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13th Annual Report 2002 - 2003

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KRYPTON INDUSTRIES LIMITED
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///KRYPTON INDUSTRIES LIMITED

BOARD OF DIRECTORS

JAY S. BARDIA	:	Managing Director
T. C. BACHHAWAT	:	Director
TANSUKH GULGULIA	:	Director
SHIKHAR CHAND BAID	:	Director
P. L. BARDIA	:	Chief Executive Officer
SHYAMALI GHOSH	:	Compliance Officer

BANKERS	:	BANK OF BARODA International Business Branch Ruby House 8, India Exchange Place Kolkata - 700 001
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AUDITORS	:	M/S. JAGDISH AGARWAL & ASSOCIATES Chartered Accountants 446, City Centre 19, Synagogue Street Kolkata - 700 001
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REGISTERED OFFICE & WORKS	:	FALTA SPECIAL ECONOMIC ZONE Sector - 1, Plot 31 & 32 Falta, 24 Parganas (s) Pin - 743504, West Bengal
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DEMAT REGISTRAR & SHARE TRANSFER AGENTS	:	MAHESHWARI DATAMATICS (P) LTD. 6, Mangoe Lane, 2nd Floor Kolkata - 700 001
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HEAD OFFICE	:	410, Vardaan Building 25A, Camac Street, 4th Floor Kolkata - 700 016
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NOTICE

NOTICE is hereby given that the 13th Annual General Meeting of the Members of **Krypton Industries Limited** will be held at its Registered Office at Falta Special Economic Zone, Sector - 1, Plot 31 & 32, Falta, 24 Parganas (S), Pin - 743504, West Bengal, on Tuesday the 23rd day of September, 2003 at 1.00 P.M. to transact the following business.

AS ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2003 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. Tansukh Gulgulia who retires by rotation and being eligible offers himself for reappointment.
3. To appoint auditors and to fix their remuneration.

AS SPECIAL BUSINESS :

To consider and if thought fit to pass with or without modification the following resolutions :

4. As a Special Resolution

"RESOLVED that pursuant to provisions of Section 81 (1A) and other applicable provisions, if any, of the Companies Act, 1956, including any amendment there to, the Memorandum and Articles of Association of the Company, the Securities and Exchange Board of India's Guidelines for Preferential Issue under SEBI (Disclosure and Investor Protection) Guidelines, 2000, Listing Agreement and other applicable laws and subject to such approvals, consents, permissions and sanctions as may be required from appropriate authorities or bodies from time to time, consent of the Company be and is hereby accorded to the Board of Directors (hereinafter referred to as 'Board') to create, offer and grant from time to time, upto 10,00,000 (Ten Lacs) equity shares of Rs. 10/- each fully paid up which shall rank pari passu with the existing equity shares on payment to the Company for such shares at price to be determined from time to time to any person or persons, whether or not shareholders of the company, in such manner as the Board may in its absolute discretion decide."

"RESOLVED further that the Board be and is hereby authorised to issue and allot equity shares from time to time."

"RESOLVED further that for the purpose of giving effect to the above resolution, the Board be and is hereby authorised to do all such acts, deeds and things and to execute all such deeds, documents, instruments and writings as it may in its sole and absolute discretion deem necessary or expedient and to settle any question, difficulties or doubt that may arise in regard thereto."

5. As a Special Resolution :

"RESOLVED that the Company do take effective steps for voluntary de-listing of its equity shares from Jaipur Stock Exchange and Delhi Stock Exchange subject to Compliance of the terms and conditions of the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 and other applicable provisions, if any, of any other law for the time being in force, any other statutory guidelines and Listing Agreement with respective Stock Exchange.

6. As a Special Resolution :

"RESOLVED that pursuant to provisions of Section 149 (2A) of the Companies Act 1956 the company do hereby approve the commencement of Business of software, information & Technology as these are more specifically described in Sub Clause 1 of clause no. IIIA of the Memorandum of Association of the Company either in India or else where with effect from such date, under such circumstances and on such conditions as may be decided by the Board of Directors of the Company."

Registered Office :
FALTA SPECIAL ECONOMIC ZONE
 Sector - 1, Plot No. 31 & 32, Falta
 24 Parganas (s), Pin - 743 504, West Bengal
 Dated : 15.07.2003

By Order of the Board of Directors
For Krypton Industries Limited

JAY. S. BARDIA
 Managing Director

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NOTES

1. A member is 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 17th September 2003 to 23rd September 2003 (both days inclusive).
4. Members are requested to intimate change of address, if any, to the company immediately.
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 Companies Act, 1956 facility for making nomination is available to the shareholders in respect of the shares. Willing Shareholders may make nomination in the prescribed form for nomination.
7. An explanatory statement pursuant to sec. 173 of the Companies Act, 1956 in respect of the item Nos. 4, 5, and 6 is annexed.

Explanatory Statement pursuant to Section 173 of the Companies Act 1956

Item Number 4 :

Despite worldwide economics slowdown, the products of the company were good in demand in domestic as well as in international market. In order to meet the sales orders within time schedule and to introduce a series of low price product range for domestic as well as international market, the company will incorporate a subsidiary company in due course. In order to part finance the project of that subsidiary, your company will need finance. In addition, your company will also need certain funds for some capital expenditure and working capital requirements. Hence, the company proposes to issue the shares for wide participation on private placement preferential basis to such persons/bodies/banks/financial institutions etc, as the Board may decide from time to time.

None of the Directors of the company is in any way concerned or interested in the aforesaid Resolution.

Item Number 5 :

The shares of the Company are at present listed at the Calcutta Stock Exchange Association Ltd., the Stock Exchange, Mumbai, Jaipur Stock Exchange and Delhi Stock Exchange. These are actively traded at Calcutta and Mumbai Stock Exchanges. Moreover, these are negligibly traded at Jaipur and Delhi Stock Exchanges. Therefore, considering the cost involved vis-a-vis benefit to shareholders, the Board of Directors of the Company has approved voluntary delisting of the equity shares from Delhi and Jaipur Stock Exchanges and recommend passing of the above Resolution by shareholders.

None of the Directors is in any way concerned or interested in the aforesaid Resolution.

Item Number 6 :

As per requirements of provisions of Section 149 (2A) of the Companies Act 1956, Commencement of any new business by a Company requires specific approval of its shareholders by way of a Special Resolution passed in the General Meeting. Therefore, if and when the Company wants to undertake the business as specified in Sub Clause 1 of Clause No. IIIA of the Memorandum of Association of the Company, it has to take the permission of shareholders by way of a Special Resolution. Hence this resolution.

None of the Directors is in any way concerned or interested in the aforesaid Resolution.

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DIRECTORS' REPORT

To
The Shareholders,

Your Directors have pleasure in presenting the 13th Annual Report and Audited Accounts for the year ended 31st March, 2003

1. FINANCIAL PERFORMANCE

(Rupees in '000)

	Current Year	Previous Year
Sales and Other Income	79258.94	90414.09
Gross Profit	26221.38	30487.01
Interest	1104.99	3632.19
Depreciation	3189.63	3064.08
Amortization of Preliminary and Share Issue Expenses	275.21	275.19
Net Profit	21651.55	23515.55

2. CONSOLIDATED FINANCIAL STATEMENTS & SUBSIDIARIES

Audited Consolidated Financial Statements for the period ended on 31st March, 2003 form part of the Annual Report.

The reports and audited accounts of the subsidiary Company M/s. Eco Wheels Private Limited alongwith the statement pursuant to sec 212 of the Companies Act, 1956 form part of the Annual Report.

3. OPERATIONAL REVIEW

During the year under review, company's sales could not grow in fact was marginally down. This was mainly due to world wide economically slow down. However, your company has been successful in writing off the accumulated losses which was appearing in the Balance Sheet.

4. DIVIDEND

In view of inadequate distributable profit, your directors are of view to plough back the profit to improve the working of the company. Hence, the Board does not recommend any dividend this year.

5. WORKING

The subsidiary of the company Eco Wheels Pvt. Ltd. is progressing and our efforts for developing low cost tires has paid off. Our growth in low cost tires will give us a very good increase in sales which we could not achieve this year. If you look at the data of April - June 2003 quarter, the company has achieved a growth of 39% against the same period in 2002. This growth is mainly due to our capability to give a good quality at very affordable prices. Your company is also going to introduce its puncture proof Bicycle Tyres in Domestic Market and one plot of land with a factory shed is finalised for purchase. An advance has been made against this.

6. MANAGEMENT DISCUSSION AND ANALYSIS REPORT :

Management Discussion and Analysis Report as required under Listing Agreement with Stock Exchange, is enclosed at Annexure "A".

7. FIXED DEPOSIT

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

8. LISTING AT STOCK EXCHANGE

The equity shares of the company are listed on the stock exchanges at Kolkata, Mumbai, Delhi and Jaipur. The annual Listing fees for the year 2003-04 has been paid to all these exchanges except Delhi Stock Exchange, which is defunct at present. It is proposed to delist the Equity Shares of the Company from the Stock exchanges at Jaipur and Delhi, in view of negligible trading at these exchanges for which approval of shareholders is being sought at the ensuing Annual General Meeting.

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DIRECTORS' REPORT Contd.....

9. BIFR

We are very glad to inform you that our company has come out the preview of the BIFR on 20.01.2003

10. PREFERENTIAL ALLOTMENT OF EQUITY

The company is proposing to issue preferential allotment of equity shares amounting Rupees one crore. Necessary resolution U/sec 81(IA) of the Companies Act, 1956 has been scheduled to be passed in ensuing Annual General Meeting.

11. DIRECTORS

In accordance with the provisions of the Companies Act, 1956 Mr. Tansukh Gulgulia retires by rotation as Director at the forthcoming Annual General Meeting and being eligible offers himself for reappointment.

12. DIRECTORS RESPONSIBILITY STATEMENT :

As required under Sec 217 (2AA) of the Companies Act, 1956, the Directors confirm :

- i) that in the preparation of Annual Account, the applicable Accounting Standards had been followed alongwith proper explanation relating to material departures.
- ii) that they had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for the period
- iii) that they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- iv) that they had prepared the annual accounts on a going concern basis.

13. PERSONNEL

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

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

The informations as required under section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosures of Particulars in the Report of Board of Directors) Rules, 1988 are appended as Annexure "B" to the Report hereinafter.

15. AUDITORS REPORT

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

16. ISO 9001-2000

We are very glad to inform you that your company has successfully upgraded the ISO 9000 quality assurance system as per the new ISO 9001-2000 standard. We have been audited and approved by world renowned DNV in the month of May 2003. The new standard are mainly customer oriented and they will help our company to get much new controls to improve with best customer satisfaction standards.

17. AUDITORS

M/s Jagdish Agarwal & Associates, Chartered Accountants, retire as Auditors of the Company at the conclusion of the forthcoming Annual General Meeting and have confirmed their eligibility & willingness to accept the office of the Auditors, if reappointed.

18. CORPORATE GOVERNANCE

Your company has successfully implemented Corporate Governance as required by clause 49 of the Listing Agreement with the Stock Exchange.

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DIRECTORS' REPORT Contd.....

19. APPRECIATION

Your Directors would like to express their grateful appreciation and sincere thanks to Bank of Baroda, various departments of Central and State Government, for their valuable assistance and cooperation received. Your Directors wish to place on record their deep sense of appreciation for 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 SPECIAL ECONOMIC ZONE
Sector - 1, Plot No. 31 & 32, Falta
24 Parganas (s), Pin - 743 504, West Bengal
Dated : 15.07.2003

For & On behalf of the Board
JAY. S. BARDIA
Chairman

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ANNEXURE TO THE DIRECTORS' REPORT

ANNEXURE - A

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A. Industry Structure & Developments :

The Company started with a revolutionary product a 100% maintenance free MCP Tyre. The basic difference between MCP Tyres and the conventional pneumatic tyres is that MCP Tyres are tubeless and are produced through a combination of microscopic air cells trapped in a matrix of tough polyurethane.

B. Out look on opportunities :

MCP Tyres are the high quality items. These are in high demand in the international market of developed countries. The Indian Market also is feeling the wave of present global market trend. There is huge potential of MCP tyres and plastic rim in domestic market.

C. Outlook on threats, Risks and concern

The Unit is export oriented. The changes in international market relating to overall demand and consumption is a major threat of the Company. Withdrawal of benefits to export oriented units under Income Tax Laws is a domestic factor, which is a matter of concern.

D. Internal Control System and their adequacy :

Production, supply and finance matters are closely monitored by the directors and they are adequately controlled.

E. Financial Performance

Financial Performance of the company is very encouraging. Despite world wide demand recession the company could maintain sales at comfortable level. Moreover, the company has been able to write off its accumulated losses appearing in books as well as it came out of the purview of BIFR.

F. Human Resource Developments :

The company is also concentrating on the human resources developments. At present the company is having 53 persons as employee.

KRYPTON INDUSTRIES LIMITED

ANNEXURE TO THE DIRECTORS' REPORT

ANNEXURE - B

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

A. CONSERVATION OF ENERGY

a) POWER AND FUEL CONSUMPTION	2002-03	2001-02
1. Electricity		
a. Purchased Units (in Lacs)	3.63	3.29
Total Amount (Rs. in Lacs)	15.03	14.93
Rate/Units (in Rs.)	4.14	4.53

 b. Own Generator

2. Coal, Furnance Oil, other

b) CONSUMPTION PER UNIT OF PRODUCTION

Production (pcs in Lacs)	5.44	5.72
MCP Tubeless Tyres		
Electricity per pcs. (unit)		
MCP Tubeless Tyres	0.67	0.58

B. TECHNOLOGY ABSORPTION

1. Specific area in which R&D carried out by the company :

The company is working on developing design for rims for Castors and developing new direct moulding methods for complete wheels for different applications at price sensitive uses.

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

The company could achieve a substantial improvement in Raw material consumption per piece by introducing new formulation. The Company has implemented these new programmes in various products and now we are implementing on our main stream products.

3. Future Plan of Actions :

The Company is planning new formulation for different applications which can help the company in increasing its products range beyond tyres

C. FOREIGN EXCHANGE EARNING AND OUTGO

	2002-03	2001-02
1. (A) Foreign Exchange Earning	81438.71	87965.46
2. (B) Foreign Exchange Outgo		
i) CIF Value of Import		
Raw Materials	31041.18	32718.12
Stores and Spare Parts	1813.74	2045.67
ii) Others	4740.71	5316.01

Registered Office :

FALTA SPECIAL ECONOMIC ZONE
Sector - 1, Plot No. 31 & 32, Falta
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Dated : 15.07.2003

For & On behalf of the Board
JAY. S. BARDIA
Chairman

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STATEMENT ON CORPORATE GOVERNANCE

(Pursuant to clause 49 (as amended) of the Listing Agreement put with the Stock Exchange)

1. Corporate Governance Philosophy :

With the amendment of the Listing Agreement SEBI included clause 49 in the agreement, the Company is required to implement Corporate Governance within financial year 2002-03 but not later than 31.03.2003 and a separate section on Corporate Governance is required to be incorporated in its Annual Report.

2. Board of Directors :

Composition and category of Directors

The Company has an optimum combination of executive and non-executive directors. Out of four directors on Board as on 31.03.2003, there is only one executive director, Mr J S Bardia, Managing Director. The non executive directors constitute 75% of the composition of the Board.

Category, Number of Directorship & Committee Membership held in other companies are as below :

Name of Member	Category	No of directorship in Other companies	No. of Committee membership held in Other Companies
J S Bardia	Executive Chairman cum Managing Director	6	NIL
T C Bachhawat	Independent, Non Executive	2	NIL
Tansukh Gulgulia	--Do--	3	NIL
Shikhar Chand Baid	--Do--	1	NIL

Attendance of each Director :

Dates of Board Meetings are fixed in advance and agenda papers are circulated to directors at least seven days before the meeting.

During the financial year 2002-03, ten Board Meetings were held.

Attendance of each Director at Board Meeting and at the last AGM

Name of Director	No. of Board Meeting attendance	Whether attended last AGM held on 17th July, 2002
1. Mr J S Bardia	9	Yes
2. Mr T C Bachhawat	2	No
3. Mr T S Gulgulia	9	Yes
4. Mr S C Baid	10	Yes

Board Procedure :

The Company holds board meetings at regular intervals and usually the gap between any two board meeting never exceeded four months. During the year 1st April 2002 to 31st March 2003, the Company held ten meetings of the Board.

The non-executive directors are accomplished professionals in the Corporate and business world. It is the practice of the Company to give full information to the Board on all items.