

27<sup>th</sup> September, 2017

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

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

Scrip Code / ID : 524019 / KINGFA

Symbol : KINGFA

Dear Sirs,

**Re : 33<sup>rd</sup> Annual General Meeting of the Company held on 25<sup>th</sup> September, 2017**

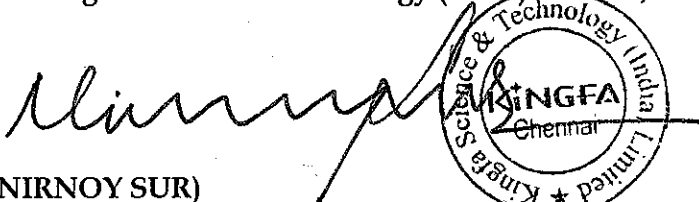
Please find enclosed Annual Report for the Financial Year 2016 - 17 as required under Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations duly approved and adopted by the members at the Annual General Meeting of the Company held on 25<sup>th</sup> September, 2017 at 11.30 a.m. at Raj Park Chennai, "Summit Hall", 180, T. T. K. Road, Alwarpet, Chennai - 600 018 as per the provisions of the Companies Act, 2013 alongwith Notice, Attendance Slip and Proxy Form.

Kindly take the same on record.

Thanking you,

Yours faithfully,

for Kingfa Science & Technology (India) Limited,



(NIRNOY SUR)

Company Secretary and Compliance Officer





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

# 2016 - 2017 ANNUAL REPORT



**Board of Directors**

**Mr. Bo Jingen**, *Managing Director*  
**Mr. Wu Xiaohui**, *Whole-time Director*  
**Mr. N.K.Ramaswamy**, *Whole-time Director*  
**Mr. N.Subramanian**, *Independent Director*  
**Mr. Dilip Dinkar Kulkarni**, *Independent Director*  
**Ms. Nilima Ramrao Shinde**, *Independent Director (w.e.f. 01.11.2016)*  
**Ms. Kamana Srikanth**, *Independent Director (upto 24.10.2016)*

**Chief Financial Officer**

**Mr. Xie Dongming**

**Company Secretary**

**Mr. Nirnoy Sur** (w.e.f. 24.10.2016)

**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

**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

**Statutory Auditors**

M/s. P. Srinivasan & Co.,  
 Chartered Accountants,  
 No. 6/24, Sambasivam Street,  
 T. Nagar, Chennai - 600 017.  
 Phone : +91 - 44 - 28151105  
 E-Mail : pscom@vsnl.net

**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

**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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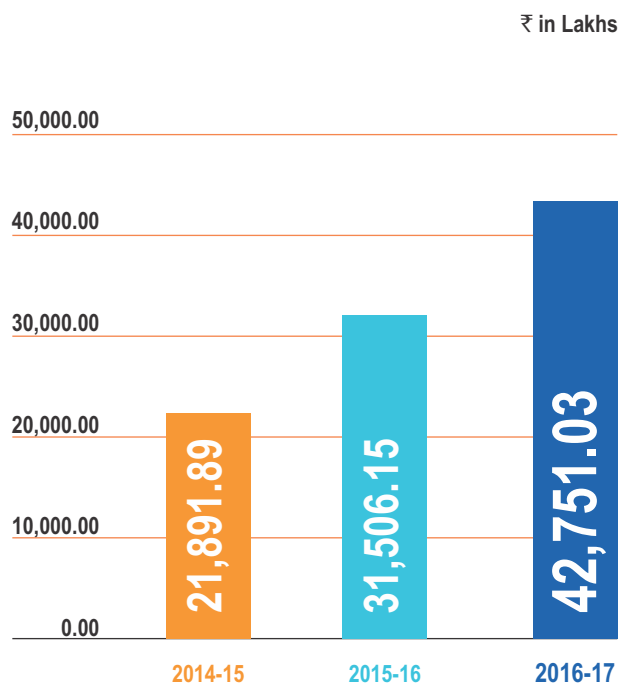
## FIVE - YEAR FINANCIAL DATA

(₹ in Millions)

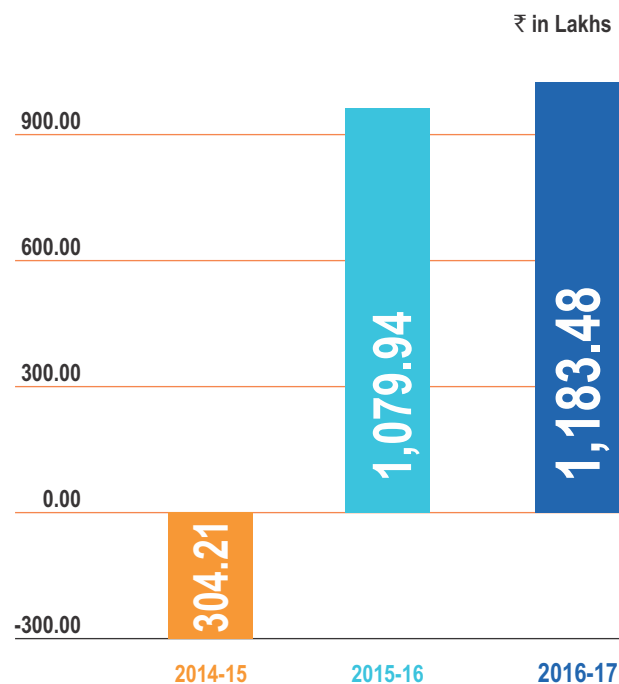
For the Year	2016-17	2015-16	2014-15	2013-14	2012-13
Sales : Domestic	4,825.695	3,557.465	2,409.968	1,980.945	1,754.307
Exports	6.550	2.486	5.809	3.251	2.329
Operating (Loss) / Profit (PBIDT)	190.394	275.329	65.817	(30.651)	26.863
Finance Cost	(10.505)	72.098	81.233	65.636	69.711
Depreciation and amortisation expense	30.542	29.393	31.418	26.573	28.185
Tax expenses - Current	38.200	20.111	-	-	-
- Deferred	13.809	45.732	(16.414)	(38.088)	(20.550)
Profit/(Loss) After Tax	118.348	107.994	(30.421)	(84.772)	(50.483)
<b>As at the end of the Year</b>					
Share Capital	101.106	101.106	64.072	64.072	64.072
Reserves & Surplus	1,211.516	1,093.168	17.557	49.835	134.607
Loan Funds	156.466	160.037	758.534	621.785	346.008
Gross Block	987.024	592.184	524.038	490.653	479.091
Net Current Assets	1,738.518	634.015	530.744	451.900	287.284
<b>Measures of Investment</b>					
Return on Capital Employed (%)	10.88%	18.16%	4.09%	-7.76%	-0.24%
Return on Equity (%)	9.02%	9.04%	-37.27%	-74.42%	-25.41%
Earnings per Share (₹)	11.71	13.55	(4.75)	(13.23)	(7.88)
Dividend Cover (Times)	-	-	-	-	-
Dividend (%)	-	-	-	-	-
Book Value of an Equity Share	129.827	118.12	12.74	17.78	31.01
<b>Of Performance</b>					
- Profitability (%)					
Profit/(Loss) before Tax (%)	3.99%	5.53%	-2.14%	-6.94%	-4.56%
Profit/(Loss) after Tax (%)	2.77%	3.44%	-1.39%	-4.79%	-3.24%
- Capital Turnover (times)	3.29	2.63	2.94	2.70	3.23
- Stock Turnover (times)	7.01	6.00	7.72	8.64	9.17
- Working Capital Turnover (times)	2.78	5.61	4.65	4.36	6.11
<b>Of Financial Status</b>					
- Debt-Equity Ratio (times)	0.12	0.13	1.84	1.05	0.25
- Current Ratio	1.88	1.67	0.92	0.97	0.97
- Fixed Assets to Shareholders' Funds (times)	0.57	0.24	3.13	2.15	1.30

## PERFORMANCE METRICS

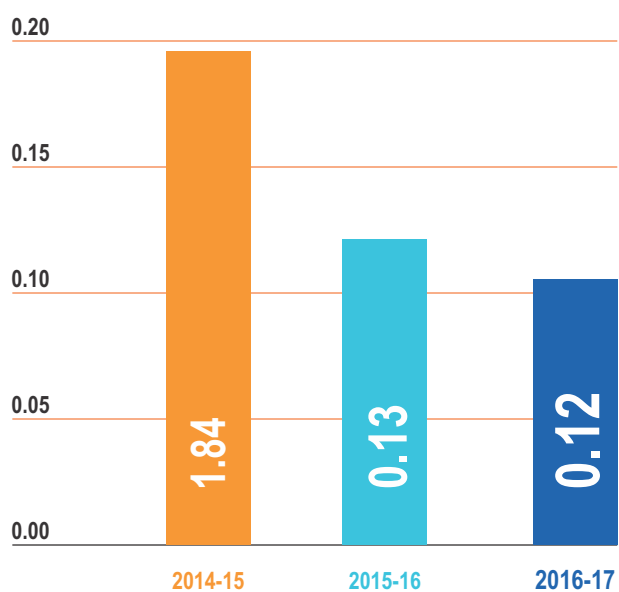
### Revenue



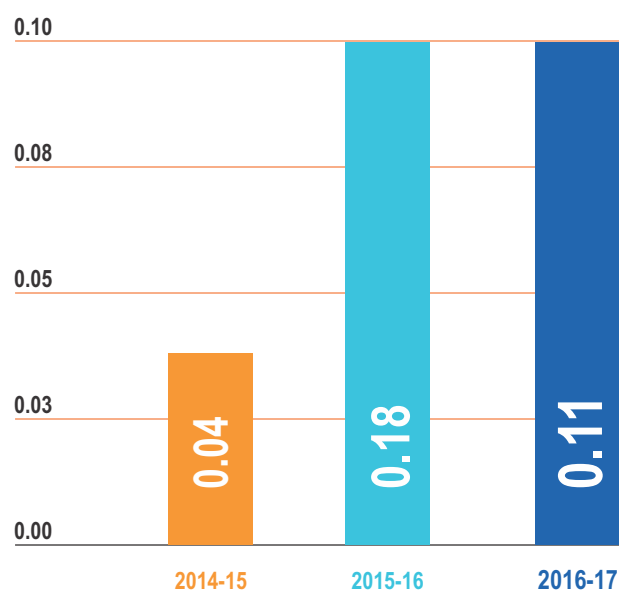
### PAT



### Debt-Equity Ratio



### Return on Capital Employed (%)



## Into the realm of Plastics .... with KINGFA

The saga of plastics, as per printed books, started with the first synthesis of Phenol-Formaldehyde by Leo Hendrik Baekeland under the trade name 'Bakelite' way back in the year 1907. He went on to collect 400 patents related to his invention. Bakelite was used to manufacture everything from telephone handsets, Radio cabinets and costume jewellery to bases and sockets for lights bulbs to automobile engine parts and other machinery components.



**Leo Baekeland (1863-1944) the plastics pioneer**

Much before this use of Cellulosic was known to the mankind. With the advent of PVC in 1927, there was no looking back. It was growth, growth and growth of plastics in every walks of life. PolyPropylene popularly abbreviated as PP came into existence in 1951.

Kingfa India's predecessor Hydro S&S started in 1987 with PP compounds. It was first used in chairs and then slowly found

itself as a leading supplier to the automobile industries in India. When Hyundai set up shop in India, it was our PP compounds that played a leading role to give shape to their interiors and exteriors - in bumper, in instrument panel, consoles, door trim and pillars. The later part of the last decade in 20th century and the first decade in 21st century saw us gaining foot hold in all the leading Auto OEMs of India.

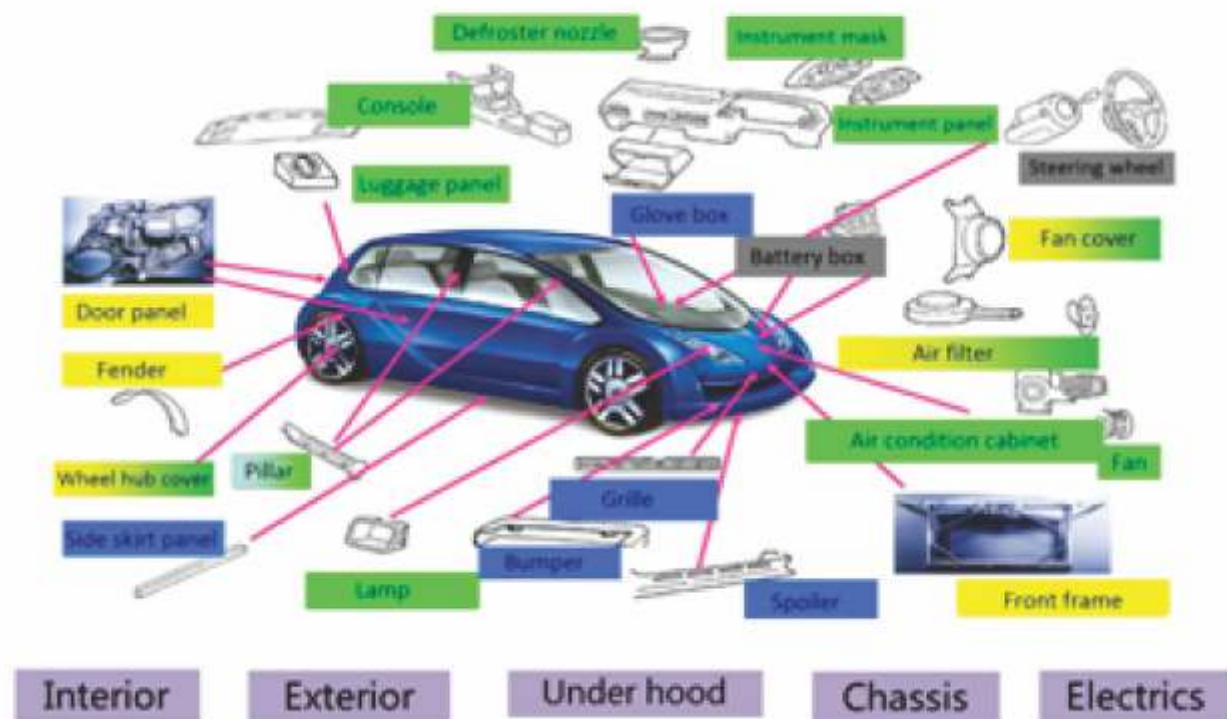
With the acquisition of Hydro S&S by Kingfa in 2013, the ball game changed. The basket expanded to include all modified plastics, from the commodity plastics, to engineering plastics as well as high performance exotic plastics. Name any plastic and Kingfa will offer the same.

Kingfa, with a rich history for R&D culture at its parent country China, brings all that development in a condensed form quickly to the users in India. With the Kingfa legacy of ploughing back income into research and development, no wonder, Kingfa India started churning out new products to different OEMs in auto and non-auto industries in a steady manner.

When you look at a car, the Bumpers, Grilles and the side panels are distinct for each vehicle. When you get into a passenger car, what strikes you most is the eye catching combination of the plastics parts in the Instrument panel, Pillars, Door panel and the consoles.

### 1.1 PP introduction-Automobile parts

**KINGFA**





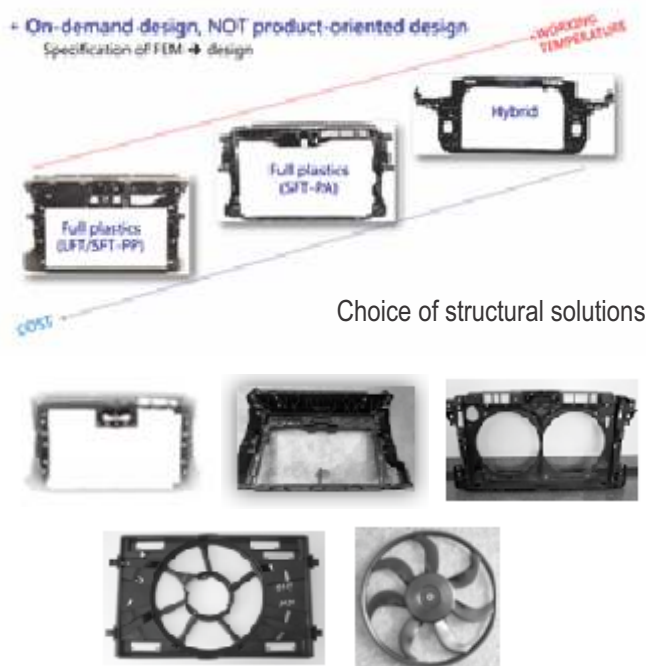
You feel safer riding the vehicle and also derive economic advantage with better mileage. Kingfa engineers these solutions for the four wheeler industry and offers ready-made material solution in the colour of their choice. Not only that, today, the painted parts are giving way to pre-coloured parts in different metallic shades thanks to the formulators at Kingfa. The material scientists at Kingfa look at all the aspects of a passenger vehicle's needs and offer solutions tailor made to each OEM – be it odour free interiors, sparking metallic shades, eye catching colour combinations, safety needs for the structural and functional parts, Kingfa is ready with the solution.

The paint-free material solutions from Kingfa does it's bit to promote environmental preservation in helping the car makers reduce their painting operations and thereby reducing their load on effluent treatment. India will see more pre-coloured components in cars in the coming years with ready-made paint-free material solution from Kingfa.



The modern day passenger cars are light in weight, thanks to the myriad of plastics that have replaced conventional materials over time. The light weighting concept continues to play a critical role in the choice of material solutions since it is the 'mantra' of fuel efficiency which is on the mind of every Indian going for his first car. Kingfa comes into picture to make this a reality for the car makers.

Under the bonnet of the car, you see a combination of metal and plastics parts occupying the space so tightly and part of the heat generated from the engine is all taken by these parts. The plastics that get into these spaces need to withstand all that heat. Kingfa offers heat resistant choices for the vehicles depending on the performance they need, be it a sedan, a hatchback, a SUV or MPV. The entire radiator assembly has parts made of very special hydrolysis resistant and heat resistant Polyamides which Kingfa offers to the industry. This entire radiator assembly snugly fits inside an assembly frame called 'Front End Module' or 'Bolster'. For long, it was the domain of metals and the auto industry soon realised the need to optimise the performance and productivity. What else to look at. Kingfa has the solution in the form of Long Fiber reinforced Poly Propylene, Short fibre reinforced Polyamides and a combination solution depending upon the performance need of the car.



Today the electrical cars have become a reality and the future offering will be more of hybrid and e cars. As we move towards electric cars, the need for long lasting and larger batteries will gain focus. As the sizes of the batteries go up to store more power, it will also add to the weight of the vehicle. Performance plastics from Kingfa are ready to take on this challenge to make the electric cars lighter.



In the Indian auto industry, almost all OEMs use material solution from Kingfa. And the non-auto industry is following suit.

All that painted sheet metal casing of the water heaters and washing machines are now being replaced by High gloss offerings from Kingfa. The appliances industry is focussing a lot on the safety features. Many of the parts that come into contact with electricity needs to be flame proof in the sense, they should stop burning when the source of fire is removed. When a short circuit happens, as soon as the circuit gets cut off, the spark goes off and so should be the flame. The internal mechanisms have parts made of Flame retardant plastics and Kingfa has multiple solutions for the same.

The slim LED TV that we see today are made possible with glossy and stronger plastics frames. Even the cookers of today are made of plastics that assure all the safety needs. Kingfa is very much there.





The lighting industry uses more and more plastics today. The incandescent lamps are replaced by CFL which in turn is giving way to LED. The LED lamps save current and the use has been on the rise multi-fold. The outer cover for these used metals since the heat generated has to be conducted out of the system. Today Kingfa has conductive plastics to give lasting solution for these lamps. And to make the light from these bulbs to be soft on the eye, Kingfa has a special material that diffuses the light to makes it soft. Kingfa cares...

Today we are living in a world where it is difficult to isolate ourselves from plastics. The garbage and the so called ewaste are going up in volume. Each plastic waste that gets dumped on the ground is a cause for concern. While recycling is an option, the methods for collection and classification are yet to mature and grow to tackle to the levels of growth in plastics usage. One of the viable alternates is to make the plastic bio degradable. Kingfa, at it's R&D in China, has developed Bio Degradable Plastics for packaging application and successfully commercialised the same. This is a futuristic product that is bound to change the way we look at plastics in the generations to come.

Kingfa will continue to serve the society for the betterment of quality of life with it's continuing efforts in being the real **MATERIALS SOLUTION PROVIDER.**



## Research and Development



**Kingfa India has a strong belief in business growth through innovations which bring benefit to its customers and society.**

To achieve this, our sales and Technical team constantly interact with OEM's in automotive and Home appliances sector and their tier one and understand what are their current and future needs and development plan is derived based on these inputs.

As per the inputs from customers, we prioritize areas which bring cost benefit to customers and improvement in environment.

**Products which use solvents that may emit harmful chemicals into atmosphere (like painted parts).**

Many of the car parts both interiors like IP bezel which houses entertainment and navigation, IP garnish in piano black/metallic shades to enhance appearance, Gear shift bezels, Door trim garnish and steering column garnish and Exteriors like Tail gate garnish, body side garnish, ORVM, Radiator grills, Bumper bottom chin etc.

Normally these parts are painted to enhance appearance and scratch resistance and make it weather able.

Many OEMs showed interest in using precolored materials which can eliminate painting or any other secondary operations on parts.

These applications need weathering, scratch resistance, high impact and high gloss which are very challenging to achieve in any particular plastics.

Kingfa did exhaustive R&D on these and came out with products which can meet most of the requirements except high impact. The products have medium impact strength.

These products are based on blends of multiple polymers. With Advanced blending and alloying technology we are able to deliver material and meeting the performance requirements of the OEM's.

These grades bring good gloss, adequate weathering, scratch resistance and Impact.



Apart from interior applications there are exterior applications which are painted in metallic silver shades.

Kingfa developed grades which can eliminate painting and bring the special effect and reasonable gloss.