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30TH AGM ON WEDNESDAY, 30TH SEPTEMBER, 2020

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

**30TH ANNUAL REPORT
BOARD OF DIRECTORS**

JAY S. BARDIA	:	MANAGING DIRECTOR
PRADEEP KUMAR SINGH	:	INDEPENDENT DIRECTOR
T. C. BACHHAWAT	:	NON-EXECUTIVE DIRECTOR
RAVI PRAKASH PINCHA	:	INDEPENDENT DIRECTOR
VIMALA DEVI BARDIA	:	NON-EXECUTIVE WOMEN 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.
AUDITORS	:	M/s. P. K. LUHARUKA & CO. Chartered Accountants P-44, Rabindra Sarani, 4th Floor Room No. 402A, Kolkata - 700 001.
DEMAT REGISTRAR &	:	MAHESHWARI DATAMATICS (P) LTD. 23, R. N. Mukherjee Road, 5th 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 Website : www.kryptongroup.com E-mail : krypton@kryptongroup.com

DIRECTORS' REPORT

Dear shareholders,

Your Directors present the 30th Annual Report together with the audited accounts of your company for the year ended 31st March 2020.

1. FINANCIAL RESULTS

During the year under review, the company achieved an aggregate income of **Rs.2914.46** Lakhs. The highlights of the financial results are as under:

	Amount in (Rupees in '000)	
	Current Year 2019-2020	Previous Year 2018-2019
Sales	285185.23	361756.51
Other Income	6261.31	3899.25
Gross Total Income	291446.54	365655.76
Profit before Interest, Depreciation & Tax	36760.36	40015.18
Interest	16687.96	14983.51
Depreciation	17244.03	15921.42
Profit before Exceptional Items & Extraordinary items and Tax	2828.37	9110.25
Exceptional Items	-	-
Profit before Tax and after Exceptional Items & Extraordinary Items	2828.37	9110.25
Provision for Taxation	(4040.18)	(200.17)
Profit after Tax	6868.55	9310.42
Other Comprehensive Income, net of tax	(536.38)	54.63
Total Comprehensive Income	6332.17	9365.05
Balance in P&L A/c brought Forward	81685.42	69160.48
Balance Available for Appropriation	88553.97	81685.42
Proposed Dividend	0.00	0.00
Tax on Proposed Dividend	0.00	0.00
Transfer to General Reserve	0.00	0.00
Balance carried to Balance Sheet	88553.97	81685.42

Consolidated Financial Statement :-

As required under SEBI (Listing Obligation & Disclosures Requirements) Regulations, 2015 (SEBI Listing Regulations) and in accordance with the Indian Accounting Standard (Ind As) 110, Consolidated Financial Statement (CFS) of the Company Form part of the Annual Report and are reflected in CFS of the Company. These statements have been prepared on the basis of audited Financial Statement received from the subsidiary and as approved by their respective Boards.

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 2019-20 amounted to Rs.1064.28 lakhs compared to Rs.1076.80 lakhs of in the previous year. The loss before tax amounted to Rs. (15.05) lakhs as compared to profit of Rs. 2.06 lakhs previous year.

During the year this unit has maintained its top line but there was bottom line has slipped into red due to adverse foreign exchange scenario and further increase in wages and other overhead which we could not pass further to our customers due to very difficult and competitive business environment. We are very hopeful to be back in positive territory in this year.

Sadhurhat division

The unit is engaged in manufacturing MCP Tubeless Tires & Hospital Equipments for domestic market. The unit reported an income for the year 2019-20 amounted to Rs. 1861.03 lakhs as compared to the previous year Rs. 1687.23 Lakhs and the unit reported the Profit before tax for the year 2019-20 of Rs. 187.52 lakhs compared with previous year of Rs. 60.31 lakhs.

This unit has increased its profit margin from last year. Also we have increased our topline impressively. We further believe that we can grow higher than industry average. We are very confident for coming years as there are certain bicycle companies & other mobility companies which are showing interest in our product as we can offer our unique product with no competitors in India. All this development is in very nascent stage. We hope to see very positive outcome in coming years.

Wheel division

The total income of this unit for the year 2019-20 amounted to Rs.77.56 lakhs compared to Rs.119.43 lakhs in the previous year. The unit reported the profit before tax for the year 2019-20 amounted to Rs. (86.68) lakhs compared to Rs. (76.16) lakhs in the previous year.

Due to stagnant export demand its productivity has not been achieved as per its capacity. With export as well as demand for other units will pick up we believe to use its capacity at higher level. This is a captive unit which is linked with the sales of other units.

Plastic division

The total income of this unit for the year 2019-20 amounted to Rs. 262.13 lakhs compared to Rs. 332.15 lakhs. The unit reported the profit before tax for the year 2019-20 amounted to Rs. 60.16 lakhs compared to the profit of Rs. 75.94 lakhs.

The unit has maintained the status quo in its performance. It can do much better and we are de bottle necking some process which will help in output with better costs. We believe that it can be used at full capacity from current financial year onwards with better realizations.

Footwear division

The total income of the footwear division for the year 2019-20 amounted to Rs. 332.83 lakhs compared to Rs. 695.84 lakhs in the previous year. The unit reported loss before tax of Rs. (52.75) lakhs during the year compared to profit of Rs. 22.02 lakhs in the previous year.

Due to slowdown in Indian economy footwear industry has suffered and it has resulted in losses in last 6 months of the year. This year job work has decreased due to subdued demand across India. Our Sole business was flat from last year. Our trail run for safety shoes has already been completed and we are in process of obtaining BIS certification in 2020-21, we are very confident that it will increase out topline as well as bottom line in coming years after all necessary procedures.

Engineering division

The total income of this unit for the year 2019-20 amounted to Rs. 748.81 lakhs compared to Rs.1126.41 lakhs in the previous year.

The unit posted the loss before tax for the year 2019-20 amounted to Rs. (64.91) lakhs compared to profit of Rs. 6.93 lakhs.

Current year was very challenging due to very stiff competition from imports. We have made losses due to increase in raw material prices abruptly and we could not pass on the increased prices to customers due to cheaper imports. We are very hopeful to deliver growth of 10-15% CAGR for next 3 years. As per current government policies, they are pushing hard in this segment with focus on "Divyang" for sustained living.

The Indian Rehab Care Equipment Market has accepted the Brand "**i Care**" which was very encouraging for our company but we need to push on sale further to strengthen our brand value.

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.

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, 2020 and plough back the profits of the company in its business.

3. SUBSIDIARIES, JOINT VENTURES OR ASSOCIATES

During the year, your Company incorporated a Subsidiary with 90% holding, in the name and style of Krypton Europe S.R.O., a limited liability Company in the Nadrazni 48, 514 01, Jilemnice, Czech Republic, during the year. The purpose of setting up this entity is to establish a marketing and distribution network to explore markets in Europe for Rehab Care products.

In accordance with Section 129(3) of the Companies Act, 2013, the consolidated financial statements of the company has been prepared, which forms part of this Annual Report. Further, the report on the performance and financial position of the subsidiary in the prescribed formAOC-1 is annexed as Annexure IV to this report.

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) had another positive year in this difficult market conditions and increasing input cost and manufacturing expenses.

Company's primary focus is expansion in Indian Markets for all its product line which include PU Safety Footwear, MCP tubeless tires and hospital/disabled support equipment business.. Company is also focusing on high end products like hospital beds/ power wheelchairs for disabled persons and to increase its product portfolio. Also company is aggressively betting for government tenders for Wheelchairs & other support equipment.

We are currently focusing of Rehab care business which has tremendous growth outlook as this industry is in very nascent stage in India. Also our government are pushing very hard to improve the health care infrastructure in India which we can contribute in very positive way.

B. Outlook and opportunities

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

The company's major focus is on MCP tubeless tires in bicycle industry and rehab care business which has very promising in future. Primarily, the PU tire for Bicycle, rehab care products and tires for industrial application will be our main focus this year and years to come for the domestic as well as international market.

With Rehab care / disabled support equipment business, the company is now considered as one of major domestic brand in India with brand name " **ICARE** " for rehab care products & we have also launched affordable new model of wheelchair in the Brand Name " **UDAAN** " which was accepted in highly competitive market, with our current product portfolio & brand recognition in market the future looks very promising. With government focus on " **Divyang** " section of society, huge demand from both government sector as well as from market will come in future. We have been also accredited with certain quality certification which will help company to participate tenders from Defense, NGO's, Hospitals & other government organizations. Company is also continuously making efforts to increase its product portfolio to stay competitive from imports and other emerging players in the segments.

C. Outlook on threats, risk and concern**1. Business Risks:**

Company's main product portfolio is MCP tubeless Tires & castor wheels for industrial applications. It faces major competition from rubber tires which is cheaper than our products in same industry. Also rubber prices are much stable than polyurethane. Also our bicycle tire is new entrant in our portfolio which is still in growing stage and has a huge potential but at the same time it's a completely new product for the market and acceptance will take some time to establish. Our positive side is that life & quality of our product is much more superior than rubber tires.

In rehab care / Hospital furniture business our company is facing biggest competition from cheap & low quality Chinese products. Also further increase in prices in steel & other raw material items will hurt our bottom line in future. Also passing on additional cost is very difficult in this industry.

Company normally import Raw Materials and export finished goods during its course of business which exposes it to exchange fluctuation risks and international crude & petrochemicals prices affects the raw material prices.

Also due to COVID-19 whole business scenario has changed and demand will take another 2-3 quarters to stabilize. We are also impacted in this scenario but we are searching all other options to minimize this impact.

2. Financial Risks:

Majority of raw material are imported, so any major fluctuation in US\$ can affect the performance of the company. Company is trying to leverage this risk by sourcing more from local vendors. 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 are reluctant in passing 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.

Also if any adverse impact on customs duty hike due to ongoing spat with china it may increase the overall cost of raw materials.

4. Political Risks

Any major change in local, national or international can affect 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, inter alia, 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 satisfactory in current market scenario, we are cautiously improving in costing point of view which will further add to out margins. Our company will surely improve out topline and bottom line this year and in the years to come.

F. Human Resource Developments:

During the fiscal 2019-2020 company has more than 230 Persons on its payroll. Apart from this company has generated indirect employment to more than 750 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, 2020 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. 5,6,13,41 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, no transaction are being reported in Form No. AOC-2.

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.

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 P. K. Luharuka & Co. (Registration no. 322020E), Auditors of the Company have been appointed at the Annual General Meeting on September 22, 2017 for a term of 5 years. 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 2020 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 Meenakshi Agarwal, Practicing Company Secretary to undertake the audit of Secretarial and other related records of the company. The Secretarial Audit Report issued by Meenakshi Agarwal in Form MR-3 for the financial year ended 31st March, 2020, 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 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 2019-2020.

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- V.

16. MEETINGS

During the year under review, nine 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