

## CONTENTS

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1.	Directors' Report	2
2.	Annexure to Directors' Report	13
3.	Report of Corporate Governance	27
4.	CEO / CFO Certificate	40
5.	Auditors' Certificate on Corporate Governance	41
6.	Auditors' Report & Annexure	48
7.	Balance Sheet	53
8.	Statement of Profit & Loss	54
9.	Cash Flow Statement	55
10.	Notes of the Financial Statements	57

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AGM ON THURSDAY, 24TH SEPTEMBER, 2015

Venue

**KRYPTON INDUSTRIES LIMITED**

CIN : L25199WB1990PLC048791

Falta Special Economic Zone, Sector - 1, Plot No. 31 & 32  
P. S. Diamond Harbour, 24 Parganas (South), West Bengal - 743 504  
Time : 11:30 A.M.

**ALL SHAREHOLDERS ARE WELCOME**

**25TH ANNUAL REPORT  
BOARD OF DIRECTORS**

JAY S. BARDIA	:	MANAGING DIRECTOR
PRADEEP KUMAR SINGH	:	DIRECTOR
T. C. BACHHAWAT	:	DIRECTOR
TANSUKH GULGULIA (upto 18.03.2015)	:	DIRECTOR
RAVI PRAKASH PINCHA (w.e.f. 18.03.2015)	:	DIRECTOR
VIMALA DEVI BARDIA (w.e.f. 18.03.2015)	:	DIRECTOR

**ADMINISTRATIVE**

P. L. BARDIA	:	CHIEF EXECUTIVE OFFICER
VINAY SIPANI	:	CHIEF FINANCIAL OFFICER
ARTI BOTHRA	:	COMPANY SECRETARY
BANKER	:	1) BANK OF BARODA International Business Branch 4, India Exchange Place Kolkata - 700 001.  2) THE FEDERAL BANK LTD. 1, R. N. Mukherjee Road Branch Kolkata - 700 001
AUDITORS	:	M/s. JAGDISH AGARWAL & ASSOCIATES Chartered Accountants 446, City Centre, 19, Synagogue Street, Kolkata - 700 001.
DEMAT REGISTRAR & SHARE TRANSFER AGENT	:	MAHESHWARI DATAMATICS (P) LTD. 6, Mangoe Lane, 2nd Floor, Kolkata - 700 001 Phone : 033-22435809/5029, Fax : 033-22484787
HEAD OFFICE	:	410, Vardaan Building 25A, Abanindra Nath Tagore Sarani 4th Floor, Kolkata - 700 016 Phone : 033-22871366, Fax : 033-22871084 Website : <a href="http://www.kryptongroup.com">www.kryptongroup.com</a> E-mail : <a href="mailto:krypton@vsnl.com">krypton@vsnl.com</a>

# KRYPTON INDUSTRIES LIMITED

## DIRECTORS' REPORT

Dear shareholders,

Your Directors present the 25th Annual Report together with the audited accounts of your company for the year ended 31st March 2015.

### 1. FINANCIAL RESULTS

During the year under review, the company achieved an aggregate income of **Rs.3659.41 Lakhs**. The highlights of the financial results are as under:

	Amount in (Rupees in '000)	
	Current Year 2014-2015	Previous Year 2013-2014
Sales	363254.80	425662.71
Other Income	2686.09	2525.27
<b>Gross Total Income</b>	<b>365940.89</b>	<b>428187.98</b>
<b>Profit before Interest, Depreciation &amp; Tax</b>	<b>39810.15</b>	<b>42951.38</b>
Interest	19328.19	15559.09
Depreciation	16406.59	13848.61
<b>Profit before Exceptional Items &amp; Extraordinary items and Tax</b>	<b>4075.37</b>	<b>13543.68</b>
Exceptional Items	-	-
<b>Profit before Tax and after Exceptional Items &amp; Extraordinary Items</b>	<b>4075.37</b>	<b>13543.68</b>
Provision for Taxation	1761.34	4518.86
<b>Profit after Tax</b>	<b>2314.03</b>	<b>9024.82</b>
Balance in P&L A/c brought Forward	106474.63	97449.81
Adjustments under Schedule II of Companies Act, 2013	(1192.34)	-
Balance Available for Appropriation	107596.32	106474.63
Proposed Dividend	0.00	0.00
Tax on Proposed Dividend	0.00	0.00
<b>Transfer to General Reserve</b>	<b>0.00</b>	<b>0.00</b>
<b>Balance carried to Balance Sheet</b>	<b>107596.32</b>	<b>106474.63</b>

### 2. OVERVIEW AND REVIEW OF OPERATION

A review on division wise performance of the company is furnished below:-

#### Tyre Division

The total income of the Tyre division for the year 2014-15 amounted to Rs.1635.53 lakhs compared to Rs.2206.51 lakhs of in the previous year. The profit before tax amounted to Rs. 73.97 lakhs as compared to profit of Rs.71.15 lakhs previous year.

The Company is in process of effective reduction in its cost by growing its productivity keeping the product quality intact. With the reorganization of the merged units, the overall income reduced having no adverse effect on profit.

**Sadhurhat division**

The unit has started its commercial production with effect from 01.12.2013. The unit is engaged in manufacturing MCP Tubeless Tires for domestic market. The unit reported an income for the full year 2014-15 amounted to Rs. 671.36 lakhs as compared to the previous year Rs. 175.15 Lakhs (for a period of 4 months w.e.f. 01.12.2013) and the unit reported the Profit before tax for the year 2014-15 of Rs. 47.45 lakhs compared with previous year of Rs. (3.97) lakhs.

Due to preliminary & pre operative expenditure written off in its first financial year the unit reported loss during the previous year whereas from the current year the unit has started making profit. The unit should increase its market reach and higher sales in the current year to give better performance.

**Wheel division**

The total income of this unit for the year 2014-15 amounted to Rs.348.71 lakhs compared to Rs.575.88 lakhs in the previous year. As in the financial year 2014-15, the units has done the job work for other group units at cost as a part of restructuring process which resulted in change in structure of unit.

The unit reported the profit before tax for the year 2014-15 amounted to Rs.3.95 lakhs compared to Rs. 106.46 lakhs in the previous year.

**Plastic division**

The total income of this unit for the year 2014-15 amounted to Rs.145.08 lakhs compared to Rs.94.80 lakhs. The unit reported the profit before tax for the year 2014-15 amounted to Rs.26.21 lakhs compared to the loss of Rs. (2.53) lakhs.

The unit should perform better in the current years due to the increase in production and capacity utilization.

**Footwear division**

The total income of the footwear division for the year 2014-15 amounted to Rs. 946.30 lakhs compared to Rs.1556.99 lakhs in the previous year. The unit reported a loss before tax of Rs. (129.81) lakhs during the year compared to loss of Rs. (47.87) lakhs in the previous year.

Due to adverse market condition and sluggish demand, the unit reported a loss. The Company is taking steps to change the product and customer mix for a stable business and specifically moving towards high value added products and expecting turnaround in this business segment and also we are working hard for further cost reduction for better bottom line. Our tie up with VKC group has also started giving positive results.

**Engineering division**

The total income of this unit for the year 2014-15 amounted to Rs.607.24 lakhs compared to Rs.497.71 lakhs in the previous year.

## **KRYPTON INDUSTRIES LIMITED**

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The unit posted the profit before tax for the year 2014-15 amounted to Rs.16.05 lakhs compared to Rs. 8.15 lakhs.

The Indian Rehab Care Equipment Market has stated accepting the Brand "**iCare**" which was very encouraging for our company and the same is also noticeable from the current year itself.

Company has always taken a long term view of this business and the company is also in process to come with more similar products for the disabled persons in the coming year. And the company is also expecting very high demand due to weaker rupee and stronger USD & Chinese Yuan due to which we will be very competitive not only in India but all around the world. This currency situation will help us to increase our sales quickly.

### **2. DIVIDEND**

In order to strengthen the financial position of the company the Board of Directors have decided not to recommend any dividend for the Financial Year ended 31st March, 2015 and plough back the profits of the company in its business.

### **3. SUBSIDIARIES, JOINT VENTURES OR ASSOCIATES**

At present, the company does not have any subsidiary, Joint ventures or associates.

### **4. MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

Management Discussion and Analysis Report as required under Listing agreement with Stock Exchange:-

#### **A. Industry Structure & Developments:-**

Krypton Industries Limited (KIL) had an average performance during last year due to difficult market conditions and high input cost and manufacturing expenses.

The company is mainly focused in market expansion in Indian Market as well as overseas market for its tire and hospital/disabled support equipment business. Company will open its sales depot in different states for all of its products which will help to reach smaller dealer and increase market penetration. Company is also planning to open sales & marketing office in Europe for our rehab care parts sales & for bicycle tires. Company is also focusing on high end products for disabled persons and to increase its product portfolio. We have started working on de bottlenecking our production facilities and to upgrade our machinery with very minimal capital outlay which help us to enhance our production capacity.

The company had a negative growth from its footwear business and the company has also restructured the business to get better results in the current and future years. The company is also focusing to change the product and customer mix for a stable business. Company is also working in reduction of cost and increasing its efficiency. In footwear segment also we are looking to enter safety shoe segment which will help company to achieve high turnover and high profitability.

**B. Outlook and opportunities**

Your Company has identified the following opportunities and future building business areas:

The company is mainly focused on its tire and rehab care business which also derives better profitability compare to previous year regardless marginal growth of sales. Primarily, the PU tire for Bicycle, rehab care products and industrial application tire business will be our main focus this year and years to come for the domestic as well as international market.

With hospital / disabled support equipment business, the company is now recognized as a serious good quality supplier, the future looks very promising. With some new quality certification of the products as required for government orders, this product line will be better positioned to do business with government tenders, defense, NGO's & hospitals. With new government in place, Medical support to every person seems a focus area for the new government, there will be more opportunities for this business and the company is also in process to come with more new advanced higher quality products for disabled persons.

With new structuring of the footwear division, the cost control and redefining on the business process will give incremental benefit in future. Safety shoes business has huge potential in coming future and we are working on it to give quality product to Indian markets.

**C. Outlook on threats, risk and concern**

**1. Business Risks:**

Company is more focused in its tires and wheel business, where the PU Bicycle tires, is comparatively a new product in this line and is also in its growing stage of market establishment and business stability. Our tires are completely new to the market and we have a tough competition with rubber tires and wheels which were easily available in the market and globally prices of rubber has decreased substantially which can impact our sales.

The company also had a tougher competition, in relation to its Hospital / disable support equipments business with that of Chinese products in India as well as across the world. Also foreign currency fluctuation can have adverse as well as positive impact our business.

Company is normally engaged in import of Raw Materials and export sales during its course of business which exposes it to exchange fluctuation and crude & petrochemicals prices, cost of manufacturing are also the areas of concern which we are mitigating it by cost reduction in each area possible.

Company also needed to improve its overall performance in both monetary as well as non monetary terms by emphasizing its product quality & market capture and increasing its sales and reducing its overall cost of sales including reduction of Cost of raw materials and other fixed and variable overheads.

**2. Financial Risks:**

Majority of raw material are imported, so any major fluctuation in US\$ can affect the performance of the company. Although foreign exchange risks somewhat balanced by exports and company is regularly covering such risk.

The interest cost is still on the higher side although RBI started reducing interest rates and banks will take some time to pass on the benefit to borrowers. Company is exploring the other means to reduce interest cost.

**3. Legal & Statutory Risks**

Company is complying regularly with all the regulatory requirements with respect to manufacturing, taxations, statutory requirements, company law, SEBI etc, with new laws coming in, this exercise will need more inputs which company is working towards.

**4. Political Risks**

Any major change in local, national or international can effect the business but as, at the moment, company does not have any business with government entities, the risk is minimal. Although company is trying to secure government business at the moment, this can impact positively as well as negatively in a small percentage of growth of the company.

**D. Internal Control System and their adequacy:**

Your Company believes that Internal Control is a required principle of governance that freedom of management should be exercised within a framework of appropriate checks and balances. Your Company remains committed to ensuring an effective internal control environment that provides assurance on the efficiency of operations and security of assets.

The company has an Audit Committee, the details of which have been provided in the Corporate Governance Report. Internal auditor performs their duty and audit committee reviews internal auditor reports and other reports and provides suggestions for improvement /takes corrective actions. The committee also meets the Company's Statutory Auditors to ascertain, interalia, their views on the Adequacy of Internal Control Systems in the company and keeps Board of Directors informed from time to time.

**E. Financial Performance**

Over all financial Performance of the company is on right track but needs lot of improvements and which your company will surely do this year and in the years to come.

**F. Human Resource Developments:**

During the fiscal 2014-2015 company has 270 Persons on its payroll. Apart from this company has generated indirect employment to more than 500 persons in nearby locations. Company is working on to restructure the total organization to help its growth with further recruitment in the top and middle management level at different positions.

**5. SHARE CAPITAL**

The paid up equity share capital as at March 31, 2015 is Rs. 14.69 Crores, divided into 1,46,97,130 equity shares of face value Rs. 10 each.

During the year under review, the Company has not issued any equity shares with differential rights or sweat equity shares or under any employee stock option.

**6. DEPOSITS**

During the year under review, the Company has neither invited nor accepted any fixed deposits from the public within the meaning of section 73 of the Companies Act, 2013 and the rules made there under.

The company has also repaid all the deposits within 31st March, 2015 which were accepted before the Commencement of the Companies Act, 2013 and falls in ambit of the Deposits as specified under Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014.

**7. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS**

The particulars of the loans given, Investments made, Guarantees or Securities provided during the year have been disclosed under the Note no. 13, 14 & 32 to the financial statement.

**8. PARTICULARS OF THE CONTRACTS OR ARRANGEMENTS WITH THE RELATED PARTIES**

All transactions/ contracts/arrangements entered with the Related Parties as defined under section 188 of the Companies Act, 2013 and Clause 49 of the Listing Agreement during the financial year were in the Ordinary course of business and on arm's length basis and without any conflict of interest. Moreover, the company has not entered into any transaction of material nature with the promoters, directors, management, subsidiaries or any significant related party during the financial year that may have potential conflict with the interests of the company at large.

Since all the related party transactions entered into by the Company were in the ordinary course of the Business and on an arm's length basis. Thus, Form AOC-2 is not applicable to the company.

The details of the transactions/ contracts /arrangements held with the related parties have been disclosed in the Notes to the financial statements.

**9. MATERIAL CHANGES AND COMMITMENTS**

There has been no material changes have been occurred affecting the financial position of the company in between the period from the close of the financial year of the company to which the Balance Sheet relates and the date of the report.

**10. AUDITORS**

**Statutory Auditors & their Report**

M/s. Jagdish Agarwal & Associates (Registration No.320253E), Auditors of the Company have been appointed at the Annual General Meeting on August 27, 2014 for a term of 3 years, subject to the ratification by the members at each Annual General Meeting. The Company has received consent of the Auditors for continuation of office for the Current year.



## **KRYPTON INDUSTRIES LIMITED**

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The observations made by the Statutory Auditors in their report for the financial year ended 31st March 2015 read with the explanatory notes therein are self-explanatory and therefore, do not call for any further explanation or comments from the Board under Section 134(3) of the Companies Act, 2013. The Auditors' Report does not contain any qualification, reservation or adverse remark.

### **Secretarial Audit Report**

Pursuant to section 204 of the Companies Act, 2013, the Board has appointed M/s M.R. & Associates, Practicing Company secretaries to undertake the audit of Secretarial and other related records of the company. The Secretarial Audit Report issued by M/s MR & Associates in Form MR-3 for the financial year ended 31st March, 2015, is also annexed herewith in Annexure-VI. Your directors wish to clarify the observations made by the Auditors regarding the cases being shown as pending in the Bankshall Courts which were actually being resolved during the past years itself and for which a letter is being sent to the Registrar for removal of such cases from the pending list.

Your Directors also clarify that the listing fees of the Calcutta Stock Exchange for the financial year is not being paid as the said stock exchanges is suspended from long and expected that the exchange will get de-recognised soon.

### **Cost Audit & Records**

Pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Amendment Rules, 2014 the Company is only required to maintain its cost records in respect of the products being manufactured by the company. The Cost records are duly maintained by the company and the same is being also filed with the Registrar as required.

### **11. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGES EARNINGS AND OUT GO:**

The information as required under clause (m) sub section (3) of section 134 of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rule, 2014 is annexed herewith in Annexure- I.

### **12. EXTRACT OF ANNUAL RETURN**

The extract of Annual Return in Form MGT-9 forming part of the Directors Report is duly attached herewith in Annexure-II.

### **13. DETAILS OF SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNAL IMPACTING GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE**

There were no significant & material orders passed by the regulators or courts or tribunal which would impact the going concern status and future operations of the company.

### **14. LISTING AT STOCK EXCHANGES**

The equity shares of the company are listed on the stock exchanges at Kolkata, Mumbai, Delhi and Jaipur. The annual Listing fees have been paid for the financial year 2014-2015.

**15. CORPORATE GOVERNANCE**

A separate section on corporate governance together with a certificate from the Auditors of the company regarding full compliance with the provisions of Clause 49 of the Listing Agreement with the stock exchanges forms a part of the Report under Annexure- IV.

**16. MEETINGS**

During the year under review, ten Board Meetings and four Audit Committee Meetings were convened and held, the dates and attendance in by each Directors are given in the Corporate Governance Report. The maximum time gaps between the Meetings were within the period as prescribed under the Companies Act, 2013 and Clause 49 of the Listing Agreement.

The details of constitution of the Board and its Committee are given in the Corporate Governance Report.

**17. DIRECTORS**

The company at its Board Meeting held on 18th March, 2015, has accepted the resignation of Mr. Tansukh Gulgulia (DIN:00404343) from the board of the Company with immediate effect and also appointed Mr. Ravi Prakash Pincha (DIN:00094695) and Mrs. Vimala Devi Bardia (DIN: 07125170) as an Additional Director who will holds the office till the conclusion of the ensuing Annual General Meeting.

The Company has received a notice as per the provisions of section 160 of the companies Act, 2013, from a member proposing the appointment of Mr. Ravi Prakash Pincha. The company has also received a confirmation from Mr. Ravi Prakash Pincha stating that he meets the criteria as provided under section 149(6) of the companies Act, 2013 and in the opinion of Board he is a person of integrity and posses relevant expertise and experience for being appointed as Independent Director.

In accordance with the provision 152 (6) of the Companies Act, 2013 Mr. T C Bachhawat (DIN:00580356), retires by rotation as director at the forthcoming Annual General Meeting and is eligible for reappointment.

None of the Directors of the company are disqualified for being appointed as Directors as specified under section 164 of the Companies Act, 2013 and the rules made thereunder.

**18. DECLARATION BY INDEPENDENT DIRECTOR**

The Company has duly received the declaration from all the Independent Directors as laid under section 149(6) of the Companies Act, 2013 and clause 49 of the Listing Agreement.

**19. KEY MANAGERIAL PERSONNEL**

Mr. Vinay Sipani, Senior Accounts Executive of the company who is also a member of the Institute of the Chartered Accountants of India has been designated as the Chief Financial Officer of the Company with effect from September 30, 2014.