

**26TH ANNUAL REPORT  
BOARD OF DIRECTORS**

JAY S. BARDIA : MANAGING DIRECTOR

PRADEEP KUMAR SINGH : DIRECTOR

T. C. BACHHAWAT : DIRECTOR

RAVI PRAKASH PINCHA : DIRECTOR

VIMALA DEVI BARDIA : 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 : MAHESHWARI DATAMATICS (P) LTD.  
& 6, Mangoe Lane, 2nd Floor, Kolkata - 700 001  
SHARE TRANSFER AGENT 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 : [www.kryptongroup.com](http://www.kryptongroup.com)  
E-mail : [kyrpton@vsnl.com](mailto:kyrpton@vsnl.com)

**DIRECTORS' REPORT**

**Dear shareholders,**

Your Directors present the 26th Annual Report together with the audited accounts of your company for the year ended 31st March 2016.

**1. FINANCIAL RESULTS**

During the year under review, the company achieved an aggregate income of Rs.3864.36 Lakhs as compared to Rs. 3659.41 recording a growth of 5.60%. The highlights of the financial results are as under:

	<b>Amount in (Rupees in '000)</b>	
	<b>Current Year 2015-2016</b>	<b>Previous Year 2014-2015</b>
Sales	383983.66	363254.80
Other Income	2452.69	2686.09
<b>Gross Total Income</b>	<b>386436.35</b>	<b>365940.89</b>
<b>Profit before Interest, Depreciation &amp; Tax</b>	<b>43361.75</b>	<b>39810.15</b>
Interest	20642.46	19328.19
Depreciation	17855.96	16406.59
<b>Profit before Exceptional Items &amp; Extraordinary items and Tax</b>	<b>4863.33</b>	<b>4075.37</b>
Exceptional Items	-	-
Profit before Tax and after Exceptional Items & Extraordinary Items	4863.33	4075.37
Provision for Taxation	997.64	1761.34
<b>Profit after Tax</b>	<b>3865.69</b>	<b>2314.03</b>
Balance in P&L A/c brought Forward	107596.32	106474.63
Adjustments under Schedule II of Companies Act, 2013	-	(1192.34)
Balance Available for Appropriation	111462.01	107596.32
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>111462.01</b>	<b>107596.32</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 2015-16 amounted to Rs.1380.29 lakhs compared to Rs.1635.53 lakhs of in the previous year. The profit before tax amounted to Rs. 45.44 lakhs as compared to profit of Rs.73.97 lakhs previous year.

## **KRYPTON INDUSTRIES LIMITED**

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Due to slow down in the European market, the units faces a low turnover which also resulted a downfall in the profit. The company expects to achieve the desired sales level in the coming year with its same product line.

### **Sadhurhat division**

The total income for the year 2015-16 amounted to Rs. 787.73 lakhs as compared to the previous year Rs. 671.36 Lakhs and the unit reported the Profit before tax for the year 2015-16 of Rs. 76.14 lakhs compared with previous year of Rs. 47.45 lakhs.

During the year, the unit reported a growth of approx. 17 % in its turnover with a growth of approx. 28% in its profit and the unit expects a further increase in its turnover in the coming years.

### **Wheel division**

The total income of this unit for the year 2015-16 amounted to Rs.297.56 lakhs compared to Rs.348.71 lakhs in the previous year. The unit is mainly engaged in the production of the interim products for other group units and transfers the same at cost.

The unit reported the profit before tax for the year 2015-16 amounted to Rs. (27.27) lakhs compared to Rs. 3.95 lakhs in the previous year.

### **Plastic division**

The total income of this unit for the year 2015-16 amounted to Rs.300.41 lakhs compared to Rs.145.09 lakhs. The unit reported the profit before tax for the year 2015-16 amounted to Rs.83.59 lakhs compared to the loss of Rs. 26.21 lakhs.

The unit reported a better result compared to previous years due to its increased production capacity and the unit expects a further increase in the upcoming years.

### **Footwear division**

The total income of the footwear division for the year 2015-16 amounted to Rs. 881.18 lakhs compared to Rs. 946.30 lakhs in the previous year. The unit reported a loss before tax of Rs. 144.87 lakhs during the year compared to loss of Rs. 129.81 lakhs in the previous year.

Due to subdued market conditions and sluggish demand, the unit reported a loss. The Company is already in process of changing 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. We are also focusing more on job work which will give more profitability to the unit.

### **Engineering division**

The total income of this unit for the year 2015-16 amounted to Rs.1019.84 lakhs compared to Rs.607.24 lakhs in the previous year.

The unit posted the profit before tax for the year 2015-16 amounted to Rs.21.15 lakhs compared to Rs. 16.05 lakhs.

"iCare" has been accepted as a trusted brand specially for our Wheelchairs and other Hospital equipments in the Indian Rehab Care Equipment Market.

Company is also in process to come with more similar products for the disabled persons in the coming year focusing on both manufacturing and trading high end rehab care products for disables persons and to increase its product portfolio.

**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, 2016 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 Listing agreement with Stock Exchange:-

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

Krypton Industries Limited (KIL) improved its performance during last year in spite of difficult market conditions and increasing manufacturing expenses.

The company is mainly focusing on the market expansion in Domestic Market as well as USA and European market overseas for its tire and hospital/disabled support equipment business. Company has opened its sales depot in Kanpur and Vijayawada for MCP Tubeless tires which will help to reach smaller dealer and increase market penetration. Company is also focusing on manufacturing and trading high end rehab care products for disables persons and to increase its product portfolio. We have done de bottle necking our production facilities last year and we will upgrade our machinery this year with very minimal capital outlay which help us to enhance our production capacity.

The company had a flat 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 we started train run of safety shoe last year and we will start the manufacturing in current year 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 and higher sales growth. 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 as they have very much focus on person with disability "**Divyang**", there will be many 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 majorly focusing on its PU tires and wheel business, where the PU Bicycle tires, is completely a new product in this Bicycle Industry and is also in its growing stage of this 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 are very low, which can impact our sales.

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

**2. Financial Risks:**

Company is exporting as well as importing goods from outside India which expose company into foreign exchange risks, which is naturally hedged and company is regularly covering such risks.

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 2015-2016 company has more than 250 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, 2016 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.

**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. 14, 15 & 33 to the financial statement.

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

All transactions/ contracts/arrangements entered with the Related Parties 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. A framed Policy on Related Party Transactions duly adopted by the Board, is available on the company's website, [www.kryptongroup.com](http://www.kryptongroup.com)

**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 3years, 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.

The observations made by the Statutory Auditors in their report for the financial year ended 31st March 2016 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 M.R. & Associates in Form MR-3 for the financial year ended 31st March, 2016, is also annexed herewith in Annexure-V. 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-recognized 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 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 and Mumbai. The annual Listing fees have been paid for the financial year 2015-2016.

**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 SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 with the stock exchanges forms a part of the Report under Annexure- IV.

**16. MEETINGS**

During the year under review, nine Board Meetings and four Audit Committee Meetings were convened and held, the dates and attendance 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 SEBI (Listing Obligations and Disclosures Requirement) Regulations, 2015.

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



**17. DIRECTORS**

Your Board of Directors in its meeting held on May 30, 2016 reappointed Mr. Jay Singh Bardia (DIN: 00467932), Managing Director of the Company whose tenure expires on December 31, 2016 as the Managing Director of the Company pursuant to section 196, 197 & 203 read with other applicable provisions and schedule of the Companies Act, 2013 for a period of three years w.e.f. January 01, 2017 till December 31, 2020, who will not retire by rotation, based on such terms and conditions and remuneration as recommended by the Nomination and Remuneration Committee and subject to the approval of the Shareholders of the Company.

Mr. Jay Singh Bardia is a Bachelor of Engineering (Electrical) and has rich experience of more than 20 years in the field of the Tyre manufacturing. He joined the company in the year 1992 as an Additional Director and then he became the Managing Directors of the Company in the year 1993 with the approval of the Shareholders of the Company. Since then he is continuing as Managing Director of the Company.

In accordance with the provision 152 (6) of the Companies Act, 2013 Mrs. Vimala Devi Bardia (DIN: 07125170), retires by rotation as director at the forthcoming Annual General Meeting and is eligible for reappointment.

All necessary information pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in respect of Directors to be appointed/re-appointed at the ensuing Annual General Meeting are given in the Annexure to the Notice convening the Annual General Meeting scheduled to be held on September 22, 2016.

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.

**Declaration by Independent Directors :** The Company has duly received the declaration from all the Independent Directors as laid under Section 149(6) of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**18. KEY MANAGERIAL PERSONNEL**

Mr. Jay Singh Bardia, (DIN:00467932) Managing Director of the company whose tenure expires on December 31, 2016 is reappointed as the Managing Director of the Company pursuant to section 196, 197 & 203 read with other applicable provisions and schedule of the Companies Act, 2013 by the Board of Directors of the Company for a period of three years w.e.f. January 01, 2017 till December 31, 2020, who will not retire by rotation, based on the recommendation of the Nomination and Remuneration Committee and subject to the approval of the Shareholders of the Company.

**19. REMUNERATION POLICY**

The Board, on recommendation of the Nomination & Remuneration Committee has framed a policy for selection and appointment of Directors, Senior Management and their remuneration which includes criteria for performance evaluation of non-executive and executive directors. A detailed Policy is also available on the website of the company, [www.kryptongroup.com](http://www.kryptongroup.com).

**20. RISK MANAGEMENT POLICY**

In accordance with the SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015, the Board of Directors of the Company is responsible for framing, implementing and monitoring the Risk management plans of the Company. The Company has also framed a Risk Management Policy defining the roles and responsibilities of the Committee and the same has been approved by the Board of Directors of the Company.

The Risk Management Policy is available on the website of the company, [www.kryptongroup.com](http://www.kryptongroup.com).

**21. VIGIL MECHANISM/WHISTLE BLOWER POLICY**

In accordance with the provision of the Companies Act, 2013 read with the Rules made therein and SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015, every listed company shall establish a Vigil Mechanism for the directors and employees to report their genuine concerns and grievances. A framed Vigil Mechanism is available on the company's website, [www.kryptongroup.com](http://www.kryptongroup.com).

The Audit Committee is entrusted with the responsibility to oversee the Vigil Mechanism.

**22. BOARD EVALUATION**

In accordance with the provisions of Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015, Independent directors in its meeting has evaluated the performance of the non- Independent Directors and the Board as whole including the performance of the chairman of the company. Thereafter, the same has been discussed in the subsequent Board Meeting at which Board has carried out a formal annual performance evaluation of its own performance, directors individually as well as the working of its various committees and where the evaluation was carried out by the entire Board including the Independent Directors except the Director being evaluated.

**23. DIRECTORS RESPONSIBILITY STATEMENT**

As required under Section 134(3) (c) of the Companies Act, 2013, your Directors hereby states:

- That in the preparation of the Annual Accounts, the applicable Accounting Standards have been followed with proper explanation relating to material departures if any;
- That the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are responsible and prudent so as to give true and fair view of the state of affairs of the company at the end of the financial year and of the profit of your company for that period.
- That the directors have 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 your company and for preventing and detecting fraud and other irregularities.; and
- That the directors have prepared the annual accounts on a going concern basis and