Receivables		
Trade receivables	20,955.52	18,107.49
Break-up for security details		
Secured, considered good	-	-
Unsecured, considered good	20,955.52	18,107.49
Doubtful	407.99	342.11
Impairment Allowance (allowance for bad and doubtful debts)	(407.99)	(342.11)
Trade receivables which have significant increase in credit risk	-	-
Trade receivables - credit impaired	-	-
Total	20,955.52	18,107.49

1. Trade receivables are measured at amortised cost.
2. No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person. Trade or other receivables due from firms or private companies respectively in which any director is a partner, a director or member ₹ NIL (₹ NIL in 31 march 2018). Refer Note 33.5.6 for terms and conditions related to Related party receivables
3. Movement of impairment Allowance (allowance for bad and doubtful debts)
- | | | |
|--------------------------|--------|--------|
| Opening Balance | 342.11 | 178.02 |
| Provided During the year | 65.88 | 164.09 |
| Amounts written off | - | - |
| Amount written back | - | - |
| Closing Balance | 407.99 | 342.11 |
4. Refer Note 33.5.9.b on credit risk of trade receivables, which explains how the Company manages and measures credit quality of trade receivables that are neither past due nor impaired.

Note 7.a : Cash and cash equivalents

		₹ in Lakhs
Particulars	As at 31 March 2019	As at 31 March 2018
Balance with Bank	1,305.00	129.46
Current accounts and debit balance in cash credit accounts	1,305.00	129.46
Cash on hand	5.25	3.09
Bank Balance in Fixed Deposits (which is less than three months of maturity)	4,000.00	4,000.00
Total	5,310.25	4,132.55

Note 7.b : Other bank balances

Unpaid dividend accounts	-	0.61
Deposits with original maturity of more than three months but less than 12 months	-	3,000.00
Total	-	3,000.61

1. Refer Note 33.4.13 for further details on cash and cash equivalent

Note 8 : Other financial assets (Current)

Discount Receivable	243.65	457.49
Others	70.59	90.96
Total	314.24	548.45

1. Other financial assets are measured at amortised cost

2. Others includes interest receivable on fixed deposit

Note 9 : Other current assets

Balance with Government authorities	-	1,037.66
Prepaid expenses	14.18	16.24
Others	31.43	41.83
Advance to Vendor	344.68	361.57
Total	390.29	1,457.30

Note 10 : Share capital

Particulars	No. of shares	₹ in Lakhs
Authorised equity share capital (Shares of ₹ 10 each)		
As at 01 April 2018	1,80,00,000	1,800.00
Increase /(decrease) during the year	-	-
As at 31 March 2019	1,80,00,000	1,800.00
Authorised 16% Cumulative Redeemable Preference Shares (Shares of ₹100 each)		
At 1 April 2018	3,00,000	300.00
Increase/(decrease) during the year	-	-
At 31 March 2019	3,00,000	300.00
Issued, subscribed and fully paid up equity share capital (Shares of ₹10 each)		
As at 01 April 2018	1,21,10,461	1,211.05
Increase/(decrease) during the year	-	-
As at 31 March 2019	1,21,10,461	1,211.05
Total	1,21,10,461	1,211.05

Terms/Rights attached to the equity shares

- The company is authorised to issue Equity and 16% Cumulative Redeemable Preference shares. However the Company has only one class of equity shares having a par value of ₹ 10/- each. Each equity shareholder is entitled to one vote per share and has a right to receive dividend as recommended by Board of Directors subject to the necessary approval from the shareholders.
- In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.
- 9,082,214 (31 March 2018- 9,082,214) equity shares are held by the holding company, Kingfa Sci. & Tech. Co. Ltd., China in the paid-up share capital of the company.
- Number of Shares held by each shareholder holding more than 5% Shares in the Company

Particulars	Kingfa Sci. & Tech. Co. Ltd. China	Hongkong Victory Investment Co., Ltd, Hongkong
As at 01 April 2018		
No. of Shares	90,82,214	7,65,100
% of Shareholding	74.99%	6.32%
As at 31 March 2019		
No. of Shares	90,82,214	7,65,100
% of Shareholding	74.99%	6.32%

- The Company has issued Right Issue as under :

Particulars	2018-19	2017-18
Number of Equity shares	-	19,99,893
Premium per shares (₹)	-	740
Face value of equity shares (₹)	-	10

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

Note 11 : Other Equity

₹ in Lakhs

Particulars	As at 31 March 2019	As at 31 March 2018
CAPITAL RESERVE		
Opening Balance	67.18	67.18
Add : Transferred during the year	-	-
Closing Balance	67.18	67.18
CAPITAL REDEMPTION RESERVE		
Opening Balance	87.09	87.09
Add : Transferred during the year	-	-
Closing Balance	87.09	87.09
SECURITIES PREMIUM RESERVE		
Opening Balance	24,878.38	10,105.91
Add : Premium received on Rights Issue	-	14,799.21
Less : Rights Issue Expenses	-	26.74
Closing Balance	24,878.38	24,878.38
GENERAL RESERVE		
Opening Balance	1,122.76	1,122.76
Add : Transferred from Retained earnings	-	-
Closing Balance	1,122.76	1,122.76
RETAINED EARNINGS		
Opening Balance	3,162.86	732.23
Retained Earning (IND-AS)	-	-
Less : Transferred to Capital Redumption Reserve	-	-
Add : Profit/(loss) for the year	1,905.51	2,464.04
Add : Other Comprehensive income / (Loss)	14.43	(33.41)
Less : Appropriations		
Transferred to General reserve	-	-
Final dividend	-	-
Tax on proposed dividend	-	-
Closing Balance	5,082.80	3,162.86
Share application money pending allotment		
Opening Balance	-	11,249.06
Add : Received during the year	-	-
Less : Allotment of shares	-	11,249.06
Closing Balance	-	-
Total	31,238.20	29,318.27

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

Note 12 : Borrowings

₹ in Lakhs

Particulars	As at 31 March 2019	As at 31 March 2018
Unsecured loans	1,660.11	1,561.06
Loan from Related Party under ECB Scheme	1,660.11	1,561.06
Total	1,660.11	1,561.06

1. Borrowings are measured at amortised cost.
2. The Company has availed External Commercial Borrowing (ECB) from its holding company, Kingfa Sci. & Tech. Co. Ltd. of USD 24 Lakhs (PY USD 24 Lakhs) at the rate of LIBOR + 3.50% as per ECB loan agreement executed on 18th November 2013. As per the agreement, the loan is repayable in full as on 31st May 2021.
3. For explanations on the company's Interest risk, Foreign currency risk and liquidity risk management processes, refer to Note 33.5.9

Note 13 : Other financial liabilities (Non current)

Earnest Money Deposits	4.50	4.50
Total	4.50	4.50

1. Other financial liabilities are measured at amortised cost.
2. For explanations on the company's Interest risk, Foreign currency risk and liquidity risk management processes, refer to Note 33.5.9

Note 14: Deferred tax liability (Net)

Deferred Tax Assets	156.33	142.81
Others : Employee benefits expenses, provision for doubtful debts, MAT Credit, etc.	156.33	142.81
Deferred Tax Liability	452.01	503.87
Depreciation	452.01	503.87
Total	295.68	361.06

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

Opening balance as of 1 April	361.06	154.06
Tax income/(expense) during the year recognised in profit or loss	73.15	(224.68)
Tax income/(expense) during the year recognised in OCI	(7.77)	17.68
Closing balance as at 31 March	295.68	361.06

2. The Company does not have any unused Tax Losses on which the deferred tax asset is required to be calculated.
3. 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.
4. Deferred tax is measured on temporary differences at the rate of 34.944%.

Note 15 : Other non-current liabilities		₹ in Lakhs
Particulars	As at 31 March 2019	As at 31 March 2018
Government Grant	116.98	118.19
Total	116.98	118.19

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

2. Government grant :

As at 1 April	118.19	119.40
Availed during the year	-	-
Released to statement of profit and loss	1.21	1.21
As at 31 March	116.98	118.19

Note 16 : Borrowings		
Secured loans from bank	-	585.04
Cash Credit	-	585.04
Total	-	585.04

1. Borrowings are measured at amortised cost.
2. Company's fund and non fund based working capital facilities of ₹ 11200.00 Lakhs from The Hongkong and Shanghai Banking Corporation Limited (the HSBC Bank) are secured by corporate guarantee of Kingfa Sci. & Tech. Company Limited (the holding company).
3. For explanations on the company's Interest risk, Foreign currency risk and liquidity risk management processes, refer to Note 33.5.9

Note 17 : Trade and other payables		
Trade payables		
₹ - total outstanding dues of micro enterprises and small enterprises	-	-
₹ - total outstanding dues of creditors other than micro enterprises and small enterprises	19,493.70	14,834.77
Total	19,493.70	14,834.77

1. Trade and other payables are measured at amortised cost
2. 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.
3. For related parties, refer to Note 33.5.6
4. For explanations on Company's Foreign currency risk and liquidity risk management processes, refer to Note 33.5.9

Note 18 : Other financial liabilities (Current)		₹ in Lakhs
Particulars	As at 31 March 2019	As at 31 March 2018
Unclaimed dividends	-	0.61
Interest accrued but not due	23.21	20.95
Interest accrued and due	91.51	-
Employee benefits payable	101.84	123.80
Advance to Customer	7.27	-
Total	223.83	145.36

1. Other financial liabilities are measured at amortised cost
2. For explanations on Company's Foreign currency risk and liquidity risk management processes, refer to Note 33.5.9

Note 19 : Other Current liabilities		
Capital Payables	58.54	-
Other payables	419.17	40.41
Statutory dues including provident fund and tax deducted at source	141.32	40.41
Retention Money	277.85	-
Total	477.71	40.41

Note 20 : Short-term provisions		
Provision for employee benefits		
Provision for gratuity	-	29.73
Provision for leave encashment	18.17	30.03
Total	18.17	59.76

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 33.5.5

- b. Compensated absences

The leave obligation cover the Company's liability for earned leaves which is expected to be paid-off in next 12 months. Refer Note 33.5.5

Note 21 : Current tax liabilities(net)		
Provision for income tax(net of advance tax)	400.01	289.85
Total	400.01	289.85

Note 22 : Revenue from operations		
Particulars	2018-19	2017-18
Revenue from contracts with customers		
Sale of products	70,152.45	61,783.37
Total	70,152.45	61,783.37

1. Goods and Services tax (GST) has been effective from July 1, 2017. Consequently excise duty, value added tax (VAT), service tax etc. have been replaced with GST. Until June 30, 2017, 'Sale of products' included the amount of excise duty recovered on sales. With effect from July 1, 2017, 'Sale of products' excludes the amount of GST recovered. Accordingly, 'Revenue from operations' for year ended March 31, 2018 are not comparable.

Note 23 : Other Income

₹ in Lakhs

Particulars	2018-19	2017-18
Interest	426.45	500.72
On Bank Deposits	426.45	500.72
Gain on disposal of property, plant and equipment	1.16	0.85
Gain on Exchange difference	-	63.02
Miscellaneous income	10.08	1.21
Total	437.69	565.80

Note 24 : Cost of raw materials and components consumed

Raw materials and components consumed	55,637.45	48,818.71
Total	55,637.45	48,818.71
Raw material at the beginning of the year	6,560.86	3,600.03
Add: Purchases	54,566.57	51,779.54
Less Raw material at the end of the year	5,489.98	6,560.86
Total	55,637.45	48,818.71

Note 25 : Purchases of Traded goods

Polymers	3,731.76	2,882.95
Total	3,731.76	2,882.95

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

Opening inventory	4,912.59	3,177.31
Work-in-process	224.57	670.21
Finished goods	3,853.46	2,079.62
Traded goods	834.56	427.48
Closing Inventory	4,603.64	4,912.59
Work-in-process	123.15	224.57
Finished goods	3,882.18	3,853.46
Traded goods	598.31	834.56
(Increase)/decrease in inventory	308.95	(1,735.28)
Total	308.95	(1,735.28)

Note 27 : Excise duty on sale of goods

Excise duty on sale of goods	-	1,619.13
Total	-	1,619.13

Note 28 : Employee benefits expense

Salaries, wages, bonus, etc.	966.60	869.24
Contribution to provident and other funds	65.13	100.46
Welfare and training expenses	91.30	87.58
Total	1,123.03	1,057.28

Note 29 : Finance costs

₹ in Lakhs

Particulars	2018-19	2017-18
Interest and bill discounting charges	108.22	123.56
Interest expense - others	35.95	49.71
Other bank charges	63.07	30.75
Total	207.24	204.02
Note 30 : Depreciation and amortization expense		
Depreciation and amortization expense	800.80	622.30
Depreciation on Tangible assets	744.01	554.31
Amortization on Intangible assets	11.65	8.51
Amortization of Leasehold land	45.14	59.48
Total	800.80	622.30
Note 31 : Other expenses		
Manufacturing expenses	1,755.72	1,647.76
Stores and spares material consumed	118.24	160.33
Power and fuel	1,298.46	1,146.74
Repairs to machinery	20.29	54.54
Wages	318.73	286.15
Selling expenses	1,594.97	1,794.44
Freight and forwarding	1,483.06	1,555.47
Advertisement and publicity	46.04	74.88
Provision for doubtful debts (net)	65.87	164.09
Administration expenses	2,507.86	1,579.13
Rent	202.15	165.25
Rates and taxes	162.92	108.75
Insurance	32.16	62.10
Repairs to building	2.41	34.12
Other repairs and maintenance	98.38	111.20
Travelling and conveyance	441.06	514.46
Communication expenses	63.78	82.94
Printing and stationery	15.87	12.88
Professional charges	100.74	71.74
Auditor's remuneration	9.00	7.77
Donations	0.08	0.02
Spend on CSR activities	13.92	9.27
Directors' Sitting Fees	11.10	8.10
Miscellaneous expenses	451.80	390.53
Loss on Exchange difference	811.83	-
Provision for Impairment Loss	66.98	-
Provision for Bad and Doubtful advances	23.68	-
Total	5,858.55	5,021.33

For auditor's remuneration refer note 33.5.4

For CSR activity expenditure refer note 33.5.11

Note 32 : Income Tax

	₹ in Lakhs	
Particulars	2018-2019	2017-18
Current tax	1,090.00	1,170.00
Current income tax	1,090.00	1,170.00
Deferred tax	(73.15)	224.69
Relating to origination and reversal or temporary difference	(73.15)	224.69
Income tax expense reported in the statement of profit and loss	1,016.85	1,394.69
Other Comprehensive Income (OCI)		
Deferred tax related to items recognised in OCI during the year	(7.77)	17.68
Net loss/(gain) on actuarial gains and losses	(7.77)	17.68
Deferred tax charged to OCI	(7.77)	17.68
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 2019 and 31 March 2018.		
Current tax		
Accounting profit before income tax expense	2,922.36	3,858.73
Tax @ 34.944% (31 March 2018 : 34.608%)	1,021.18	1,335.43
Tax effect of adjustments in calculating taxable income:	(4.33)	59.26
Corporate Social Responsibility expenses/Donations (net)	4.89	3.22
Non deduction of TDS	-	0.22
Expenditure debited to P&L, not allowed in income tax	28.91	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
Additional Allowances under income tax Act	(23.25)	-
Other Disallowances / (allowances)	(14.88)	21.91
At the effective income tax rate of 34.80% (31 March 2017 : 36.14%)	1016.85	1394.69

NOTE 33: NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2019

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 2019.

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.

The standalone financial statements have been prepared on a historical cost basis.

3. Significant accounting judgments, estimates and assumptions

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

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

(a) Judgements

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

1. Legal Contingencies

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

2. Segment Reporting

Ind-AS 108 Operating Segments requires Management to determine the reportable segments for the purpose of disclosure in financial statements based on the internal reporting reviewed by Chief Operating Decision

Maker (CODM) to assess performance and allocate resources. The standard also requires Management to make judgments with respect to aggregation of certain operating segments into one or more reportable segment.

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

(b) Estimates and assumptions

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

1. Defined benefit plans

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

2. Impairment of Financial Assets

The impairment provisions for financial assets disclosed under note 5.b. are based on assumptions about risk of default and expected loss rates. The company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

3. Deferred Tax

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

4. Significant Accounting Policies

4.1. Amended standards adopted by the Company

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

- IndAS 115, Revenue from Contracts with customers.
- Amendment to Ind-AS 20, Accounting for Government Grants and Disclosure of Government Assistance
- Appendix B, Foreign Currency Transactions and advance consideration to Ind AS 21, the effects of changes in Foreign Exchange rates

- Amendment to Ind AS 12, Income taxes
- Amendment to Ind AS 40, Investment Property
- Amendment to Ind AS 28, Investments in associate and joint ventures and Ind AS 112, Disclosure of interests in other entities.

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

4.2. Current Vs Non-Current Classification

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

An asset is current when it is:

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

All other assets are classified as non - current.

A liability is current when it is :

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

All other liabilities are treated as non - current.

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

4.3. Fair value measurement

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

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

- In the principal market for the asset or liability

Or

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

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

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

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

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

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

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

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

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

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

4.4. Property, Plant and Equipment

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

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

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

Depreciation and Amortization

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

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

Asset Category	Life in Years	Basis for useful life
Leasehold Land		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.

4.5. Investment properties

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

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

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

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

4.6. Intangible Assets

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

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

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

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

Intangible assets with finite useful lives are amortised by using Written down value over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset 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.

4.7. Borrowing Cost

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

4.8. Impairment of Assets

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

4.9. Financial instruments – initial recognition and subsequent measurement

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

a) Financial assets

(i) Initial recognition and measurement of financial assets

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

(ii) Subsequent measurement of financial assets

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

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

A financial asset is measured at amortised cost if:

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

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

- Financial assets at fair value through other comprehensive income

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

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

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

- Financial assets at fair value through profit or loss

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

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

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

(iii) Derecognition of financial assets

A financial asset is derecognised when:

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

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

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

(iv) Reclassification of financial assets

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

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

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

(v) Impairment of financial assets

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

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

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

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

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

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

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

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

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

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

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

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

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

b) Financial Liabilities

(i) Initial recognition and measurement of financial liabilities

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

(ii) Subsequent measurement of financial liabilities

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

- Financial liabilities at fair value through profit or loss

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

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

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

- Loans and Borrowings at amortised Cost

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

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

- (iii) Derecognition of financial liabilities

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

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

4.10. Foreign Currency Transactions

Functional and presentation currency

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

- a. Initial Recognition

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

- b. Conversion

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

- c. Exchange Differences

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

4.11. Leases

- 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.

4.12. Inventories

- a. Raw materials, components, stores and spares are valued at cost or net realizable value whichever is lower. Cost includes all cost of purchase and incidental expenses incurred in bringing the inventories to their present location and condition. Cost is ascertained using weighted average cost method.
- b. Work-in-process including finished components and finished goods are valued at cost or realisable value whichever is lower. Cost includes direct materials, labor costs and a proportion of manufacturing overheads based on the normal operating capacity.
- c. Materials-in-transit and materials in bonded warehouse are valued at actual cost incurred up to the date of balance sheet.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

4.13. Cash and cash equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short term, highly liquid investments that are readily convertible into known amounts of cash which are subject to an insignificant risk of changes in value.

4.14. Taxes

Current income tax

Current income tax assets and liabilities are measured at the amounts expected to be recovered from or paid to the taxation authorities; on the basis of the taxable profits computed for the current accounting period in accordance with Income Tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current income tax relating to items recognised in other comprehensive income or directly in equity is recognised in other comprehensive income or in equity, respectively, and not in the statement of Profit and Loss. The Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit 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;
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside the statement of profit and loss is recognised outside the profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

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.

4.15. Non-Current Assets held for sale and Discontinuing operations

A. Non-Current Assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate use in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

B. Discontinuing operations

Discontinuing operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit and loss account.

Assets and liabilities classified as held for distribution are presented separately from others assets and liabilities in the balance sheet.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- a) Represents a separate major line of business or geographical area of operations,

- b) Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations
- Or
- c) Is a subsidiary acquired exclusively with a view to resale

An entity does not depreciate (or amortise) a non-current asset while it is classified as held for sale or while it is part of a disposal group classified as held for sale.

4.16. Employee Benefits

a) Short Term Employee Benefits

The distinction between short term and long term employee benefits is based on expected timing of settlement rather than the employee's entitlement benefits. All employee benefits payable within twelve months of rendering the service are classified as short term benefits. Such benefits include salaries, wages, bonus, short term compensated absences, awards, ex-gratia, performance pay etc. and are recognised in the period in which the employee renders the related service.

b) Post-Employment Benefits

(i) Defined contribution plan

The Company makes payment to state government provident fund scheme and employee state insurance scheme which are defined contribution plans. The contribution paid/payable under the schemes is recognised in the statement of profit and loss during the period in which the employee renders the related service. The Company has no further obligations under these schemes beyond its periodic contributions.

(ii) Defined benefit plan

The employee's gratuity fund scheme is Company's defined benefit plans. The present value of the obligation under such defined benefit plans is determined based on the actuarial valuation using the Projected Unit Credit Method as at the date of the Balance sheet. In case of funded plans, the fair value of plan asset is reduced from the gross obligation under the defined benefit plans, to recognise the obligation on a net basis.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the Balance Sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to the profit or loss in subsequent periods.

Past service costs are recognised in the statement of profit and loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income.

The Employee Group Gratuity Fund and the Employee Superannuation Fund respectively have been constituted through Kingfa Science and Technology (India) Limited Employees Group Gratuity Trust and Kingfa Science and Technology (India) Limited Employee Superannuation Trust in which one of the company's director is a Trustee.

(iii) Other long term employment benefits:

The employee's long term compensated absences are Company's other long term benefit plans. The present value of the obligation is determined based on the actuarial valuation using the Projected Unit Credit Method as at the date of

the Balance sheet. In case of funded plans, the fair value of plan asset is reduced from the gross obligation, to recognise the obligation on a net basis.

In regard to other long term employment benefits, the Company recognises the net total of service costs; net interest on the net defined benefit liability (asset); and re-measurements of the net defined benefit liability (asset) in the statement of profit and loss.

- (iv) The company does not offer any Termination benefits to its employees.

4.17. Provisions and Contingencies

Necessary provisions are made for the present obligations that arise out of past events entailing future outflow of economic resources. Such provisions reflect best estimates based on available information.

However a disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

4.18. Revenue Recognition

- a. The Company manufactures and sells thermoplastic compounds. Sales are recognized when control of the products has been transferred, when the products are delivered to the customer and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the company has objective evidence that all criteria for acceptance have been satisfied.

A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. Sales are stated net of discounts, rebates and returns. It also excludes Goods and Service Tax.

- b. Revenue from export incentives are accounted for on export of goods if the entitlements can be estimated with reasonable assurance and conditions precedent to claim are fulfilled.
- c. Interest income from - debt instruments is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a timely basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

4.19. Government Grant

Grants and subsidies from the government are recognized if the following conditions are satisfied,

- There is reasonable assurance that the Company will comply with the conditions attached to it.
- Such benefits are earned and reasonable certainty exists of the collection.

4.20. Cash dividend

The Company recognises a liability to make cash distributions to the equity holders of the Company when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the provisions of Companies Act, 2013, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

Non-cash distributions, if any, are measured at the fair value of the assets to be distributed with fair value re-measurement recognised directly in equity.

Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in the statement of profit and loss.

4.21. Earnings Per Share

Earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

4.22. Cash Flow Statement

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non cash nature and any deferral or accruals of past or future cash receipts or payments. The cash flows from regular operating, investing and financing activities of the Company are segregated.

4.23. Segment Reporting

The business of the Company falls under a single primary segment i.e. "Reinforced Polypropylene" for the purpose of Ind AS 108.

5. Additional Notes to the Financial Statements

5.1. Contingent Liabilities

		(₹ in Lakhs)	
		As at 31 Mar 2019	As at 31 Mar 2018
(A)	Contingent Liabilities not provided for		
a.	Disputed Sales Tax Demands	29.83	14.57
b.	Disputed Income Tax Demands	33.66	37.64
c.	Disputed Excise duty and Service tax Demands	29.92	29.92
d.	Export obligation for capital goods imported against EPCG license.	2,516.59	-
5.2.	Estimated amount of Contracts remaining to be executed on capital account and not provided for (Net of advances)	11,743.61	1,012.88
5.3.	Aggregate amount of Letters of Credit outstanding	3,308.35	1,467.31

5.4. Payment to Auditors (Net of Goods Service tax)

		(₹ in Lakhs)	
Sr. No.	Particulars	2018-19	2017-18
A	Statutory Auditors		
a.	As Auditors		
	Audit & Assurance Fees	6.00	5.00
	Tax Audit Fees	-	-
b.	Limited Review	1.50	1.25
c.	Reimbursement of expenses	-	0.17
d.	Certification & others	-	0.00
	TOTAL (A)	7.50	6.42
B	Cost Auditors		
a.	As auditors	1.25	1.25
b.	In other capacity		
	Certification fees/XBRL	0.15	0.10
	Reimbursement of expenses	0.10	-
	TOTAL (B)	1.50	1.35
	Grand Total (A+B)	9.00	7.77

5.5 : Disclosure pursuant to Employee benefits												
A. Defined contribution plans:												
Amount of ₹ 65.13 Lakhs (31 March 2018 : ₹ 100.46 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, 2019 : 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, 2018	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 demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in OCI	Contributions by employer	March 31, 2019
Gratuity												
Defined benefit obligation	-126.30	-11.15	-8.71	-19.87	20.21	-	0.01	-1.17	-0.78	-1.94	-	-127.90
Fair value of plan assets	96.56	-	7.36	7.36	-20.21	24.15	-	-	-	24.15	23.28	131.14
Benefit liability	-29.73	-11.15	-1.36	-12.51	-	24.15	0.01	-1.17	-0.78	22.20	23.28	3.24
Leave Encashment												
Defined benefit obligation	-67.58	13.46	-4.74	8.72	7.71	-	-	-	-	-	-	-51.15
Fair value of plan assets	37.56	-	2.56	2.56	-7.71	-	-	-	-	-	0.58	32.98
Benefit liability	-30.03	13.46	-2.18	11.28	-	-	-	-	-	-	0.58	-18.17
Total benefit liability	-59.76	2.31	-3.54	-1.23	-	24.15	0.01	-1.17	-0.78	22.20	23.86	-14.93

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	
Gratuity											March 31, 2018	
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
Leave Encashment												
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	37.56
Total benefit liability	-15.98	-61.04	1.16	-59.87	-	-22.81	8.78	-39.00	1.95	-51.09	67.19	-59.76

The major categories of plan assets of the fair value of the total plan assets of Gratuity and Leave Encashment are as follows:

₹ in lakhs

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Special Deposit Scheme	-	-
(%) of total plan assets	-	-
Insured managed funds	164.12	134.12
(%) of total plan assets	100%	100%
Others	-	-
(%) of total plan assets	-	-

The principal assumptions used in determining above defined benefit obligations (Gratuity) for the Company's plans are shown below:

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Discount rate	7.30%	7.50%
Future salary increase	8.00%	8.00%
Expected rate of return on plan assets	7.50%	8.00%
Expected average remaining working lives (in years)	6.25	-
Withdrawal rate (based on grade and age of employees)	15.00%	15.00%

The principal assumptions used in determining above defined benefit obligations (Leave Encashment) for the Company's plans are shown below:

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Discount rate	7.30%	7.44%
Future salary increase	8.00%	8.00%
Expected rate of return on plan assets	7.44%	8.00%
Expected average remaining working lives (in years)	6.25	-
Withdrawal rate (based on grade and age of employees)	15.00%	15.00%

A quantitative sensitivity analysis for significant assumption is as shown below:

Gratuity

₹ in lakhs

(increase) / decrease in defined benefit obligation (Impact)			
Particulars	Sensitivity level	Year ended March 31, 2019	Year ended March 31, 2018
Discount rate	0.5% increase	2.89	2.90
	0.5% decrease	-303	-3.04
Future salary increase	0.5% increase	-2.39	-2.84
	0.5% decrease	2.30	2.75
Attrition rate	5% increase	0.10	0.36
	5% decrease	-0.10	-0.37

Leave Encashment		₹ in lakhs	
(increase) / decrease in defined benefit obligation (Impact)			
Particulars	Sensitivity level	Year ended March 31, 2019	Year ended March 31, 2018
Discount rate	0.5% increase	0.98	1.38
	0.5% decrease	1.03	-1.45
Future salary increase	0.5% increase	-0.78	-1.44
	0.5% decrease	0.74	1.38
Attrition rate	5% increase	-0.85	0.05
	5% decrease	0.86	-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, 2019	Year ended March 31, 2018
Within the next 12 months (next annual reporting period)		
Gratuity	38.30	17.65
Leave Encashment	14.00	12.84
Between 2 and 5 years		
Gratuity	68.00	80.07
Leave Encashment	18.87	41.96
Beyond 5 years		
Gratuity	105.07	45.67
Leave Encashment	15.07	21.33
Total expected payments	259.31	219.53

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

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Gratuity	7.77	7.13
Leave Encashment	4.46	6.52

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

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Gratuity	23.00	-
Leave Encashment	0.60	-

5.6. Related parties have been identified as defined under Clause 9 of Accounting Standard (Ind AS 24) "Related Party Disclosures"

(A) Description of Related Parties

i) Name of the related party and nature of relationship where control exists :

Sr. No.	Related Party Category	Company
1	Holding Company	Kingfa Science & Tech. Co. Ltd (China)
2	Fellow Subsidiaries	Shanghai Kingfa Science and Tech Co Ltd
		Jaingsu Kingfa Science & Tech Advance Material Co Ltd
		Hong Kong Kingfa Development Co Ltd
		Tianjin Kingfa Advanced Materials Co Ltd
		Kingfa Science & Tech (Europe) Gmbh
		Kingfa Science & Technology Inc,(USA)

ii) Key Management Personnel

Sr. No.	Name
A	Mr. Bo Jingen
B	Mr. Wu Xiaohui
C	Mr. N. K. Ramaswamy (ceased to be director from 15/10/2018)
D	Mr. Xie Dongming
E	Mr. Nirnoy Sur
F	Mr. Balaji D (appointed as director with effect from 29/10/2018)

(B) Transactions with Related Parties

(₹ in Lakhs)

Sr. No.	Nature of the transaction / relationship / major parties	2018-19		2017-18	
		Amount	Amount	Amount	Amount
1	Gross Sales				
	Holding Company				
	Kingfa Science & Technology Co. Ltd China				
	Fellow Subsidiaries	323.51			
	Shanghai Kingfa Science and Tech Co Ltd		99.29		
	Kingfa Science & Technology Inc,(USA)		224.22		
	Total	323.51	323.51		
2	Purchases Net of Discount				
	Holding Company	3,951.97		2,613.64	
	Kingfa Science & Technology Co. Ltd China		3951.97		2613.64
	Fellow Subsidiaries	1,219.75		1,203.36	
	Shanghai Kingfa Science and Tech Co Ltd		64.01		60.35
	Jaingsu Kingfa Science & Tech Advance Material Co Ltd		1,020.24		911.54
	Tianjin Kingfa Advanced Materials Co Ltd		135.50		231.47
	Total	5,171.72	5,171.72	3,817.00	3,817.00

3	Rendering of Services from				
	Key Management Personnel	133.12		131.37	
	Mr. Bo Jingen		22.86		22.86
	Mr. Wu Xiaohui		21.34		21.34
	Mr. N. K. Ramaswamy		27.22		51.95
	Mr. Xie Dongming		19.05		19.05
	Mr. Nirnoy Sur		18.07		16.17
	Mr. Balaji D		24.58		-

		As at 31 March 2019		As at 31 March 2018	
	Outstanding				
1	Accounts Payable				
	Holding Company	9,965.14		5,926.19	
	Kingfa Science & Technology Co. Ltd China		9,965.14		5,926.19
	Fellow Subsidiaries	2,553.71		3,911.65	
	Shanghai Kingfa Science and Tech Co Ltd		15.54		82.16
	Jaingsu Kingfa Science & Tech Advance				
	Material Co Ltd		1,215.35		2,084.69
	Hong Kong Kingfa Development Co Ltd		1,322.82		1,314.29
	Tianjin Kingfa Advanced Materials Co Ltd				430.50
	Total	12,518.85	12,518.85	9,837.84	9,837.84
2	Accounts Receivable				
	Holding Company	0.06		15.30	
	Kingfa Science & Technology Co. Ltd China		0.06		15.30
	Fellow Subsidiaries	156.47		(3.64)	
	Shanghai Kingfa Science and Tech Co Ltd		(12.65)		(10.54)
	Kingfa Science & Tech (Europe) Gmbh		15.30		6.90
	Kingfa Science & Technology,(USA)		153.82		
	Total	156.53	156.53	11.66	11.66
3	Loan outstanding				
	Holding Company	1,660.11		1,561.06	
	Kingfa Science & Technology Co. Ltd China		1,660.11		1,561.06
	Total	1,660.11	1,660.11	1,561.06	
4	Interest Payable				
	Holding Company	114.72		20.62	
	Kingfa Science & Technology Co. Ltd China		114.72		20.62
	Total	114.72	114.72	20.62	

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 2019, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2018: ₹ Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel.

The above figures do not include provision for leave encashment and gratuity, as actuarial valuation of such provision for the Key Management Personnel is included in the total provision for Leave encashment & gratuity.

5.7. Earnings Per Share (Basic and Diluted)

Particulars	2018-19	2017-18
Profit for the year after taxation (₹ in Lakhs)	1,905.50	2,464.04
Total number of equity shares at the end of the year	121.11	121.11
Weighted average number of equity shares for the purpose of computing Earnings Per Share	121.11	120.16
Basic and Diluted Earnings Per Share (in ₹)	15.73	20.51

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

5.8. Fair value disclosures for financial assets and financial liabilities

The management believes that the fair values of non-current financial assets (e.g. loans and others), current financial assets (e.g., cash and cash equivalents, trade and other receivables, loans), non-current financial liabilities and current financial liabilities (e.g. Trade payables and other payables and others) approximate their carrying amounts.

5.9. Financial instruments risk management objectives and policies

The Company's principal financial liabilities, other than derivatives, comprise borrowings, trade and other payables and other financial liabilities. The main purpose of these financial liabilities is to finance the Company's operations to support its operations. The Company's principal financial assets include trade and other receivables, cash and short-term deposits and other financial assets that derive directly from its operations.

The company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Audit Committee and Board review financial risks and the appropriate risk governance framework for the company's financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include borrowings, deposits, trade and other receivables, trade and other payables and derivative financial instruments.

The sensitivity analyses in the following sections relate to the position as at 31 March 2019 and 31 March 2018.

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 2019 and 31 March 2018.

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 2019	As at 31st March 2018
Long Term Fixed Interest Loans		
Short Term Fixed Interest Loans	-	585.04
Long Term Floating Interest Loans	1,660.11	1,561.06
Short Term Floating Interest Loans	-	-

b. Interest Rate Sensitivity

(₹ in Lakhs)

Financial Year	Change in Interest rate	Effect on profit before tax	Effect on pre-tax equity
March 31, 2019	+50 bps	10.34	10.34
	-50 bps	(10.34)	(10.34)
March 31, 2018	+50 bps	15.79	15.79
	-50 bps	(15.79)	(15.79)

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 2019	31 March 2018
Receivable	USD	2,15,709	22,197
	CNY	32,079	32,080
Payable	USD	2,03,86,355	1,97,07,062
	JPY	-19,99,000	-48,39,000
Cash and cash equivalent	USD	3710	1888
	CNY	-	1400
	EURO	1000	-

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

a) **Foreign currency sensitivity**

The following tables demonstrate the sensitivity to a reasonably possible change in USD, CNY & JPY 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, 2019	+7%	976.48	976.48
	-7%	(976.48)	(976.48)
31 March 2018	+7%	896.13	896.13
	-7%	(896.13)	(896.13)

(₹ in Lakhs)

Financial Year	Change in CNY rate	Effect on profit before tax	Effect on pre-tax equity
31 March 2019	+7%	0.23	0.23
	-7%	(0.23)	(0.23)
31 March 2018	+7%	0.23	0.23
	-7%	(0.23)	(0.23)

Financial Year	Change in JPY rate	Effect on profit before tax	Effect on pre-tax equity
31 March 2019	+7%	0.87	0.87
	-7%	(0.87)	(0.87)
31 March 2018	+7%	179.64	179.64
	-7%	(179.64)	(179.64)

Financial Year	Change in EURO rate	Effect on profit before tax	Effect on pre-tax equity
31 March 2019	+7%	0.05	0.05
	-7%	(0.05)	(0.05)
31 March 2018	+7%	0.00	0.00
	-7%	(0.00)	(0.00)

iii) **Commodity price risk**

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

iv) Other Price Risk

The company does not hold investments in equity or mutual fund as on the date of Balance Sheet and hence it is not exposed to any such risks.

v) Equity price risk

The Company has not made any investment in equity instruments and hence, the Company do not foresee any risk from this unlisted equity shares.

b) Credit risk

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

Trade receivables

Receivables are reviewed, managed and controlled for each class of customers separately. Credit exposure risk is mainly influenced by class /type of customers, depending upon their characteristics. Credit risk is managed through credit approval process by establishing credit limits along with continuous monitoring of credit worthiness of customers to whom credit terms are granted. Wherever required, credit risk of receivables is further covered through letter of credit, bank guarantee, business deposits and such other forms of credit assurance schemes.

An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are combined into homogenous category and assessed for impairment collectively. The calculation is based on actual incurred historical data. The Company does not hold collateral as security. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are spread over vast spectrum.

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company in accordance with the Company's policy. Investments of surplus funds are made as per the approved investment policy. Investment limits are set to minimise the concentration of risks and therefore mitigate financial loss if any.

c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of underlying businesses, company's treasury maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecast of the company's liquidity position and cash and cash equivalents on the basis of expected cash flows. This is generally carried out at the local level in the operating companies of the group in accordance with the practice and limits set by the company. These limits vary by location to take into account the liquidity of the market in which the entity operates. In addition, the company's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

- (i) The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

(₹ in Lakhs)

Particulars	On demand	less than 3 months	3 months to 1 year	1 year to 5 years	more than 5 years	Total
Year ended 31 March, 2019						
Interest bearing borrowings				1,660.11		1,660.11
Other financial liabilities	200.62	23.21		4.50		228.33
Trade payables		13,480.43	6,013.27			19,493.70
Derivatives						
	200.62	13,503.64	6,013.27	1,664.61		21,382.14
Year ended 31 March, 2018						
Interest bearing borrowings	585.04			1561.06		2,146.10
Other financial liabilities	124.12	20.62		4.50	0.61	149.86
Trade payables		12,949.41	1,523.81			14,473.21
Derivatives						
	709.16	12,970.03	1,523.81	1,565.56	0.61	16,769.17

(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 2019 and 31 March 2018.

Particulars	31 March 2019	31 March 2018
Cash and cash equivalents	5,310.15	4,132.55
Current borrowings	-	(585.04)
Non-current borrowings	(1,660.11)	(1,561.06)
Net Debt	3,650.04	1,986.45

Particulars	Cash and cash equivalents	Current borrowings	Non-current borrowings	Total
Net debt as on 1 April 2018	4,132.55	(585.04)	(1,561.06)	1,986.45
Cash flows	1,177.60	585.04	(99.05)	1,663.59
Net debt as on 31 March 2019	5,310.15	-	(1,660.11)	3,650.04

5.10. Capital management

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2019 and 31 March 2018.

5.11. Expenditure on CSR Activities

	(₹ in Lakhs)
1 Gross amount required to be spent by the company during the year	51.02
2 Amount spent during the year	13.92

NOTE 34 : Standards issued but not yet effective

The Ministry of Corporate Affairs (MCA) notified the Companies (Indian Accounting Standards) Amendment Rules, 2019. The Rules shall be effective from reporting period beginning on or after April 1, 2019 and cannot be early adopted.

1. Ind AS 116 - Leases

Ind AS 116 was notified by the Ministry of Corporate Affairs on March 30, 2019 and it is applicable for annual reporting periods beginning on or after April 1, 2019.

Ind AS 116 will affect primarily the accounting by leases and will result in the recognition of almost all leases on the balance sheet. The standard removes the current distinction between operating and finance leases and requires recognition of an asset (the right-of-use of the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases.

The statement of profit and loss will also be affected because the total expense is typically higher in the earlier years of a lease and lower in the later years. Additionally, operating expense will be replaced with interest and depreciation, so key metrics like EBITDA will change.

Operating cash flows will be higher as repayments of the lease liability and related interest are classified within financing activities.

The accounting by lessors will not significantly change. Some differences may arise as a result of the new guidance on the definition of a lease. Under Ind AS 116, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company is in the process of evaluating the impact of the above amendment on financial statements in terms of recognition of leases.

2. Appendix C, Uncertainty over Income Tax Treatments, to Ind AS 12, 'Income Taxes'

The appendix explains how to recognize and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. In particular, it discusses:

- How to determine the appropriate unit of account, and that each uncertain tax treatment should be considered separately or together as a group, depending on which approach better predicts the resolution of the uncertainty;
- That the entity should assume a tax authority will examine the uncertain tax treatments and have full knowledge of all related information, i.e. that detection risk should be ignored;
- That the entity should reflect the effect of the uncertainty in its income tax accounting when it is not probable that the tax authorities will accept the treatment;
- That the impact of the uncertainty should be measured using either the most likely amount or the expected value method, depending on which method better predicts the resolution of the uncertainty; and
- That the judgements and estimates made must be reassessed whenever circumstances have changed or there is new information that affects the judgements.

The application of this guidance is not expected to have an impact on the separate financial statements.

3. Prepayment Features with Negative Compensation – Amendments to Ind AS 109, 'Financial Instruments'

The narrow-scope amendments made to Ind AS 109 enable entities to measure certain prepayable financial assets with negative compensation at amortized cost. These assets, which include some loan and debt securities, would otherwise have to be measured at fair value through profit or loss. To qualify for amortized cost measurement, the negative compensation must be 'reasonable compensation for early termination of the contract' and the asset must be held within a 'held to collect' business model.

These amendments are not expected to have any impact on the separate financial statements.

4. Plan Amendment, Curtailment or Settlement – Amendments to Ind AS 19, 'Employee Benefits'

The amendments to Ind AS 19 clarify the accounting for defined benefit plan amendments, curtailments and settlements. They confirm that entities must:

- Calculate the current service cost and net interest for the remainder of the reporting period after a plan amendment, curtailment or settlement by using the updated assumptions from the date of the change;
- Any reduction in a surplus should be recognized immediately in profit or loss either as part of past service cost, or as a gain or loss on settlement. In other words, a reduction in a surplus must be recognized in profit or loss even if that surplus was not previously recognized because of the impact of the asset ceiling; and
- Separately recognize any changes in the asset ceiling through other comprehensive income.

These amendments will apply to any future plan amendments, curtailments or settlements of the Company on or after April 1, 2019.

5. Ind AS 12, 'Income Taxes'

The amendments clarify that the income tax consequences of dividends on financial instruments classified as equity should be recognized according to where the past transactions or events that generated distributable profits were recognized. These requirements apply to all income tax consequences of dividends. Previously, it was unclear whether the income tax consequences of dividends should be recognized in profit or loss, or in equity, and the scope of the existing guidance was ambiguous.

These amendments are not expected to have any material impact on the separate financial statements.

6. Ind AS 23, 'Borrowing Costs'

The amendments clarify that if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.

The Company is in the process of evaluating the impact of the above amendment on financial statements.

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

BO JINGEN

D. BALAJI

Chartered Accountants

Managing Director

Executive Director

Firm Registration Number : 101118W

DIN : 0006617986

DIN : 08256342

PRITAM PRAJAPATI

XIE DONGMING

NIRNOY SUR

Partner

Chief Financial Officer

Company Secretary

Membership Number : 135734

Chennai : 28 May 2019

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
35TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE 35TH ANNUAL GENERAL MEETING (AGM) OF THE MEMBERS OF KINGFA SCIENCE & TECHNOLOGY (INDIA) LIMITED WILL BE HELD ON FRIDAY, SEPTEMBER 27, 2019 AT 10.30 A.M. AT RAJ PARK CHENNAI, "OPAL 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, 2019

"RESOLVED THAT Audited Financial Statements of the Company for the Financial Year ended 31st March 2019 along with Directors' Report, Independent Auditors' Report thereon be and is hereby received, considered, approved and adopted."

Item No. 2: Re-appointment of Mr. Bo Jingen

"RESOLVED THAT Mr. Bo Jingen (DIN 06617986), who retires by rotation and being eligible offers himself for re-appointment, be and is hereby re-appointed as Director of the Company liable to retire by rotation."

SPECIAL BUSINESS:

Item No.3: Ratification of Remuneration to Cost Auditor

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

"RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and as approved by the Board of Directors of the Company, remuneration of ₹1,50,000/- (plus applicable taxes and re-imbursement of out of pocket expenses incurred in connection with the audit) to be paid to Mr.K.Suryanarayanan, Cost Accountant (Registration No. 102347), appointed by the

Board of Directors of the Company to conduct the audit of the cost records of the Company for the Financial Year ending March 31, 2020, be and is hereby ratified.

RESOLVED FURTHER THAT the Board of Directors of the Company and / or Company Secretary be and are hereby severally authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this Resolution."

Item No.4: Appointment of Mr.D.Balaji as Director of the Company

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

"RESOLVED THAT pursuant to Section 152 and all other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modifications(s) or enactment thereof for the time being in force) and applicable regulations of the SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015, as amended from time to time and Articles of Association of the Company, Mr. D.Balaji (DIN 0008256342) who was appointed as an Additional Director of the Company w.e.f. 29th October, 2018 and who holds office until passing of this resolution, be and is hereby appointed as Director of the Company liable to retire by rotation."

Item No.5: Appointment of Mr.D.Balaji as Whole-time Director designated as Executive Director 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 pursuant to the provisions of Sections 196, 197, 198, 203 and other applicable provisions, if any, of the Companies Act, 2013 (the Act) read with Schedule V of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modifications(s) or enactment thereof for the time being in

force) and applicable Regulations of the SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015, as amended from time to time and subject to other sanctions / approvals as may be necessary, consent of the Members of the Company be and is hereby accorded for appointment of Mr. D.Balaji (DIN 0008256342) as Whole-time Director of the Company designated as Executive Director, consented to retire by rotation, for a period of 3 (three) years w.e.f. 29th October, 2018 with such remuneration as set out in the Explanatory Statement provided that the total remuneration (including all perquisites, benefits) shall not exceed the ceiling limit as provided in Schedule V, Part II, of the Companies Act, 2013 or such amounts as may be specified by any amendment to the Act and SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015, as amended from time to time;

RESOLVED FURTHER THAT in case the Company has no profits or its profits are inadequate in any financial year during the tenure of appointment of Mr. D.Balaji, it may pay a remuneration to Mr. D.Balaji, which shall not exceed the ceiling as provided in Schedule V, Part II, of the Companies Act 2013 or such amounts as may be specified by any amendment to the Act;

RESOLVED FURTHER THAT the Board of Directors and / or Company Secretary of the Company be and are hereby severally authorized to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required and do all statutory filings, as mandated, as per the provisions of Companies Act, 2013."

Item No.6: Re-appointment of Mr. N.Subramanian as Director of the Company

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

"RESOLVED THAT Mr. N.Subramanian (DIN : 03602858), who was appointed as an Additional Director of the Company by the Board of Directors with effect from 16th May, 2019 in terms of applicable provisions of the Companies Act, 2013 read with Companies (Appointment and Qualification of Directors) Rules, 2014 and Articles of Association of the Company and whose term of office expires at the Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director be and is hereby appointed as Director of the Company."

Item No.7: Re-appointment of Mr. N.Subramanian as an Independent Non-Executive Director.

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 ("Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Act and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. N.Subramanian (DIN : 03602858), Independent Non-Executive Director of the Company who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for reappointment, be and is hereby re-appointed as an Independent Non-Executive Director of the Company to hold office for another term of five consecutive years with effect from 16th May, 2019 to 15th May, 2024 and whose office shall not be liable to retire by rotation.

RESOLVED FURTHER THAT any Director and/or the Company Secretary of the Company be and are hereby severally authorised to do all acts, deeds and things including filings and take steps as may be deemed necessary, proper or expedient to give effect to this Resolution and matters incidental thereto".

Item No.8: Re-Appointment of Mr.Bo Jingen as Managing Director

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

"RESOLVED THAT pursuant to the provisions of Sections 196, 197, 198, 203 and other applicable provisions, if any, of the Companies Act, 2013 (the Act) read with Schedule V of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modifications(s) or enactment thereof for the time being in force) and applicable Regulations of the SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015, as amended from time to time and subject to other sanctions / approvals as may be necessary, consent of the Members of the Company be and is hereby accorded for re-appointment of Mr. Bo Jingen (DIN 06617986) as Managing Director of the Company, consented to retire by rotation, for a further period of 2 years w.e.f. February 27, 2020 with such remuneration as set out in the Explanatory Statement for the period from

April 01, 2019 to February 26, 2022 provided that the total remuneration (including all perquisites, benefits) shall not exceed the ceiling limit as provided in Schedule V, Part II, of the Companies Act, 2013 or such amounts as may be specified by any amendment to the Act and SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015, as amended from time to time.

RESOLVED FURTHER THAT in case the Company has no profits or its profits are inadequate in any financial year during the tenure of re-appointment of Mr. Bo Jingen, it may pay a remuneration to Mr. Bo Jingen, which shall not exceed the ceiling as provided in Schedule V, Part II, of the Companies Act, 2013 or such amounts as may be specified by any amendment to the Act;

RESOLVED FURTHER THAT the Board of Directors and / or Company Secretary of the Company be and are hereby severally authorized to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required and do all statutory filings, as mandated, as per the provisions of Companies Act, 2013."

By Order of the Board of Directors

for Kingfa Science & Technology (India) Limited

Place : Chennai

NIRNOY SUR

Date : July 29, 2019

Company Secretary

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY / PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF. SUCH PROXY / PROXIES NEED NOT BE A MEMBER OF THE COMPANY.

2. The instrument of Proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than FORTY-EIGHT HOURS before the commencement of AGM. A Proxy Form is sent herewith. Proxies submitted on behalf of the companies, societies etc., must be supported by an appropriate resolutions/ authority, as applicable.

A person can act as proxy on behalf of Members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company. In case a proxy is proposed to be appointed by a Member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or Member.

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, 20th September, 2019 to Friday, 27th September, 2019 (both days inclusive) for annual closing.
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. Members are also advised not to leave their demat account(s) dormant for long.
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 2018-19, the Notice of the 35th 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. Members may also note that the Notice of the 35th AGM, Attendance Slip, Proxy Form, and the Annual Report will also be available on the Company's website www.kingfaindia.com for their download.

9. Details as required in sub-regulation (3) of Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and Secretarial Standard on General Meeting (SS-2) of ICSI in respect of the Directors seeking appointment/re-appointment at the AGM, are provided in Annexure – 1, forms integral part of the Notice of the AGM.
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 FY 2010-11 paid by the Company have been transferred to Investor Education and Protection Fund of the Central Government. No dividend was declared thereafter.
12. Pursuant to the provisions of IEPF Rules, the Company had transferred 58,767 equity shares of ₹ 10 each to the IEPF Account on which the dividends remained unpaid or unclaimed for seven consecutive years with reference to the due date of 05.11.2018 after following the prescribed procedure.
13. SEBI Notification No. SEBI/LAD-NRO/GN/2018/24 dated June 8, 2018 and further amendment vide Notification No. SEBI/LAD-NRO/GN/2018/49 dated November 30, 2018, requests for effecting transfer of securities (except in case of transmission or transposition of securities) shall not be processed from April 1, 2019 unless the securities are held in the dematerialized form with the depositories. Therefore, Shareholders are requested to take action to dematerialize the Equity Shares of the Company, promptly.
14. A route map showing directions to the venue of the 35th 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 relative Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, setting out material facts concerning the business under Item Nos.3 to 8 of the accompanying Notice, is annexed hereto.
16. Voting through electronic means
 - I. In compliance with the provisions of Section 108 of the Act, Rule 20 of the Companies (Management and Administration) Rules, 2014 as substituted by the Companies (Management and Administration) Amendment Rules, 2015 ('Amended Rules 2015'), Regulation 44 of the Listing Regulations and Secretarial Standard on General Meetings (SS-2) issued by the ICSI, the Company is pleased to provide its members facility to exercise their right to vote on resolutions proposed to be considered at the 35th 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).

The Company has approached NSDL for providing e-voting services through our e-voting platform. In this regard, your Demat Account/Folio Number has been enrolled by the Company for your participation in e-voting on resolution placed by the Company on e-Voting system.

The Notice of the Annual General Meeting (AGM) of the Company inter alia indicating the process and manner of e-Voting process along with printed Attendance Slip and Proxy Form can be downloaded from the link <https://www.evoting.nsdl.com> or <http://www.kingfaindia.com/frmEvote.aspx>
 - 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, 2019 (9:00 am) and ends on 26th September, 2019 (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 19th September, 2019, 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. A person who is not a member as on the cut-off date should treat this Notice of the AGM for information purpose only.
- VI. The details of the process and manner for remote e-voting are explained herein below:

Step 1 : Log-in to NSDL e-Voting system at <https://www.evoting.nsdl.com/>

Step 2 : Cast your vote electronically on NSDL e-Voting system.

Details on Step 1 is mentioned below:

How to Log-in to NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.
3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical : Your User ID is:

- a) For Members who hold shares in demat account with NSDL: 8 Character DP ID followed by 8 Digit Client ID (For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****).
- b) For Members who hold shares in demat account with CDSL: 16 Digit Beneficiary ID (For example if your Beneficiary ID is 12***** then your user ID is 12*****).
- c) For Members holding shares in Physical Form: EVEN Number followed by Folio Number

registered with the company (For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***).

5. Your password details are given below:

- a. If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
- b. If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
- c. How to retrieve your 'initial password'?
 - i. If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
 - ii. If your email ID is not registered, your 'initial password' is communicated to you on your postal address.

6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:

- a. Click on "Forgot User Details/Password?" (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
- b. "Physical User Reset Password?" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
- c. If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address.

7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.

8. Now, you will have to click on "Login" button.
9. After you click on the "Login" button, Home page of e-Voting will open.

Details on Step 2 is given below:

How to cast your vote electronically on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
2. After click on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.
3. Select "EVEN" of the Company.
4. Now you are ready for e-Voting as the Voting page opens.
5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
6. Upon confirmation, the message "Vote cast successfully" will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for shareholders:

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to pssrinivasan1939@gmail.com with a copy marked to evoting@nsdl.co.in.
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go

through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.

3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and remote e-voting user manual for Members available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990 or contact Ms. Pallavi Mhatre, Assistant Manager, National Securities Depository Ltd., Trade World, 'A' Wing, 4th Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013, at the designated email address: pallavid@nsdl.co.in/evoting@nsdl.co.in or at telephone no. +91 22 2499 4545 who will also address the grievances connected with the voting by electronic means. Members may also write to the Company's Registrar at the email address yuvraj@integratedindia.in or Company Secretary at the email address: cs@kingfaindia.com.

Please note the following:

A member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the AGM.

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.

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.

The Scrutinizer shall after the conclusion of voting at the general meeting, 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.

Other information:

- ❖ Your login id and password can be used by you exclusively for e-voting on the resolutions placed by the companies in which you are the shareholder.
 - ❖ It is strongly recommended not to share your password with any other person and take utmost care to keep it confidential.
- VII. 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 19th September, 2019.
- VIII. 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. 19th September, 2019, may obtain the User ID and password by sending a request at evoting@nsdl.co.in or evoting@kingfaindia.com or 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" or "Physical User Reset Password" option available on www.evoting.nsdl.com
- IX. 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.
- X. 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.
- XI. The Results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company 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. All documents referred to in the accompanying Notice of the AGM and the Explanatory Statement shall be open for inspection without any fee at the Registered Office of the Company during normal business hours (9:00 am to 5:00 pm) on all working days, except Saturday, up to and including the date of the AGM of the Company.

18. The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act and the Register of Contracts and Arrangements in which Directors are interested maintained under Section 189 of the Act, shall be made available at the commencement of the meeting and shall remain open and accessible to the members during the continuance of the meeting.

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

Item No. 3

Ratification of Remuneration to Cost Auditor

The Board of Directors of the Company on the recommendation of the Audit Committee, approved the appointment of Mr.K.Suryanarayanan, Cost Accountant, to conduct the audit of the Cost records of the Company on a remuneration of ₹ 1,50,000/- (excluding all applicable taxes and reimbursement of out of pocket expenses) for the Financial Year ending March 31, 2020.

In terms of the provisions of Section 148 of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, (as amended from time to time) the remuneration as mentioned above, payable to the Cost Auditor is required to be ratified by the Members of the Company. Accordingly, the Members are requested to ratify the remuneration payable to the Cost Auditor for the Financial Year ending March 31, 2020, as set out in the Ordinary Resolution for the aforesaid services to be rendered by him.

None of the Directors and / or Key Managerial Personnel of the Company and their relatives are in any way concerned or interested, financially or otherwise, in the said Resolution.

The Board of Directors recommends the Ordinary Resolution set out at Item No. 3 of the Notice for approval by the Members.

Item Nos. 4 & 5

Appointment of Mr.D.Balaji

Based on the recommendation of the Nomination and Remuneration Committee and keeping in view of his vast experience, the Board had appointed Mr.D.Balaji as an Additional Director with effect from 29th October, 2018 and Whole-time Director designed as Executive Director for a term of 3 (three) years with effect from 29th October, 2018 subject to requisite approval of the Members, on such terms & conditions with such remuneration as set out in the Explanatory Statement provided that the total remuneration (including all perquisites,

benefits) shall not exceed the ceiling limit as provided in Schedule V, Part II, of the Companies Act, 2013 or such amounts as may be specified by any amendment to the Act, Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modifications(s) or enactment thereof for the time being in force) and SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015, as amended from time to time.

Mr.D.Balaji aged about 57 years has over 35 years of experience in the Plastics field, almost all of it related to compounding/modified Plastics. He started his career with a leading injection moulding unit at Chennai and switched to SRF Ltd (then called Shriram Fibers Ltd). He spent his next 27 years at SRF gaining immense experience in various aspects of compounding industry starting from manufacturing and rotating through technical services, product development, sales & marketing, product management, export, PPC and Total Quality Management working in their zonal office, plant at Chennai and their head quarters at Gurgaon.

Mr.Balaji joined Hydro S&S Industries Ltd (the predecessor of Kingfa Science & Technology (India) Ltd) as their head of Sales and Marketing in Jan 2012 and was responsible for making Kingfa India the no. one player in the modified plastics field.

Mr.Balaji is basically a graduate in Chemistry and a post graduate in Plastics Processing Technology from CIPET, Chennai. He acquired an MBA in Marketing and also a PG Diploma in Production management from the University of Madras apart from a Diploma from Plastics & Rubber Institute (London).

Mr.Balaji is well known in the plastics industry being an active member of Indian Plastics Institute (IPI) and is also a committee member of the Chennai Chapter of IPI.

The Company has received a notice in writing from a member under Section 160 of the Act proposing the candidature of Mr.D.Balaji for the office of Director of the Company. In accordance with Section 161 of the Companies Act, 2013 ("Act"), Mr.Balaji holds office up to the date of the passing of this resolution. Mr.D.Balaji fulfils the conditions specified in the Act and the rules made thereunder and the SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015, as amended from time to time.

Mr.D.Balaji satisfies all the conditions set out in Part-I of Schedule V to the Act as also conditions set out under sub-section (3) of Section 196 of the Act for being eligible for his appointment. He is not disqualified from being appointed as Director in terms of Section 164 of the Act.

The above may be treated as a written memorandum setting out the terms of appointment of Mr.Balaji under Section 190 of the Act.

Details of Mr.Balaji are provided in the Annexure 1 to the Notice pursuant to the provisions of (i) the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and (ii) Secretarial Standard on General Meetings ("SS-2") issued by the Institute of Company Secretaries of India.

Mr.Balaji holds 255 Equity shares in the Company.

Except Mr.D.Balaji, being an appointee and his relatives, none of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the resolutions set out at Item No. 4 & 5 of the accompanying Notice of the AGM. Mr.D.Balaji is not related to any Director of the Company.

This Explanatory Statement together with the accompanying Notice of the AGM may also be regarded as a disclosure under Regulation 36(3) of the Listing Regulations and Secretarial Standard on General Meetings (SS-2) of ICSI.

The Special resolution proposed to be passed is an enabling resolution, permitting the Company to pay the fixed remuneration even during absence or inadequacy of profits in any financial year, in compliance with Section 197 read with Schedule V of the Companies Act, 2013.

The Board of Directors recommends the Special Resolution set out at Item No.4 & 5 of the Notice by the Members.

Item Nos. 6 & 7

Re-appointment of Mr. N.Subramanian

Mr. N.Subramanian is an Independent Non-Executive Director of the Company and also Chairperson of the Audit Committee, Nomination and Remuneration Committee and Stakeholder Relationship Committee of the Board of Directors of the Company. He joined the Board of Directors of the Company on 16th May, 2014.

Mr. N.Subramanian was appointed as an Independent Non-Executive Director of the Company by the Members at the 30th AGM of the Company held on 25th July, 2014 for a period of five consecutive years commencing from 16th May, 2014 upto 15th May, 2019.

As per Section 149(10) of the Act, an Independent Director shall hold office for a term of upto five consecutive years on the Board of a Company, but shall be eligible for re-appointment on passing a special resolution by the Company for another term of upto five consecutive years on the Board of a Company.

Mr.N.Subramanian was appointed as an Additional Director by the Board with effect from 16th May, 2019 based on the recommendation of the Nomination and Remuneration Committee and holds office upto the date of the ensuing Annual General Meeting.

Based on recommendation of Nomination and Remuneration Committee and in terms of the provisions of Sections 149, 150, 152 read with Schedule IV and any other applicable provisions of the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. N.Subramanian, being eligible for re-appointment as an Independent Non-Executive Director and offering himself for re-appointment, is proposed to be re-appointed as an Independent Non-Executive Director for second term of five consecutive years from 16th May, 2019 upto 15th May, 2024.

Mr.N.Subramanian is a Fellow Member of the Institute of the Chartered Accountants of India and Associate Member of the Institute of Company Secretaries of India and has rich experience in Accounts, Finance, Audit, Taxation and Corporate law matters. He is practicing as a Chartered Accountant independently and also a senior partner in M/s. Vivekanandan Associates, Chartered Accountants, Chennai, a firm of Chartered Accountants.

The Company has received declaration from him stating that he meets the criteria of Independence as prescribed under sub-section (6) of Section 149 of the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. He has also given his consent to continue to act as Director of the Company, if so appointed by the members.

In the opinion of the Board, N.Subramanian fulfils the conditions specified under Section 149 (6) of the Act, the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for his re-appointment as an Independent Non-Executive Director of the Company and is independent of the management. Copy of the draft letter for re-appointment of N.Subramanian as an Independent Non-Executive Director setting out terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours (9:00 am to 5:00 pm) on any working day, except Saturday, upto and including the date of AGM of the Company.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. N.Subramanian as an Independent Non-Executive Director.

Accordingly, the Board recommends passing of the Special Resolution in relation to re-appointment of Mr. N.Subramanian as an Independent Non-Executive Director for another term of five consecutive years with effect from 16th May, 2019 upto 15th May, 2024, for the approval by the shareholders of the Company.

Except Mr. N.Subramanian, being an appointee and his relatives, none of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the resolutions set out at Item No. 6 & 7 of the accompanying Notice of the AGM. Mr. N.Subramanian is not related to any Director of the Company.

This Explanatory Statement together with the accompanying Notice of the AGM may also be regarded as a disclosure under Regulation 36(3) of the Listing Regulations and Secretarial Standard on General Meetings (SS-2) of ICSI.

Item No.8

Re-Appointment of Mr.Bo Jingen as Managing Director

The Board of Directors of the Company on the basis of the recommendation of Nomination and Remuneration Committee at its Meeting held on 29th July, 2019 has, subject to approval of members, re-appointed Mr.Bo Jingen (DIN 06617986) as a Managing Director, for a further period of 2 (two) years with effect from February 27, 2020 upto February 26, 2022, on such terms & conditions with such remuneration as set out in the Explanatory Statement for the period from April 01, 2019 to February 26, 2022 provided that the total remuneration (including all perquisites, benefits) shall not exceed the ceiling limit as provided in Schedule V, Part II, of the Companies Act, 2013 or such amounts as may be specified by any amendment to the Act, Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modifications(s) or enactment thereof for the time being in force) and SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015, as amended from time to time.

Mr.Bo Jingen holds Master's degree in Polymer Science and have experience in Business Strategy, Planning, Marketing and Sales.

Mr.Bo Jingen satisfies all the conditions set out in Part-I of Schedule V to the Act as also conditions set out under sub-section (3) of Section 196 of the Act for being eligible for his re-appointment. He is not disqualified from being appointed as Director in terms of Section 164 of the Act.

The above may be treated as a written memorandum setting out the terms of re-appointment of Mr.Bo Jingen under Section 190 of the Act.

Details of Mr.Bo Jingen are provided in the Annexure 1 to the Notice pursuant to the provisions of (i) the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and (ii) Secretarial Standard on General Meetings ("SS-2") issued by the Institute of Company Secretaries of India.

Mr.Bo Jingen does not hold any shares in the Company.

None of the Directors and / or Key Managerial Personnel of the Company and their respective relatives other than Mr.Bo Jingen is in any way concerned or interested, financial or otherwise, in the resolution set out at Item No. 8 of the accompanying Notice of the AGM. Mr. Bo Jingen is not related to any Director of the Company

The Special resolution proposed to be passed is an enabling resolution, permitting the Company to pay the fixed remuneration even during absence or inadequacy of profits in any financial year, in compliance with Section 197 read with Schedule V of the Companies Act, 2013.

The Board of Directors recommends the Special Resolution set out at Item No.8 of the Notice by the Members.

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

Place : Chennai
Date : July 29, 2019

NIRNOY SUR
Company Secretary

ANNEXURE 1

DETAILS OF DIRECTOR SEEKING APPOINTMENT / RE-APPOINTMENT AT THE FORTHCOMING ANNUAL GENERAL MEETING

[Pursuant to Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Clause 1.2.5 of Secretarial Standards-2 on General Meetings]

Name of the Director	Mr.D.Balaji	Mr.N.Subramanian	Mr. Bo Jingen
DIN	0008256342	03602858	06617986
Date of Birth and Age	30-05-1962 57 years	17-03-1954 65 years	07-03-1982 37 years
Date of first appointment on the Board	29th October, 2018	16th May, 2014	3rd July, 2013
Qualifications	A graduate in Chemistry and a post graduate in Plastics Processing Technology from CIPET, Chennai. He acquired an MBA in Marketing and also a PG Diploma in Production management from the University of Madras apart from a Diploma from Plastics & Rubber Institute (London).	Mr.N.Subramanian is a Fellow Member of the Institute of the Chartered Accountants of India and Associate Member of the Institute of Company Secretaries of India.	Master's degree in Polymer Science
Experience and Expertise	Sales and Marketing.	Accounts, Finance, Audit, Taxation and Corporate Law matters	Business Strategy, Planning, Marketing and Sales
Number of Meetings of the Board attended during the year	2 out of 2	4 out of 4	4 out of 4

List of Directorship / Membership / Chairmanship of Committees of other Board	--	<p>Directorship:</p> <p>1. IEC Fabchem Limited- Independent Director</p> <p>2. Cella Space Limited (Previously Sree Sakthi Paper Mills Limited) – Independent Director</p> <p>Membership:</p> <p>1. IEC Fabchem Limited- Member – Nomination and Remuneration Committee.</p> <p>2. Cella Space Limited (Previously Sree Sakthi Paper Mills Limited) – Member – Audit Committee</p>	--
Shareholding in the Company	255 Equity Shares	NIL	NIL
Relationship with other Directors, Manager and other Key Managerial Personnel of the Company	--	--	--
Terms and Conditions of appointment or re-appointment along with details of remuneration sought to be paid and remuneration last drawn by such person	<p>Total Remuneration not to exceed ₹ 75 lacs per annum.</p> <p>Details of remuneration last drawn is provided in the Corporate Governance Report Section of the Annual Report 2018-19.</p>	As per Nomination and Remuneration Policy of the Company for Independent Directors.	<p>Total Remuneration not to exceed ₹ 90 lacs per annum.</p> <p>Details of remuneration last drawn is provided in the Corporate Governance Report Section of the Annual Report 2018-19.</p>
Justification for choosing the appointees for appointment as Independent Director	NA	Vast experience in Accounts, Finance, Audit, Taxation and Corporate Law matters.	NA

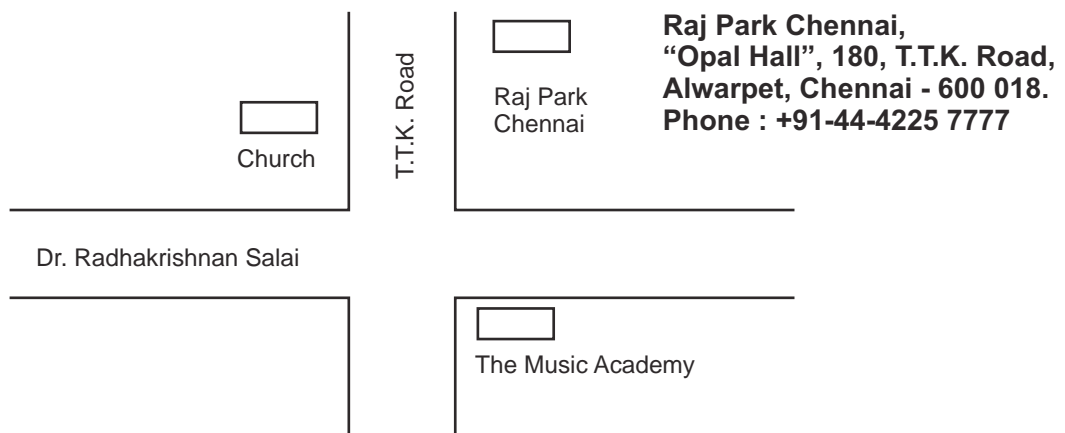
By Order of the Board of Directors
for Kingfa Science & Technology (India) Limited

Place : Chennai
Date : July 29, 2019

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 35TH ANNUAL GENERAL MEETING OF
KINGFA SCIENCE & TECHNOLOGY (INDIA) LIMITED

ATTENDANCE SLIP

35TH 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 35th **Annual General Meeting** of the Company at Raj Park Chennai, "Opal Hall", 180, T.T.K. Road, Alwarpet, Chennai - 600018 on Friday, September 27, 2019 at 10.30 a.m.

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

Member's/Proxy's name
in Block Letters

Member's/Proxy's
Signature

ELECTRONIC VOTING PARTICULARS

EVEN (Electronic 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 2018-19 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 2018-19 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.
4. Please refer notice of the 35th Annual General Meeting for instructions and period for e-voting.

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 35th Annual General Meeting of the Company to be held on Friday, September 27, 2019 at 10.30 a.m. at Raj Park Chennai, "Opal 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 3) (Please mention no. of shares)	
Ordinary Business		For	Against
1.	Adoption of Audited Financial Statements of the Company for the Financial Year ended 31 st March 2019 along with Directors' Report, Independent Auditors' Report thereon.		
2.	Re-appointment of Mr. Bo Jingen as a Director retiring by rotation.		
Special Business			
3.	Ratification of Remuneration to Cost Auditor.		
4.	Appointment of Mr. D.Balaji as Director of the Company.		
5.	Appointment of Mr. D.Balaji as Whole-time Director designated as Executive Director of the Company.		
6.	Re-appointment of Mr. N.Subramanian as Director of the Company.		
7.	Re-appointment of Mr. N.Subramanian as an Independent Non-Executive Director.		
8.	Re-Appointment of Mr. Bo Jingen as Managing Director.		

Signed this day of 2019.

Signature of Member :

Signature of Proxy holder(s) :

Notes:

- 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.**
- For the Resolutions, Explanatory Statement and Notes, please refer to the Notice of the 35th Annual General Meeting.
- 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 thinks appropriate.
- Please complete all details of member(s) before submission.

Affix
Revenue
Stamp ₹. 1/-