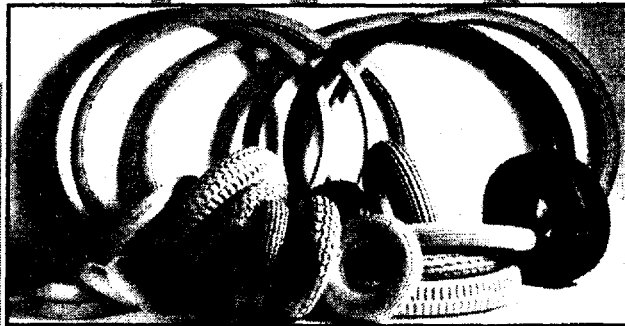




14th Annual Report 2003-2004



KRYPTON INDUSTRIES LIMITED
100% PUNCTURE PROOF TYRES

III KRYPTON INDUSTRIES LIMITED

BOARD OF DIRECTORS

| | | |
|--------------------|---|-------------------|
| JAY S. BARDIA | : | Managing Director |
| T. C. BACHHAWAT | : | Director |
| TANSUKH GULGULIA | : | Director |
| SHIKHAR CHAND BAID | : | Director |

ADMINISTRATIVE

| | | |
|----------------|---|-------------------------|
| P. L. BARDIA | : | Chief Executive Officer |
| RITESH AGARWAL | : | Company Secretary |

| | | |
|---------|---|---|
| BANKERS | : | BANK OF BARODA International Business Branch Ruby House 8, India Exchange Place Kolkata - 700 001 |
|---------|---|---|

| | | |
|----------|---|---|
| AUDITORS | : | M/S. JAGDISH AGARWAL & ASSOCIATES Chartered Accountants 446, City Centre 19, Synagogue Street Kolkata - 700 001 |
|----------|---|---|

| | | |
|---------------------------|---|--|
| REGISTERED OFFICE & WORKS | : | FALTA SPECIAL ECONOMIC ZONE Sector - 1, Plot 31 & 32 Falta, 24 Parganas (S) Pin - 743504, West Bengal |
|---------------------------|---|--|

| | | |
|--|---|--|
| DEMAT REGISTRAR & SHARE TRANSFER AGENTS | : | MAHESHWARI DATAMATICS (P) LTD. 6, Mangoe Lane, 2nd Floor Kolkata - 700 001 |
|--|---|--|

| | | |
|-------------|---|--|
| HEAD OFFICE | : | 410, Vardaan Building 25A, Camac Street, 4th Floor Kolkata - 700 016 |
|-------------|---|--|

IIIIKRYPTON INDUSTRIES LIMITED

NOTICE

NOTICE is hereby given that the 14th Annual General Meeting of the Members of Krypton Industries Limited will be held at the Registered office of the Company at Falta Special Economic Zone, Sector-1, Plot-31 & 32, Falta, 24 Parganas (S), Pin - 743504, West Bengal on Wednesday, the 11th day of August 2004 at 11.30 A.M. to transact the following business :

As Ordinary Business :

- 1) To receive, consider and adopt the audited Balance Sheet as at 31st March, 2004 and Profit & Loss Account for the year ended on that date, of the Company, together with reports of the Directors and the Auditors thereon.
- 2) To declare Equity Dividend for the Financial Year ended 31st March, 2004.
- 3) To appoint a Director in place of Mr. Sikhar Chand Baid, who retires by rotation and being eligible offers himself for re-appointment.
- 4) To appoint Auditors to hold office from conclusion of this Annual General meeting until the conclusion of next Annual General Meeting and to fix their remuneration.

As special Business :

- 5) To Consider and if thought fit to pass with or without modification(s) the following resolution as Special Resolution.

"RESOLVED that pursuant to the provisions of section 314 and other applicable provisions of the companies Act, 1956 approval be and is hereby accorded to Mr. P. L. Bardia, a relative of the Managing Director of the company, to hold an office or place of profit as Chief Executive Officer of the company at an increased total monthly remuneration of Rs. 19,500/- (Rupees Nineteen Thousand Five Hundred only) which will be effective retrospectively from 1st April, 2004 while other terms and conditions of appointment remains unaltered."

- 6) To consider and if thought fit to pass with or without modification(s) the following resolution as Special Resolution :

"RESOLVED that pursuant to provisions of Section 198, 269, 309, 310 and 311 and other applicable sections of the Companies Act 1956, read with and in accordance with the conditions specified in the schedule XIII to the said Act, subject to the approval of requisite authorities, if any, approval be and is hereby accorded to revision in terms and conditions of appointment and remuneration payable to Mr. Jay S Bardia, Managing Director of the company with retrospective effect from 1st April, 2004 as set out in supplementary agreement to be entered into by the company with him, with liberty to the Board of Directors to alter and/or vary the terms and conditions of the supplementray agreement, including the terms and remuneration which shall not exceed the limits specified in schedule XIII to the Companies Act, 1956, or any statutory Re-enactment thereof, as may be agreed to between the Board of Directors and Mr. Jay S Bardia".

IIII KRYPTON INDUSTRIES LIMITED

- 7) To Consider and if thought fit, to pass with or without modification(s), the following resolution as Special Resolution:-

"RESOLVED that pursuant to the provisions of the Section 309 and other applicable provisions, if any, of the Companies Act, 1956 (the Act), a sum not exceeding one percent per annum of the net profits of the company calculated in accordance with the provisions of Sections 198, 349 & 350 of the Act, to be paid to and distributed amongst the Directors of the company or some or any of them (other than the Managing Director and Executive Directors) in such amounts and proportions and in such manner and in all respects as may be directed by Board of Directors and such payments shall be made in respect of the profits of the company for each year of the period of five years commencing 1st April 2004."

- 8) To consider and if thought fit to pass with or without modification(s) the following resolution as Special Resolution (to be voted by the Postal Ballot) :-

"RESOLVED that pursuant to the provision of Section 17 and other applicable provisions, if any of the companies Act, 1956 the Memorandum of Association of the Company be and is hereby altered by inserting after the Clause 4, the following new Clauses :

- a) Under the Main Object Clause IIIA, of the company, the following sub-clause be inserted as sub-clause no. 5.

To carry on the business of manufacturers, buyers, sellers, agents, consultants, researchers, assemblers, importers, exporters, suppliers of crutches, wheelchairs, wheelchair parts & accessories, walking sticks, perambulators, other walking aids, fitness equipments, carriages, beds, appliances, operation theatre instruments, fittings, equipments, Lifesaving, medical and healthcare equipments of all types and such other equipments which facilitates as walking aids for patients and old aged persons.

- b) Under the Main Object Clause IIIA, of the company, the following sub-clause be inserted as sub-clause no. 6.

To purchase, acquire, take on lease, hire, erect, construct, improve, develop, charge, build, let-out, exchange, sale, work or deal in land, building, roof-right, flat-rooms, offices, show rooms, shops, auditoriums, halls, makets, sheds, mines, factories, mills, plants, plantations, farms, roads, culverts, flyovers, highways and all such acts and things necessary in connection therewith including dealing in building materials of all kinds and builder stores and machinery.

- c) Under the Main Object Clause IIIA, of the company, the following sub-clause be inserted as sub-clause no. 7.

To carry on the business as manufacturers, fabricators, processors, producers, growers, makers, Importers, exporters, buyers, sellers, suppliers, stockiest, agents, commission agents, merchants, prepares, preservers, canners, refiners, bottlers, distributors, and concessionaires and dealers of all types of confectioneries including flour, cakes, pastries, cornflakes, bread, biscuits, chocolates, sweets, fruit drops, sugar, glucose, chewing gums, milk, cream, ice, ice-creams, aerated or mineral waters, fruit juice, wines, liquors and other alcoholic drinks and fermentations products, milk and malted foods, tobacco/cigarettes, cigars, protein foods, maize products, butters, ghee, cheese and other dairy products, pickles, jams, jellies, sausages, cider, oils, powder, and condensed milk, honey, fresh and dehydrated vegetables,

IIII KRYPTON INDUSTRIES LIMITED

coffee, tea, cocoa seeds, processed seeds, fodder and cattle, fruits and all kinds of processed foods as well as materials required or used for preparation of or being food articles, franchise in soft drinks, vegetables, canned and tinned foods, protein, health and install foods of all kinds including baby and dietetic foods, cereals, beverages, cordials, tonics, restorative and aerated mineral waters, to bottle soft drinks under franchise and food-stuffs, consumable provision of every description for human and animal consumption and to carry on the business of preservation, dehydration, freezing, freeze-drying, drying, canning, tinning, bottling and packing of all or any of the produces and products mentioned above and food stuffs, provisions and consumable materials of all kinds including pulses and spices and other agricultural products, ice-candy, ice-cream and other ice products, fresh, dehydrated, oils, seeds, and other farm, agricultural or food products and to provide for cold storage and preservation of such products, medicine for own business or for hire for others, dietetic products, instant foods, cereal products, wheat flakes, Maize flakes table delicacies, all type of soups, food stuffs, soyamilk, soyamilk products and presentations, soyabean based foods including spray dried milk, powders, cheeses, curd, ice-cream, other preparations, of soya cereals and lentils including flour and cakes, pastries nuts toffees, and soya cookies and confectionaries including biscuits, breads, cakes, pastries nuts, toffees, and soya beverages and other allied products, malted milk, milk powder, skimmed milk powder, whole milk powder, ice milk, milk foods.

"RESOLVED further that for the purpose of giving effect to this resolution, the Board of Directors of the company be and is hereby authorized to take all such steps and action and give such directions as may be in its absolute discretion deemed necessary and to settle any question that may arise in this regard".

Registered Office :
 FALTA SPECIAL ECONOMIC ZONE
 Sector - 1, Plot - 31 & 32, Falta
 24 Parganas(S) Pin - 743 504
 West Bengal
 Dated : 11th June, 2004

By Order of the Board
 RITESH AGARWAL
 Company Secretary

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.
 A proxy in order be effective, must be duly completed and stamped, must be deposited at the registered office of the company not less than 48 hours before the commencement of the meeting.
2. The Special Business referred to in Item Serial No. 8, requires consent of the shareholders through the Postal Ballot pursuant to provisions of section 192A of the Companies Act, 1956 read with the Companies (Passing of Resolution by Postal Ballot) Rules, 2001 is being despatched to the members.
3. The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Items Sl. nos. 5,6,7 & 8 setting out the material facts is annexed hereto.

IIII KRYPTON INDUSTRIES LIMITED

4. Dividend on Equity shares as recommended by the Directors for the year ended 31st March, 2004, if approved at the meeting, will be payable to those eligible members whose name appears :
 - i) As beneficial owners, as on 4th August, 2004 as per list to be furnished by National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) in respect of the Shares held in Electronic Form at the card of business hours on 3rd August 2004, and
 - ii) As members in Register of Members of the Company after giving effect to all valid share transfer in Physical Form lodged with the Company upto the end of business hours on 3rd August, 2004.
5. Members seeking any information or clarification on the Accounts are requested to send in written queries to the company, at least one week before the date of the meeting. Replies will be provided in respect of such written queries at the meeting only.
6. Members/Proxies should bring the Attendance slip sent herewith, duly filled in, for attending the AGM.
7. The Register of Members and Share Transfer Books of the Company will remain closed from 4th August, 2004 to 11th August, 2004. (both days inclusive).
8. Members holding shares in identical order of names in more than one folio are requested to write to the company, and send their share certificates to enable consolidation of their holdings into one folio.
9. Members holding shares in physical form are requested to advise immediately change in their address if any quoting their folio number(s), to the company's Registrar & Share Transfer Agent.
10. Members holding shares in dematerialised form may please note that while opening a depository account they may have given their bank account details, which will be printed on their dividend warrants. However if members want to change/correct the bank account details, they should communicate the same immediately to the concerned Depository Participant. Members are also requested to furnish the MICR code of their Bank to the Depository Participant. **The company will not entertain any direct request from Members for deletion/change in bank account details as furnished by the Depository Participants to the company.**
11. Members holding shares in physical form are requested to note that, in order to avoid any loss/interception in postal transit and also to get prompt credit of dividend through Electronic Clearing Service(ECS), they should submit their ECS details to the company's Registrar & Share Transfer Agent by 9th August, 2004. Alternatively, Members may provide details of their bank account quoting their folio numbers by the said date, to the company's Registrar & Share transfer agent to enable them to print such details on the dividend warrant. A blank ECS Mandate Form/Bank Account Particulars Form is attached with the Annual Report.
12. Consequent upon the Amendment to 205A, read with 205C of the Companies Act 1956, the amount of applications money etc remaining unclaimed for a period of seven years have been duly transferred to Investor Education and Protection Fund with Department of Company Affairs. No deposit, unclaimed dividend, application money etc remain pending for transfer to the Investor Education and Protection Fund as on year ended 31.03.2004.

IIIIKRYPTON INDUSTRIES LIMITED

13. Non Resident Shareholders are requested to inform the company immediately :
 - a) An address, in India for sending all communications from the company.
 - b) E-mail address, phone no(s) / fax no(s), if any.
 - c) The particulars of NRE Bank Account maintained in India with complete name and address of the Bank, if not furnished earlier.
 - d) Change in residential status on return to India for permanent settlement.
14. Members who hold shares in physical form in single name are advised, in their own interest to avail of the nomination facility by filling Form 2B (in duplicate) as prescribed under the Companies (Central Government's) General Rules & Forms 1956 with the company or Registrars & Share Transfer Agents. The company's Registrar & Share Transfer Agent on request will supply blank forms. Members holding shares in the dematerialised form may contact their Depository participant for recording nomination in respect of their shares.
15. Members are requested to bring their copy of Annual Report to the Annual General Meeting.
16. The information as required by the Clause 49(VI) of the Listing Agreement regarding the directors retiring by rotation and eligible for re-appointment as per Item-3 of the notice is given below

Sri Sikhar Chand Baid, born on 07.03.1949, appointed as Director by the Board of Directors on 07.08.1998, is a practicing advocate having more than 30 yrs of vast and rich experience to his credit. The company regularly avails his advises on Income - Tax and other legal matters. His guidance and advices have contributed a lot in progress of the company. He is the chairman of the Audit Committee & Remuneration Committee of the company and also a member of Shareholders/Investors Grievance Committee of the company.

ANNEXURE TO NOTICE

1. Explanatory Statement under Section 173(2) of the companies Act, 1956

Item No. 5

Mr. P. L. Bardia, the Chief Executive Officer of the company, is looking after the day-to-day business of the company. He is continuing at the present scale of gross salary of Rs. 15000/- per month, since 1st April 2002 as appointed by Board of Directors and by shareholders in duly convened general meeting of the Company. Keeping in view the growth of the company due to his untiring efforts, efficient administration and best possible financial controls etc, the Board recommends a hike in his salary subject to approval of the members on terms and conditions as set out therein the original agreement.

The Original draft agreement entered into between the company and Mr. P. L. Bardia is available for inspection to the members of the company at its registered office on any working day upto the date of AGM between 10.M. to 1 P.M.

None of the Directors except Mr. Jay S. Bardia, Managing Director (being a relative to Mr. P. L. Bardia) is concerned or interested in the said Resolution.

Item No. 6

The members at their 12th Annual Genral Meeting reappointed Mr. Jay S Bardia as Managing Director of the company for a period of 5 years from 1st January 2003 to 31st December, 2007, on terms and

IIIIKRYPTON INDUSTRIES LIMITED

conditions and remuneration payable as per the ageement entered into with him by the company. Keeping in view the recent trends, corporate scenario, turnaround of the company, as also dedicated and meritorious services provided by him, the Board of Directors of the company at its meeting held on 11.06.2004 revised some of the terms and conditions of the appointment and remuneration payable to Mr. Jay S. Bardia with retrospective effect from 01.04.2004, as detailed below :

| Sl. No. | Particulars | Existing (upto 31.03.2004) | Revised (from 01.04.2004) |
|---------|--------------|----------------------------|---|
| A | Basic Salary | Rs. 40000/- p.m. | Sale Rs. 60000 - 10000 - 90000 |
| K | Commission | Nil | Upto Rs. 10,00,000/- p.a. subject to an overall ceiling laid under section 309 of the Companies Act, 1956 |

The Board of Director of te company is authorized to vary the aforesaid remuneration, perquisites, benefits and amenities, including the monetary value thereof, as specified in the agreement, entered into with Mr. Jay S. Bardia provided the said variation or increase is within the overall limits laid down under the relevant provision of the Companies Act, 1956 & Schedule XIII thereto.

The Original draft agreement entered into between the company and Mr. J. S. Bardia is available for inspection to the members of the company at its registered office on any working day upto the date of AGM between 10 A.M. to 1 P.M.

The Board of Directors recommends this resolution for approval of the Members.

Except Mr. Jay S. Bardia, no other Directors are concerned or interested in the said resolution.

An abstract pursuant to section 302 of the Companies Act, 1956 is bring despatched to the members.

Item No. 7

Keeping in view the increase in companies activities and the consequent increase in the responsibilities of the Directors, it is proposed that in terms of section 309(4) of the Act, the Directors (a part from Managing Director and executive Directors, if any) be paid for each of the five financial years commencing 1st April 2004 commission not exceeding 1% per annum of the net profits of the company computed in accordance with the provisions of the Act. This commisssion will be distributed amongst all or some of Non Whole time Directors in accordance with the Directors given by the Board.

The Board of Directors recommends this resolution for approval of the Members.

All Directors except Managing Director of the company are concerned or interested in the resolution at item no. of the Notice to the extent of the remuneration that may be received by them.

Item No. 8

The company was incorporated to carry on the business of all or any of the plastic and rubber products foamed plastics and all other plastic material of all kinds, more particularly tyres of all types and for any type of vehicles along with other objects. Now, the company proposes to diversify into business of construction, food processing, Wheelchairs, Crutches, Perambulators, and all types of walking aids etc. The company is planning to diversify in the new business aggressively as market holds enormous opportunities in domestic and global markets. Since the business under reference is not in the Main

IIIIKRYPTON INDUSTRIES LIMITED

Object Clause of the Memorandum of Association for the Company, it is necessary that the same should be suitably altered to incorporate the proposed business in the Memorandum of Association in the manner detailed in the Notice.

Pursuant to Section 192A of the Companies Act 1956, read with the Companies (Passing of Resolution by Postal Ballot) Rules, 2001, special resolution under Section 17 for amendment to Memorandum of Association requires the consent of the Shareholders through postal ballot.

Registered Office :

FALTA SPECIAL ECONOMIC ZONE

Sector - 1, Plot - 31 & 32, Falta

24 Parganas(S) Pin - 743 504

West Bengal

Dated : 11th June, 2004

By Order of the Board

RITESH AGARWAL

Company Secretary

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IIII KRYPTON INDUSTRIES LIMITED

DIRECTORS REPORT

To the Members,

Your Directors have pleasure in presenting the 14th Annual Report on business and operations of the Company and the Audited Financial Statements for the year ended 31st March, 2004

1. FINANCIAL RESULTS

During the year under review, the company achieved an aggregate income of Rs 1085.30 lakhs. The highlights of the financial results are as under :

| | (Rupees in 000) | |
|---|------------------|-----------------|
| | Current Year | Previous Year |
| Sales | 105746.39 | 79258.94 |
| Other Income | 2783.18 | 3007.87 |
| | <u>108529.57</u> | <u>82266.81</u> |
| Profit before Interest, Depreciation & Tax | 36428.67 | 27067.95 |
| Interest | (3627.03) | (1104.99) |
| Depreciation | (3726.75) | (3189.63) |
| Amortization of Preliminary Expenses | — | (275.21) |
| Profit before Tax and Exceptional Items | <u>29074.89</u> | <u>22498.12</u> |
| Provision for Taxation | <u>(1697.45)</u> | <u>(846.57)</u> |
| Profit after Tax and before Exceptional Items | 27377.44 | 21651.55 |
| Exceptional Items and Tax Adjustments for earlier years | (55.95) | — |
| Profit (after Tax adjustments for earlier years) | 27321.49 | 21651.55 |
| Balance in P & L A/c brought forward | 3811.62 | (17839.93) |
| Balance Available for Appropriation | <u>31133.11</u> | <u>3811.62</u> |
| Proposed Dividend | 6450.60 | — |
| Tax on Proposed Dividend | 826.48 | — |
| Transfer to General Reserve | 1366.08 | — |
| Balance carried to Balance Sheet | <u>22489.95</u> | <u>3811.62</u> |

2. DIVIDEND

Your Directors are pleased to recommend a maiden dividend of 15% per equity shares of Rs. 10 each for the financial year 2003-2004 subject to your approval.

3. CONSOLIDATED FINANCIAL STATEMENTS & SUBSIDIARIES

As stipulated by clause 32 of the Listing Agreement, Consolidated Financial Statements have been prepared by the company in accordance with the requirements of Accounting Standard 21, Consolidated Financial Statements issued by the Institute of Chartered Accountants of India. Audited Consolidated Financial Statements for the Period ended on 31st March, 2004 forms 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.

4. OPERATIONAL REVIEW

During the year under review, company continued its efforts to capture new markets. This has resulted in the healthy growth in sales of the company.