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33RD AGM ON FRIDAY, 29TH SEPTEMBER, 2023

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

**33RD ANNUAL REPORT
BOARD OF DIRECTORS**

1. JAY S. BARDIA : MANAGING DIRECTOR
2. PRADEEP KUMAR SINGH : INDEPENDENT DIRECTOR
3. TILOK CHAND BACHHAWAT : NON-EXECUTIVE DIRECTOR & NON- INDEPENDENT DIRECTOR
4. RAVI PRAKASH PINCHA : INDEPENDENT DIRECTOR
5. VIMALA DEVI BARDIA : NON-EXECUTIVE WOMEN DIRECTOR

ADMINISTRATIVE

1. P. L. BARDIA : CHIEF EXECUTIVE OFFICER
 2. NITIN GOEL : CHIEF FINANCIAL OFFICER
 3. ARTI BAID : COMPANY SECRETARY
- BANKER** : 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.
- SHARE TRANSFER
AGENT** : MAHESHWARI DATAMATICS (P) LTD.
23, R. N. Mukherjee Road, 5th Floor
Kolkata - 700 001
Phone : 033-22435809/5029, Fax : 033-22484787
- HEAD OFFICE** : 410, Vardaan Building
25A, Camac Street
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 33rd Annual Report together with the audited accounts of your company for the year ended 31st March 2023.

1. FINANCIAL RESULTS

During the year under review, the company achieved an aggregate income of **Rs. 3276.82** Lakhs. The highlights of the Standalone financial results are as under:

	Amount in (Rupees in '000)	
	Current Year 2022-2023	Previous Year 2021-2022
Revenue from Operation	3,23,686.41	4,05,825.10
Other Income	3,995.93	40,190.33
Gross Total Income	3,27,682.34	4,46,015.43
Profit before Interest, Depreciation & Tax	41,778.95	86,922.19
Interest	14,567.53	16,151.75
Depreciation	16,533.38	20,424.22
Profit before Exceptional Items & Extraordinary items and Tax	10,678.04	50,346.22
Exceptional Items	-	36,263.66
Profit before Tax and after Exceptional Items & Extraordinary Items	10,678.04	14,082.56
Deferred Tax	(511.68)	5,096.31
Profit after Tax	11,189.72	8,986.25
Other Comprehensive Income, net of tax	208.65	(12.23)
Total Comprehensive Income	11,398.37	8,974.02
Balance in P&L A/c brought Forward	99,790.66	90,794.41
Balance Available for Appropriation	1,08,185.36	99,780.66
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	1,08,185.36	99,780.66

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.

1. 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 2022-23 amounted to Rs.705.68 lakhs compared to Rs. 665.54 lakhs in the previous year. The loss before tax amounted to Rs. (165.04) lakhs as compared to loss of Rs. (94.75) lakhs previous year.

Russia's invasion of Ukraine has created "immense human suffering", but it is also damaging global trade, which will likely impact low-income countries the most. Sharply rising commodity prices have been the most immediate economic impact of the Ukraine conflict, the WTO says. The war also threatens supplies of essential goods from Russia and Ukraine, including food, energy and fertilizers.

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 2022-23 amounted to Rs. 1,117.73 lakhs as compared to the previous year Rs. 1,175.49 Lakhs and the unit reported the Profit before tax for the year 2022-23 of Rs. 177.06 lakhs compared with previous year of Rs. 133.97 lakhs.

This unit has further increased its profit margin from last year. Also, we have decreased 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 2022-23 amounted to Rs. 796.07 lakhs compared to Rs. 560.60 lakhs in the previous year. The unit reported the profit before tax for the year 2022-23 amounted to Rs. 147.90 lakhs compared to Loss of Rs. (76.80) lakhs in the previous year.

Due to major fire in Tyre Division during previous Financial Year 2021-22 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 2022-23 amounted to Rs. 235.76 lakhs compared to Rs. 317.66 lakhs. The unit reported the profit before tax for the year 2022-23 amounted to Rs. (34.74) lakhs compared to the profit of Rs. 42.90 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 2022-23 amounted to Rs. 32.23 lakhs compared to Rs. 100.89 lakhs in the previous year. The unit reported loss before tax of Rs. (137.29) lakhs during the year compared to loss of Rs. (245.07) lakhs in the previous year.

Due to COVID-19, Russia-Ukraine War 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 2022-23 amounted to Rs. 1110.34 lakhs compared to Rs. 1647.40 lakhs in the previous year.

The unit posted the loss before tax for the year 2022-23 amounted to Rs. (27.90) lakhs compared to loss of Rs. (54.07) 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, 2023 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 Nádražní 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 time 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 tyres 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 tyre 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 tyres.

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 out topline and bottom line this year and in the years to come.

F. Human Resource Developments:

During the fiscal 2022-23 company has more than 133 persons on its payroll. Apart from this company has generated indirect employment to more than 500 persons in nearby locations. Company is working 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, 2023 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.

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.

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 observations made by the Statutory Auditors in their report for the financial year ended 31st March 2023 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, 2023, 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 Bank shall 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-7 forming part of the Directors Report is available at the company's website 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 CSE and BSE. The annual Listing fees for BSE have been paid for the financial year 2022-23.

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.

17. MEETINGS

During the year under review, seven 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 SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015.