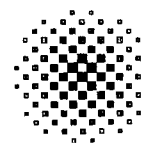
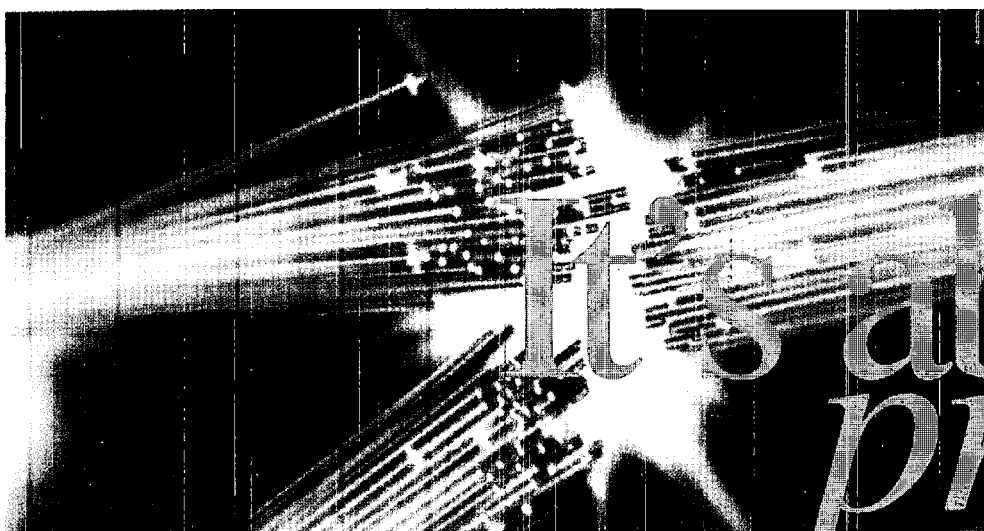


Tenth Annual Report 2008



KRONE

JENOPTIK-GROUP



It's about progress

1990

With emphasis on achieving a major market presence, for its MDF and associated products, KRONE focussed on setting its manufacturing facility at Peenya industrial estate, Bangalore, with full participation of local expertise and advanced moulding machinery and high speed presses from Germany.

1989

KRONE Communications Ltd., was formed during the pre-liberalisation era as a joint venture between KRONE AG of Germany, KEONICS and Indian promoters. The objective was to manufacture and market world class physical connectivity products based on the renowned KRONE LSA-Plus Technology and cater to India's growing demands in the Telecom sector.

1991

KRONE entered the market with a Public Issue. An successful venture with the Issue being oversubscribed several times. A indication of the market's faith in the capabilities of KRONE and its market position.

1992

KRONE bagged its first supply contract from MTNL for Distribution Boxes to Delhi and Bombay, laying the foundation for a dominant presence in the DoT market for External Plant Products. The Company also obtained formal Type Approvals for its core products from the Telecom Engineering Centre. KRONE was also accredited under the Delegated Inspection Scheme of the DoT.

1993

Having been chosen the preferred vendor in the C-Dot market for supply of MDF to its various licencees, KRONE forward integrated and pioneered the design and supply of higher order MDF's paving the way to address the newly liberalized market. KRONE was the first choice for all the validation sites of the new Switching entrants viz. Siemens, Alcatel, Ericsson, Fujitsu, Lucent and NEC.

1994

With the advent of liberalization in Telecom, especially in Switching manufacturing, KRONE continued its progress with the introduction of new products for both the rural and the metro communication markets. KRONE also increased its reach by opening regional offices at Delhi, Pune and Chennai.

1995

KRONE AG increased its stake in the Indian JV to 51%, exhibiting its long term commitment to the Indian market. Major strides were taken to address the voice block wiring market in buildings and KRONE was recognized as a preferred vendor by major EAPBX manufacturers viz. BPL and Tata Telecom.

1996

KRONE commenced its first export production of Distribution Boxes for the KRONE Subsidiary in Indonesia. Pre-empted the market with advanced versions of Protection Systems for MDF using resettable devices for current protection.

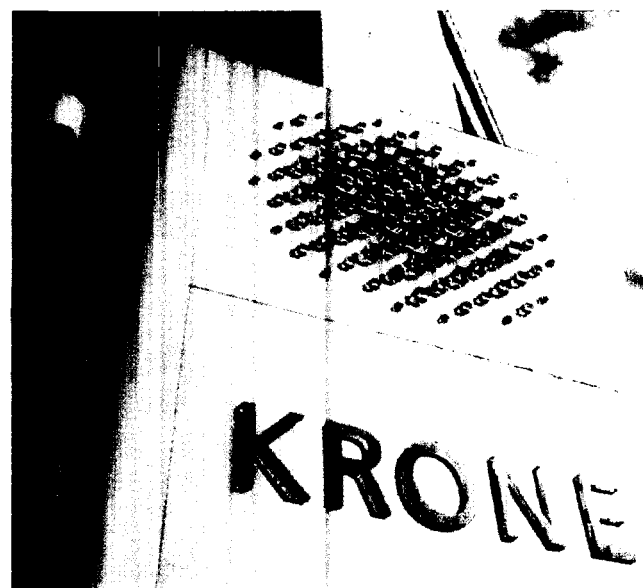
1997

KRONE was awarded the ISO9002 Certification by RWTUV on 3rd September, in the presence of H.E. Dr. Wolfgang Boetsch, German Federal Minister for Post & Telecommunications. In a marked departure from the past, KRONE Communications Ltd., continued its operations under its first Indian led management.

1998

KRONE bagged major orders from HTL, valued at over 17 crores and expanded its portfolio with the launch of its PremisNET range of Structured Cabling for the LAN market. Was awarded the best product in the show for its HIGHBAND solutions at the CNI fair in Mumbai. KRONE also commenced exports to KRONE Far East for the new Single Pair Distribution Modules and Boxes and enhanced its role as a manufacturing facility within the Asia Pacific. Mr. Klaus Krone, Chairman stepped down to be succeeded by Mr. Manfred Schneider.

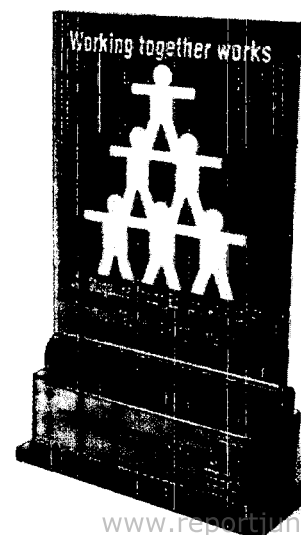
MD	✓	BKC	✓
CS	✓	Y	NIS
RO	✓	AV	✓
TRA	✓	SHI	✓
AGM	✓		✓
YE	✓		✓

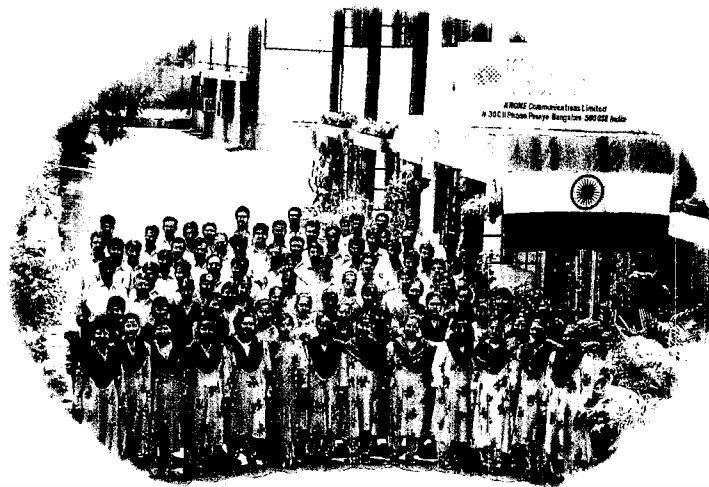


It's about *expertise*



Award for the Best Product in the category Public Networks, by LAN Magazine at the CNI Fair, in 1998, for the HIGHBAND module.





Teamwork is basic to the working style at KRONE. Key emphasis is laid on promoting personal development and training at all levels of the organization.

At KRONE, classical training methods are losing their importance and are being replaced by modern individually tailored qualification methods.

An important aspect of KRONE's Human Resource strategy is the development of in-house potential. And reinforcing company specific know-how leading to clear competitive advantages

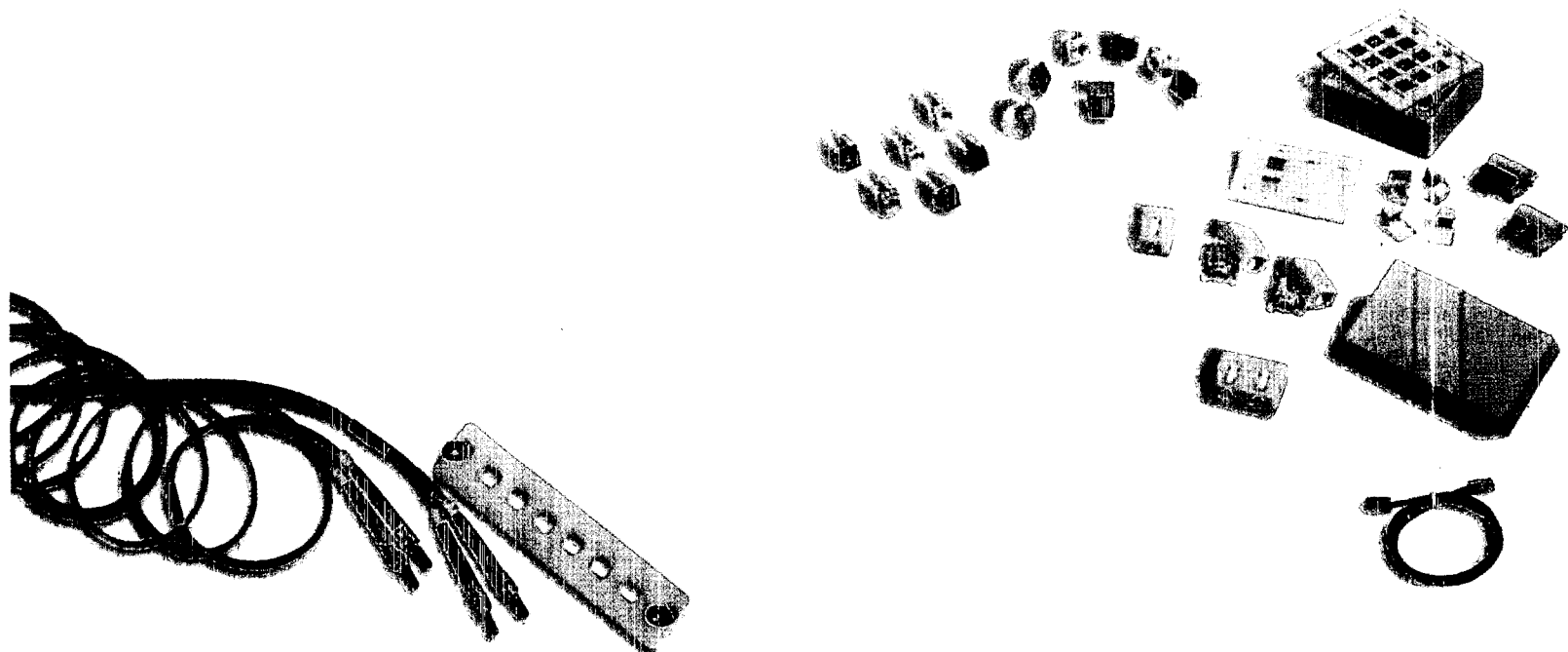
KRONE is dedicated to working on a customer and market oriented basis in key areas including.

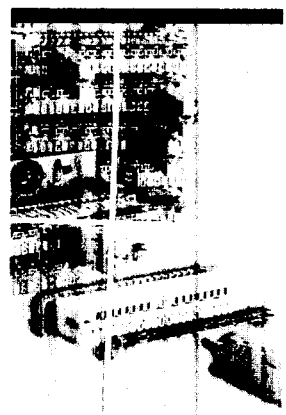
- Development of Market positions.
- Generating new opportunities.
- Satisfactorily fulfilling customer orders

It's about *innovation*



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AccessNET Solutions

In today's fast evolving Access Network, the capacity to deliver more and more bandwidth hungry services to the subscribers is one of the most crucial industry drivers for network operators and subscribers alike.

Whether the service is technology, high-speed data, subscription TV, Internet access frame relay tails or combinations of these and services, the need for speed is critical. To satisfy this demand, the delivery infrastructure has to be resilient, cost-effective and bandwidth-transparent.

AccessNET is a range of solutions for today's telecommunications companies and network service providers who are trying to solve tomorrow's communications needs.

KRONE's portfolio of AccessNET solutions are developed to fulfill customer requirements in three main areas:

Broadband Connectivity

Broadband Delivery

Subscriber Interface

PremisNET Solutions

KRONE's PremisNET solutions are designed to handle today's most demanding network applications with headroom to accommodate all future capacity needs. They are suitable for technologies such as Gigabit Ethernet, ATM, video-conferencing, imaging and other multimedia operations.

No matter how unique communications requirements may be, PremisNET solutions cater to every cabling and connectivity in the marketplace.

PremisNET solutions feature KRONE's range of high quality products supported by a team of experts offering consultancy services and guaranteed by a range of warranties covering four levels of speed and bandwidth performance.



It's about performance

M E S S A G E F R O M T H E C E O

Dear Shareholder,

Amidst the uncertainty and downtrend that prevailed in the industry both within the country and the region, your Company was able to effect strategic decisions in time, resulting in an above average performance for the year 1998 as compared to previous years.

This would not have been possible without the direction of the Board, support from the parent company KRONE AG, recognition from customers and above all, a sense of commitment to cause from employees of the Company. While reminiscing the past is easy, what is perhaps more relevant now is the promise, future holds for your Company.

Within the Telecom sector, while deregulation and growth are still policy issues, it is the spectre of fierce competition and falling prices that threatens the sustenance of your Company's market share in this segment. To muster a leadership position, your Company has already initiated actions with support from the parent company, to bring out products and solutions with unique features.

We strongly realise that growth in the Indian context can come only by market penetration and market

development. Our focus for the future will be to enhance reach, innovation and ingenuity, without jeopardizing quality, dependability and image.

In keeping with the global group directions, your Company will strongly promote a Solutions expertise than just a product expertise. The branding of the AccessNET and PremisNET for public and private networks respectively is intended to achieve this.

Given today's competitive environment which is highly professional, we believe that business itself is about taking a slight edge 'here' and an imperceptible edge 'there' and it is PEOPLE situations that create these edges. Emphasis on training to tone-up 'people capabilities' and using resources like Information Technology, to convert these capabilities into effectiveness are the internal priorities.

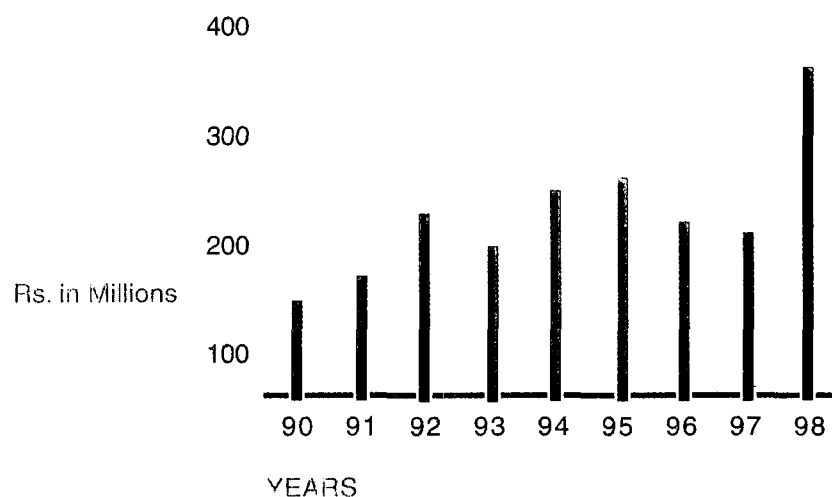
Finally though your Company's performance for the past year has been impressive, we truly believe that any goal that is attained immediately becomes the next step towards a greater and more higher goal.

K.Bala Chandran, CEO
28.04.99

FINANCIAL RESULTS

	Rs. In lakhs	
	Year Ended 1998	Year Ended 1997
Gross Revenue	3610.80	1745.91
Profit before Depreciation	456.64	175.27
Less : Depreciation	59.11	58.24
Net Profit for the year Before Taxation	397.53	117.03
Provision for Taxation	148.87	21.66
Profit after Tax	248.66	95.37
Add : Profit brought Forward from Previous Year	842.86	787.97
Profit available for Appropriation	1091.52	883.34
Appropriation General Reserve	6.22	-
Dividend Proposed	55.20	36.80
Income Tax on proposed Dividend	5.52	3.68
Balance carried to Balance Sheet	1024.58	842.86
	1091.52	883.34

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REVENUE

BOARD OF DIRECTORS

Mr. Manfred Schneider (Chairman)
 Mr. Herbert F Kroll
 Mr. John Heugle
 Mr. C.R Dua
 Mr. Sanjoy Das Gupta
 Dr. Bernard Matzner
 (Alternate Director to Mr. Manfred
 Schneider)
 Mr. Winfried Apel
 (Alternate Director to
 Mr. John Heugle)

CHIEF EXECUTIVE OFFICER

Mr. K. Balachandran

**GENERAL MANAGER - FINANCE
 AND COMPANY SECRETARY**

Mr. R. Ganesh

REGISTERED OFFICE AND FACTORY

30 (C), II Phase, Peenya,
 Bangalore 560 058

CORPORATE OFFICE

43, Hosto Centre, III Floor,
 Millers Road, Bangalore 560 052.

AUDITORS

M/s. Bharat S Raut & Co.,
 Chartered Accountants

BANKERS

Canara Bank
 Deutsche Bank

LEGAL ADVISERS

C. R. Dua & Associates
 Mulla & Mulla & Craigie Blunt &
 Caroe.

REGISTRAR & SHARE TRANSFER AGENTS

M/s. Karvy Consultants Limited
 TKN Complex, No. 51/2 Vanivilas
 Road
 Opp. National College,
 Basavanagudi,
 Bangalore 560 004.
