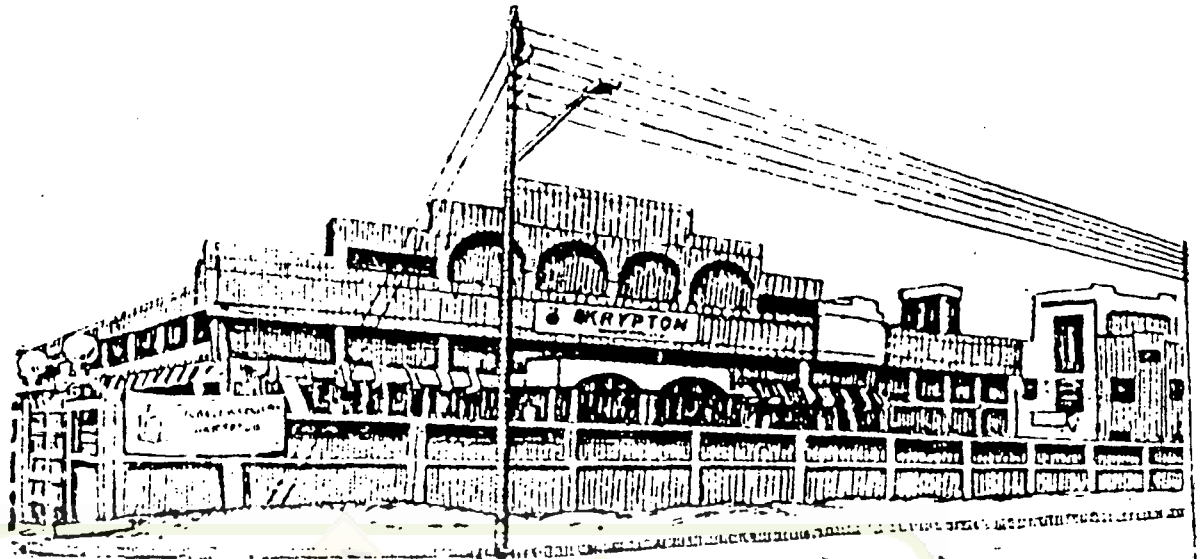


7th Annual Report 1996-97

MD	<input checked="" type="checkbox"/>	BKC	<input checked="" type="checkbox"/>
CS	<input checked="" type="checkbox"/>	D	<input checked="" type="checkbox"/>
RO	<input checked="" type="checkbox"/>	D	<input checked="" type="checkbox"/>
TRA	<input checked="" type="checkbox"/>	AL	<input checked="" type="checkbox"/>
AGM	<input checked="" type="checkbox"/>	EL	<input checked="" type="checkbox"/>
YE	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>



KRYPTON INDUSTRIES LIMITED
100% PUNCTURE PROOF BICYCLE TYRE

KRYPTON INDUSTRIES LIMITED

BOARD OF DIRECTORS : S.K.Jalan - Chairman
J.S.Bardia - Managing Director
H.M.Bucha - (upto 26.3.1997)
T.C.Bachhawat - Director
Edward R Alsman - (upto 14.07.1997)
MRS. Charlotte Alsman - (upto 14.07.1997)

C.E.O. : P.L.Bardia

BANKERS : Bank of Baroda
International Business Branch
Ruby House
8, India Exchange Place
Calcutta - 700 001.

AUDITORS : M/s. Jagdish Agarwal & Associates
Chartered Accountants
446, City Centre
19, Synagogue Street
Calcutta - 700 001.

REGISTERED OFFICE : 410 Vardaan Building
& 25A, Camac Street, 4th Floor
SHARE DEPARTMENT Calcutta - 700 016.

WORKS : Falta Export Processing Zone
Sector - 1, Plot 31 & 32
Falta, 24 Paragansa (S)
Pin - 743504, West Bengal

KRYPTON INDUSTRIES LIMITED

Notice

Notice is hereby given that the 7th Annual General Meeting of the Members of Krypton Industries Ltd. will be held at its registered office at 410 Vardaan Building, 25A, Camac Street, 4th Floor, Calcutta - 700 016, on Monday, 29th September, 1997 at 10 a.m. to transact the following business.

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet of the company as at 31st march 1997 and profit & loss account for the year ended as on that date, of the Company, together with the reports of the directors and auditors thereon.
2. To appoint a director in place of Mr. T. C. Bachhawat who retires by rotation and being eligible offers himself for reappointment.
3. To appoint auditors and to fix their remuneration.

4. SPECIAL BUSINESS

To consider and if thought fit to pass with or without modification the following as SPECIAL RESOLUTION.

RESOLVED THAT the Registered Office of the company be shifted from Vardan Market, 410 Vardaan Building, 25A, Camac Street, Calcutta - 700 016 to Falta Export Processing Zone. Sector - 1, Plot No. 31 & 32, 24 Pgs. (S), Pin - 743504 with effect from 6th October, 1997 (or such other date as may be decided by the Board of Directors).

Explanatory Statement Pursuant to Section 173 of the Companies Act, 1956

The Company had been maintaining its registered office at Vardaan Market, 410 Vardaan Building, 25A, Camac Street, Calcutta - 700 016 since 1991 and the project was implemented in the year 1993. The company has its own factory premises at FEPZ with a state of art Office building located in the same premises situated at Falta Export Processing Zone, Sector -1, Plot No. 31 & 32, 24 PGS. (S). It has been felt that day to day administration can be carried smoothly if the registered office is also shifted at the same place. This would also reduce the expenditure to some extent and improve the working of the company. The Company will maintain an economical office in Calcutta to conduct Bank and other Business required to be conducted from Calcutta only.

The Board of Directors recommend the resolution. None of the directors are interested in this resolution.

Place : Calcutta
Date : 29th July , 1997

by order of the board
J. S. BARDIA
Managing Director

NOTES :

1. A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a member of the company.
2. A proxy in order to be effective, must be deposited at Registered Office of the company not less than forty eight hours before the commencement of the meeting.
3. The Register of Members and Share Transfer book of the company will remain closed from 23rd September, 1997 to 29th September, 1997 (both days inclusive).
4. Members are requested to intimate change of address, if any, to the company on or before 29th September, 1997.
5. Members are requested to bring this copy of Annual Report and attendance slip with them while attending the Annual General Meeting.

Calcutta
Dated : 29th July, 1997

By order of the Board
J. S. BARDIA
Managing Director

Directors' Report

DIRECTORS' REPORT TO THE MEMBERS

Your Directors have pleasure in presenting the 7th Annual Report for the year ended 31st March, 1997 together with audited statement of Accounts and the Auditors report thereon for the said year.

FINANCIAL PERFORMANCE :

(Rupees in Thousand)

For the year ended
31st March, 1997

Sales and other income	20484.39
Gross Profit/loss	5332.30
Interest	850.35
Depreciation	2531.93
Amortization of Preliminary expenses	275.20
Net Profit/Loss	1674.82

(To be carried over to the next year's account)

OPERATIONAL REVIEW

During the year under review the Company has for the first time made profit amounting to Rs. 1674.82 thousand as against the Loss of Rs. 5280.07 thousand during the previous year. The decrease in turnover has not affected the bottom line. This has been possible due to the efforts undertaken by your Company to reduce the cost of production. The Management has been able to locate by trial and error the availability of cheap Basic Raw material, resulting in cost saving adding to the profits despite reduced turnover. The Company has improved the Foreign Exchange inflow by Rs. 25.35 lacs than last year.

During the year under review the sales is reduced by 7% because of the fact that Bank Of Baroda, International Business Branch, Calcutta, the Bankers of the Company have for the first six months of the year under review, been crediting the entire sale proceeds towards unpaid dues of interest and packing credit without sparing any money for the use by Company. This has tightened the cash flow and have substantially affected the manufacturing and sales.

As per the New guidelines of The Reserve Bank of India the Bank account with Bank Of Baroda is classified as NPA Account thus a substandard Account. Hence no interest on Term loan and foreign Exchange Term Loan is charged by the Bank during the year under review. The company has neither provided nor been able to pay interest on its Unsecured Loans.

Mr. Edward R Alsman and Mrs. Charlotte K. Alsman both directors representing our Technical collaborator M/s. Polyair Tires Inc. Canada have neither taken any interest in improving the overall sales of the Company nor have attended any of the Board meetings for the last five years. The present Board of Directors have thus taken a decision to remove them from the Board of Directors of the Company.

The behaviour of the collaborator is also chequered as such the directors are taking legal opinion to take proper steps for protecting their future rights and contentions in the event of cancellation of the Technical Collaboration Agreement with Polyair Tires Inc. Canada.

As envisaged in the last year The Company has already made a reference to the Board Of Industrial & Financial Reconstruction (BIFR) U/s. 23 of the Sick Industrial Companies (Special Provision) Act. 1985.

The Company has pending Income Tax demand of Rs 50.11 lacs for the Assessment Year 1992-93. Though an appeal against this demand is pending before the Income tax Appellate Tribunal, the company has to make payments in monthly installments. With the Auditors report for the year ended March, 1997, it is obvious that the Company is a Sick Industrial Unit falling within Sec-15 of Sick Industrial Companies (Special Provision) Act, 1985 and the previous reference to Board of Industrial Financial Reconstruction (BIFR) has to be modified u/s. 15 of the said Act.

KRYPTON INDUSTRIES LIMITED**FUTURE PROSPECTS****ISO 9002**

It is a great pleasure to announce that Registration audit for ISO 9002 certification of your Company has been successfully completed on 21st May, 1997 by the Indian subsidiary of Quality Registrar M/s. KPMG. Peat Marwick of USA. They have recommended your Company for ISO 9002 certification. We are informed that after 8-12 weeks the certificate will be issued to our Company. This will increase your company's marketability and efficiency which in turn will give a better performance this year, as by the turn of the century most of the developed countries will accept import of Indian products through the companies registered under ISO 9000 categories only.

AUDITORS' REPORT

The Auditor's Report is self explanatory and does not warrant any comment.

DIRECTORS

Mr. T.C.Bachhawat will retire at the forthcoming Annual General Meeting but being eligible has offered himself for reappointment.

FIXED DEPOSIT

The Company has neither invited nor accepted any deposit from the public during the year under review.

PERSONNEL

There is no employee in the employment of the Company falling within the purview of Section 217 (2) A of the Companies Act, 1956.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUT GO :

The details as required Under Section 217 (1) (e) of the companies Act, 1956 read with the Companies (Disclosures of Members's Particulars in the Report of the Board of Directors), Rules, 1988 are appended as Annexures to the Report hereinafter.

AUDITORS

M/s. Jagdish Agarwal & Associates, Chartered Accountants, Auditors of the Company will retire at the conclusion of the forthcoming Annual General Meeting but have indicated their willingness to be available for reappointment, your Directors recommend for their reappointment.

SHARE TRANSFER

As already reported your Company has with effect from 1st May, 1995 discontinued the services of the registrar and transfer agents M/s. PCS DATA INDUSTRIES LTD. and has started in house share department to look after the efficient transfer/splits and other share related jobs. This has not only improved the transfer process but has subsequently reduced investors complains, besides being economical.

APPRECIATION

Your Directors express their grateful appreciation and sincere thanks to various departments of Central and State Government, Financial Institutions and Banks for their valuable assistance during the period under review. Your Directors wish to place on record deep sense of appreciation of the devoted services rendered by the Executives, Officers, Staff and "Workers of the Company at all levels and for the trust and confidence reposed in the Company by the shareholders".

Place : Calcutta
Dated : 29th July, 1997

For & on behalf of the Board
S. K. JALAN
Chairman

KRYPTON INDUSTRIES LIMITED

Annexure to the Directors' Report

Statement showing particulars pursuant to the companies (disclosure of particular in the report of Board of Directors) rules 1988.

STATEMENT OF ENERGY CONSERVATION

	1996-97	1995-96
A. Power and Fuel Consumption		
a) Purchase unit (in lacs)	1.49	1.75
Total Amount (Rs. in lacs)	5.21	5.93
Rate / Unit (in Rs.)	3.49	3.39
b) Own Generator	-	-
c) Coal	-	-
B. Consumption per unit production		
Production (Pcs in lacs)		
MCP Tubeless Tyre	1.01	1.07
Electricity per pcs (units)		
MCP Tubeless Tyre	1.48	1.63

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION
(Research & Development (R&D))

- Specific areas in which R & D carried out by the company
 - Developing Indigenous Raw Material suppliers.
 - Developing systems for in house moulds making.
- Benefits derived as a result of the above R & D :** The Company has already identified a few local suppliers for some basic raw materials and additives and is closely working with them. The Company is expecting to reduce by another 4% the total import component of the Raw materials by the end of this year.

Your Company has already started manufacturing some moulds in house and has implemented the manufacturing systems successfully by which it has not only reduced lead time for developing new moulds but has also made them economical.
- Future Plan of action :** The company will continue with its plan of manufacturing more wheelchair, Hospital Equipment & Industrial Tyres rather than sticking to Bicycle tyres only and will also try to Indegenise raw materials as much as possible.

KRYPTON INDUSTRIES LIMITED**TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION****1. Efforts in brief made towards technology absorption, adaptation, and Innovation :**

Company has successfully implemented & innovated new production techniques for Hospital Equipment Tyres (small upto 4"). Simultaneously your Company has developed tyres for Industrial use with high load bearing capacity (about 500 kg). In the next 12 months your Company will strive to develop Fork lift truck and motorized trolley Tyres. As the industrial segment is very big your Company is concerned to tap this segment.

2. Benefits derived as a result of the above efforts e.g. product improvement cost reduction, product development, import substitution etc.

At present your Company is generating major revenues from these new type of Hospital Equipment Tyres. As the regulation in some countries of Europe is changing favourably for puncture proof tyres to be only used for wheelchairs & equipments for handicap persons, your Company will reap the benefit of the newly developed tyres for such application.

FOREIGN EXCHANGE EARNING AND OUT GO

		1996-97	1995-96
		(Rs. in thousand)	
1. A) Foreign Exchange Earning	:	19639.05	20902.79
B) Foreign Exchange Outgo	:		
i) CIF value of imports	:		
Raw Materials	:	8381.62	12334.85
Spare Parts	:	532.32	621.33
ii) Others	:	272.71	30.08

Calcutta
Dated : 29th July , 1997

For & on behalf of the Board
S. K. JALAN
Chairman