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**32<sup>ND</sup> AGM ON TUESDAY, 27<sup>TH</sup> SEPTEMBER, 2022**

## **KRYPTON INDUSTRIES LIMITED**

**CIN :L25199WB1990PLC048791**

**REGD. OFFICE : FALTA SPECIAL ECONOMIC ZONE, SECTOR - 1, PLOT NO. 31 & 32**

**P. S. DIAMOND HARBOUR, 24 PARGANAS (SOUTH), WEST BENGAL - 743 504**

**HEAD OFFICE : 410, VARDAN BUILDING, 25A CAMAC STREET, 4TH FLOOR**

**KOLKATA - 700 016 (WEST BENGAL)**

**TIME : 11:30 A.M.**

**ALL SHAREHOLDERS ARE WELCOME**

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**32ND 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 BAID	:	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 : <a href="http://www.kryptongroup.com">www.kryptongroup.com</a> E-mail : <a href="mailto:krypton@kryptongroup.com">krypton@kryptongroup.com</a>

**DIRECTORS' REPORT**

Dear shareholders,

Your Directors present the 32<sup>nd</sup> Annual Report together with the audited accounts of your company for the year ended 31<sup>st</sup> March 2022.

**1. FINANCIAL RESULTS**

During the year under review, the company achieved an aggregate income of **Rs. 4460.15** Lakhs. The highlights of the Standalone financial results are as under:

	<b>Amount in (Rupees in '000)</b>	
	<b>Current Year</b>	<b>Previous Year</b>
	<b>2021-2022</b>	<b>2020-2021</b>
Sales	405825.10	304396.02
Other Income	40190.33	24128.32
<b>Gross Total Income</b>	<b>446015.43</b>	<b>328524.34</b>
<b>Profit before Interest, Depreciation &amp; Tax</b>	<b>86922.19</b>	<b>35744.96</b>
Interest	16151.75	17902.09
Depreciation	20424.22	16014.99
<b>Profit before Exceptional Items &amp; Extraordinary items and Tax</b>	<b>50346.22</b>	<b>1827.88</b>
<b>Exceptional Items</b>	36263.66	-
<b>Profit before Tax and after Exceptional Items &amp; Extraordinary Items</b>	<b>14082.56</b>	<b>1827.88</b>
Provision for Taxation	5096.31	(739.59)
<b>Profit after Tax</b>	<b>8986.25</b>	<b>2567.47</b>
Other Comprehensive Income, net of tax	(12.23)	70.65
<b>Total Comprehensive Income</b>	<b>8974.02</b>	<b>2638.12</b>
Balance in P&L A/c brought Forward	90794.41	88553.97
Balance Available for Appropriation	99780.66	90794.41
Proposed Dividend	-	-
Tax on Proposed Dividend	-	-
Transfer to General Reserve	-	-
<b>Balance carried to Balance Sheet</b>	<b>99780.66</b>	<b>90794.41</b>

**Consolidated Financial Statement :-**

As required under SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations) and in accordance with the Indian Accounting Standard (Ind-AS) 110, Consolidated Financial Statements (CFS) of the Company form part of the Annual Report and are reflected in the consolidated financial statements of the Company. These statements have been prepared on the basis of audited financial statements received from the subsidiary 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 2021-22 amounted to Rs.665.54 lakhs compared to Rs.826.67 lakhs of in the previous year. The loss before tax amounted to Rs. (94.75) lakhs as compared to loss of Rs. (78.34) lakhs previous year.

During the year there is major fire outbreak on 11.04.2021 which affected unit performance badly and also due to COVID- 19 situation as its major revenue comes from exports and due lockdowns in different countries at different times has affected its sales badly. Also, due to continued adverse shipping conditions both in terms of lead time & costs exports & imports became expensive which leads to higher input costs and uncompetitive exports. Raw materials prices have grown more than 70% from pre-covid levels which we could not pass entirely to our customers which has affected our bottom line. We are very hopeful that this situation will improve in current financial year.

### **Sadhurhat division**

The unit is engaged in manufacturing MCP Tubeless Tires & Rehab Care Products for domestic market. The unit reported an income for the year 2021-22 amounted to Rs. 3379.37 lakhs as compared to the previous year Rs. 2400.79 Lakhs and the unit reported the Profit before tax for the year 2021-22 of Rs. 568.62 lakhs compared with previous year of Rs. 354.99 lakhs.

This unit has further 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. We hope to see very positive outcome in coming years.

### **Wheel division**

The total income of this unit for the year 2021-22 amounted to Rs.560.60 lakhs compared to Rs.67.34 lakhs in the previous year. The unit reported the profit before tax for the year 2021-22 amounted to Rs. (76.80) lakhs compared to Rs. (73.97) lakhs in the previous year.

Due major fire in Tyre Division our production has shifted in this unit which took us some to enhance our capacity but due to stagnant export demand profitability is not up to mark. 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 2021-22 amounted to Rs. 317.66 lakhs compared to Rs. 239.36 lakhs. The unit reported the profit before tax for the year 2021-22 amounted to Rs. 42.90 lakhs compared to the profit of Rs. 49.17 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 2021-22 amounted to Rs. 100.89 lakhs compared to Rs. 81.92 lakhs in the previous year. The unit reported loss before tax of Rs. (245.07) lakhs during the year compared to loss of Rs. (178.76) lakhs in the previous year.

Due to COVID-19 and extreme slowdown in Indian footwear industry has suffered badly and it has resulted in losses. Also increase in GST rates demand has affected. We are trying to change the business mix in this unit as and trying to add other polyurethane products to increase our product portfolio.

### **Engineering division**

The total income of this unit for the year 2021-22 amounted to Rs. 1647.40 lakhs compared to Rs.855.49 lakhs in the previous year.

The unit posted the loss before tax for the year 2021-22 amounted to Rs. (54.08) lakhs compared to loss of Rs. (54.82) lakhs.

Despite many challenges we had very good growth in topline from last year. We have increased our topline impressively but losses were flat due to further increase in raw material prices abruptly and we could not pass on the increased prices to customers due to cheaper imports and reluctance of customers to buy in high prices. We are very hopeful to deliver growth of 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 "**iCare**" 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, 2022 and plough back the profits of the company in its business.

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

Company had incorporated a Wholly Owned Subsidiary in the name and style of, Krypton Europe S.R.O., a limited liability Company in the Nadrani 48, 514 01, Jilemnice, Czech Republic on 06th November, 2019. The purpose of setting up this entity is to establish a marketing and trading outfit to explore European markets for Rehab Care products.

In accordance with Section 129(3) of the Companies Act, 2013, the consolidated financial statements of the company have been prepared, which forms part of this Annual Report. Further, the report on the performance and financial position of the subsidiary in the prescribed form AOC-1 is annexed as Annexure III 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 tremendous year and increased its topline as well as bottom line at same time. Despite higher input costs and very difficult market conditions due to our efforts in reductions of costs and increased efficiency we overcome this difficult times effectively.

Company's primary focus is expansion in Indian Markets as well as Exports for all its product line which includes 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 major 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. But we are seeing the peak of this commodity cycle and hopefully it will cool down in near future.

Company is 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 higher inflation interest cost are getting higher rapidly which will another dent in our business.

**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 started rising again and RBI started increasing interest rates. 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 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 our margins. Our company will surely improve our topline and bottom line this year and in the years to come.

**F Human Resource Developments:**

During the fiscal 2021-2022 company has more than 150 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, 2022 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. 5,6,14 & 43 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 is being reported in Form 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](http://www.kryptongroup.com).

## **9. MATERIAL CHANGES AND COMMITMENTS**

There have been no material changes and commitments affecting the financial position of the Company between the end of the financial year and date of this report.

Due to Major Fire Occurred in one of our unit which was adequately insured and we have received the claim amount on 31.03.2022.

## **10. KEY FINANCIAL RATIOS**

There were significant changes in certain key financial ratios of the Company that have changed more than 25% over previous year. Kindly refer Note 56 of the attached standalone financial report of the Company.

## **11. AUDITORS**

### **Statutory Auditors & their Report**

M/s P. K. Luharuka & Co., Chartered Accountants (Firm Registration no. 322020E), was appointed as Statutory Auditors of the Company at the Annual General Meeting on September 22, 2017 for a term of 5 years to hold office till the conclusion of the 32th Annual General Meeting. The Company has received consent of the Auditors for continuation of office for the current year.

The Board of Directors, on the recommendation of the Audit Committee, have recommended the members for re-appointment of M/s P. K. Luharuka & Co., Chartered Accountants (Firm Registration no. 322020E) as the statutory auditors for the second term of three consecutive years from the conclusion of the 32nd annual general meeting until the conclusion of the 35th annual general meeting.

The resolution included at Item No. 3 of the notice convening the annual general meeting seeks members' approval to the re-appointment of M/s P. K. Luharuka & Co. as statutory auditors. In terms of Regulation 36(5) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the term of re-appointment including the basis of recommendation for re-appointment have been disclosed in the explanatory statement forming part of the Notice convening the ensuing annual general meeting of the Company.

M/s P. K. Luharuka & Co. have confirmed that they are eligible for being appointed as Statutory Auditors of the Company for the second term of three consecutive years

The observations made by the Statutory Auditors in their report for the financial year ended 31st March 2022 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 Sanjay Kumar Vyas, Practicing Company Secretary to undertake the audit of Secretarial and other related records of the company. The Secretarial Audit Report issued by Sanjay Kumar Vyas in Form MR-3 for the financial year ended 31st March, 2022, 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-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.

### **12. 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.

### **13. EXTRACT OF ANNUAL RETURN**

The extract of Annual Return in Form MGT-9 forming part of the Directors Report is available at the company's website [www.kryptongroup.com](http://www.kryptongroup.com).

### **14. 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.

### **15. 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 2021-2022.

### **16. 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.