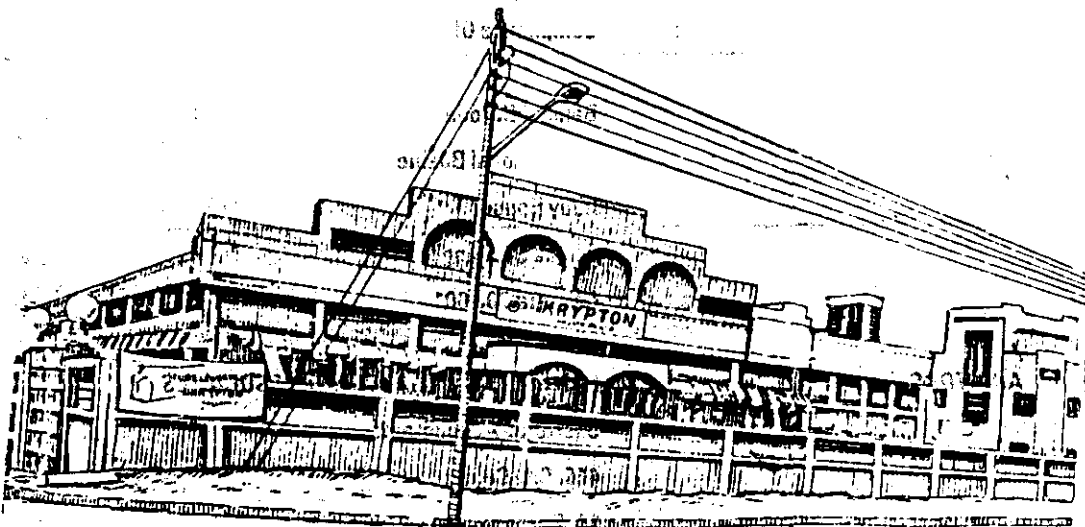




9th
Annual Report
1998-99



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KRYPTON INDUSTRIES LIMITED
100% PUNCTURE-PROOF TYRES

KRYPTON INDUSTRIES LIMITED**BOARD OF DIRECTORS :**

JAY S. BARDIA	:	Managing Director
T. C. BACHHAWAT	:	Director
ANIL KUMAR SIPANI	:	Director
TANSUKH GULGULIA	:	Director
SHIKHAR CHANDBAID	:	Director
P. L. BARDIA	:	Chief Executive Officer
SHYAMALI GHOSH	:	Compliance Officer

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	:	FALTA EXPORT PROCESSING ZONE
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SHARE DEPARTMENT		Sector-1, Plot 31 & 32
&		Falta, 24 Parganas (S)
WORKS		Pin-743504, West Bengal

HEAD OFFICE	:	410, Vardaan Building
		25A, Camac Street
		Calcutta-700 016.

KRYPTON INDUSTRIES LIMITED**ISO 9002 COMPANY****NOTICE**

Notice is hereby given that the 9th Annual General Meeting of the Members of Krypton Industries Limited will be held at its Registered Office at Falta Export Processing Zone, Sector-1, Plot 31 & 32 Falta, 24 Paraganas (S), Pin-743504, West Bengal on Tuesday, 28th September, 1999 at 1 p.m. to transact the following business :

AS ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 1999 and Profit & Loss Account for the year ended as on that date, of the Company, together with reports of the directors and Auditors thereon.
2. To appoint a Director in place of Mr. Anil Kumar Sipani who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint auditors and to fix their remuneration.

Registered Office :

Falta Export Processing Zone
Sector-1, Plot 31 & 32
Falta, 24 Parganas (S) Pin-743504, West Bengal
Date : 2nd August, 1999

By Order of the Board
JAY S. BARDIA
Managing Director

NOTES**AS ORDINARY BUSINESS :**

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 the registered office of the company not less than 48 hours before the commencement of the meeting.
3. The Register of Members and Share Transfer book of the Company will remain closed from 22nd, September 1999 to 28th September, 1999 (both days inclusive).
4. Members are requested to intimate change of address, if any, to the Company on or before 28th September, 1999.
5. Members are requested to bring the copy of this Annual Report and attendance slip with them while attending the Annual General Meeting.
6. As per the provisions of the amended Companies Act, 1956, facility for making nominations is now available to the shareholders in respect of the shares. Willing shareholders may make nomination in the prescribed form for nomination.

Registered Office :

FALTA EXPORT PROCESSING ZONE
Sector-1, Plot 31 & 32
Falta, 24 Paraganas (S), Pin-743504, West Bengal
Dated : 2nd August, 1999

By Order of the Board
JAY S. BARDIA
Managing Director

KRYPTON INDUSTRIES LIMITED**DIRECTORS' REPORT****To****The Share Holders,**

The Directors have pleasure in presenting the 9th Annual Report for the year ended 31.03.99.

FINANCIAL PERFORMANCE(Rupees in '000')

Sales and other income	22790.22
Gross Profit	3142.22
Interest	9786.81
Depreciation	2710.11
Amortization of Preliminary and Share issue Expenses	275.19
Net Profit (loss)	(-) 9629.89

OPERATIONAL REVIEW

During the year under review the company performed well due to more sales orders from overseas market which resulted into a lesser net loss before taxation amounting Rs. 9629.89 thousands. In anticipation of possible orders and to maintain the level of production at about 17% of installed capacity, closing stock of finished goods resulted into increase by Rs. 1611.82 thousands.

The Board for Industrial and Financial Reconstruction (BIFR) have declared us a SICK industry on 26.08.98 and appointed Bank of Baroda as our Operating Agency. A rehabilitation Scheme with Technical Viability and Economic Feasibility has been submitted by us to Bank of Baroda and that is under their consideration. We are very much hopeful that it will be accepted.

The proper reply of Show Cause Notice by DGFT have been submitted before the Joint Director at New Delhi and now the File is transferred at Calcutta. The personal appearance have been made on 20.7.99 and further date for personal appearance is fixed on 23.8.99. We are very much hopeful that our reply will be accepted.

A Show Cause Notice received from Development Commissioner, FEPZ, issued under para IV of Appendix 16E of Hand Book of Procedure (1997-2002)- Action to be taken under the provision of F. T. (D & R) Act, 1992 dt. 2.6.99 for non fulfillment of export obligation and value addition. We have replied with all required documents and are very hopeful for acceptance of our stand. Our present export performance is very much satisfactory in terms of Net Foreign Exchange earnings, Value addition and Export obligation.

Your company have settled its Income Tax Demand of Rs. 50.11 lacs in KAR VIVAD SAMADHAN SCHEME and now there is no pending income tax demand.

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

The Company have passed successfully in half yearly audits by KPMG. The company products are now widely sold in European market as a quality product and big manufacturers of wheel chairs have started to put our tyres as original components. The big wheel traders have also shown great interest in our tyres and are buying regularly from us. Your company is very hopeful that this year will result in a Net profit.

AUDITORS' REPORT

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

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 Mr. Anil Kumar Sipani 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 fixed deposit from the public during the year under review.

PERSONNEL

During the year under review there was no employee in the employment of the Company falling within the purview of Section 217(2A) of the Companies Act, 1956 read with the rules thereunder.

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 Particulars in the Report of Board of Directors), Rules, 1988 are appended as Annexures to the Report hereinafter.

YEAR 2000 COMPLIANCE :

Your Company has taken adequate steps to be year 2000 (Y2k) compliant by December, 1999. The cost of ensuring the above compliance will not be very significant. A contingency plan will be developed by October, 1999 to meet any system failure due to Y2k issue. However, the company has sufficient resources to address disruptions, if any due to Y2k issues.

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.

APPRECIATION

Your Directors express their grateful appreciation and sincere thanks to various departments of Central and State government, Financial institutions and Bank of Baroda for their valuable assistance during the year under review. Your Directors wish to place on record deep sence 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.

Registered Office :

FALTA EXPORT PROCESSING ZONE

Sector-1, Plot 31 & 32

Falta, 24 Paraganas (S), Pin-743504, West Bengal

Dated : 2nd August, 1999

For & On behalf of the Board

JAY S. BARDIA

Managing Director

KRYPTON INDUSTRIES LIMITED**Annexure to the Directors' Report**

Statement showing particulars pursuant to the companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

STATEMENT OF ENERGY CONSERVATION

	<u>1998-99</u>	<u>1997-98</u>
A. <u>POWER AND FUEL CONSUMPTION</u>		
a) Purchase Unit (in lacs)	1.63	1.21
Total Amount (Rs. in lacs)	11.50	5.07
Rate / Unit (in Rs.)	7.05	4.17
b) Own Generator	--	--
c) Coal	--	--
B. <u>CONSUMPTION PER UNIT PRODUCTION</u>		
Production (pcs in lacs)	1.43	0.80
MCP Tubeless Tyres		
Electricity per pcs (units)	1.14	1.53
MCP Tubeless Tyres		

**FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION
RESEARCH & DEVELOPMENT (R&D)**

1. Specific areas where R & D carried out by the Company :

- a) New chemical formulation of industrial and Rehabilitation equipment Tyres.
- b) New development in small tyres for Industrial Castors.

2. Benefits derived as a result of the above R & D :

The new formulation has given the company a new range of products which will consume at least 12% less Raw Material bringing down overall cost of the product. These products are introduced in certain markets and initial trial has been very encouraging. Company is planning a complete new range with better prices to get the lower end of the market where still pneumatic rubber tires are used. This will contribute to the revenue of the company in a very big way in near future.

3. Future Plan of Action :

The company is working to achieve newer application for its products. It is also planning to develop new materials for introducing new niche products specially in the high end segments. The company is closely working with few chemical companies to develop the new high performance tyres.