

KRYPTON INDUSTRIES LIMITED

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, 2019 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 a very positive year due to positive market conditions and easing input cost and manufacturing expenses.

Company's primary focus is expansion in Indian Markets for all its product line which include PU Footwear, MCP tubeless tires and hospital/disabled support equipment business. Company is looking for Big OEM's & cycle sharing start ups for its MCP tubeless tires for better replacement market penetration. Company is also focusing on high end products for disables persons and to increase its product portfolio. Also company is aggressively betting for government tenders for Wheelchairs & other support equipment. We have started working on de bottle necking our production facilities and to upgrade our machinery with very minimal capital outlay which help us to enhance our production capacity.

The company has posted positive growth for its footwear business due to change in business model and the company has also restructured the business from complete manufacturing to job work & manufacturing 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 have entered 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'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 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.

Company also needed to improve its overall performance in both monetary as well as non monetary terms by emphasizing its product quality and increasing its topline 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. 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.

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, 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 2018-2019 company has more than 250 Persons on its payroll. Apart from this company has generated indirect employment to more than 700 persons in nearby locations.