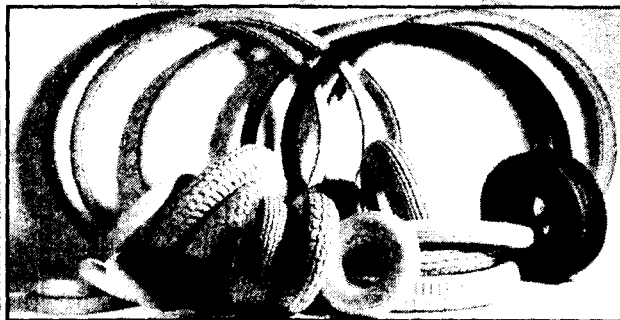




15th Annual Report 2004-2005

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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
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 No. 31 & 32 Falta, 24-Parganas (S) Pin – 743 504, West Bengal
DEMAT REGISTRAR & SHARE TRANSFER AGENT	:	MAHESHWARI DATAMATICS (P) LTD 6, Mangoe Lane, 2 nd Floor Kolkata – 700 001 Phone: 033 224 35809/5029 Fax : 22484787
HEAD OFFICE	:	410, Vardaan Building 25A, Abanindra Nath Tagore Sarani 4 th Floor, Kolkata – 700016

IIIIKRYPTON INDUSTRIES LIMITED**NOTICE**

Notice is hereby given that the Fifteenth 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 28th day of September, 2005 at 11.30 A.M. to transact the following businesses:

As Ordinary Business:

- 1) To receive, consider and adopt the audited Balance Sheet as at 31st March, 2005 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, 2005.
- 3) To appoint a Director in place of Mr. T.C.Bacchawat, 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 and subject to approval from central government, approval be and is hereby accorded to revision in terms and conditions of appointment and remuneration payable to Mr. P.L.Bardia, to hold an office or place of profit as Chief Executive Officer of the company which will be effective retrospectively from 1st April, 2005 while other terms and conditions of appointment remains unaltered."

Registered Office: Falta Special Economic Zone
Sector-1, Plot-31&32, Falta,
24 Parganas (S), Pin-743504
West Bengal

By Order Of The Board

Ritesh Agarwal
Company Secretary

Date: 27.07.2005

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. Corporate Members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the meeting.
3. The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Item Sl.No.5 above setting out the material facts related thereto is annexed hereto.

///KRYPTON INDUSTRIES LIMITED

4. Dividend on Equity shares as recommended by the Directors for the year ended 31st March, 2005, if approved at the meeting, will be payable to those eligible members whose name appears:
 - i) As beneficial owners, as on 14th September, 2005 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 closure of business hours on 28th September, 2005, 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 14th September, 2005.
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 14th September, 2005 to 28th September, 2005. (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 28th September, 2005. 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 Sec 205A, read with Sec 205C of the Companies Act 1956, the amount of applications money, Dividends etc remaining unclaimed for a period of seven years from the dates that they first became due for payment have been duly transferred to Investor Education and Protection Fund with Department of Company Affairs. No overdue amount of deposits, unclaimed dividend, application money etc remain pending for transfer to the Investor Education and Protection Fund as at 31.03.2005.
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.

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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 Tilok Chand Bacchawat, born on 07.12.1953, appointed as Director by the Board of Directors on 07.08.1998, is a Chartered Accountant 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.

Annexure to the Notice**Explanatory Statement Pursuant to 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 19,500/- per month, since 1st April 2004 as appointed by Board of Directors and by shareholders in duly convened general meeting of 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 11.06.2005 revised some of the terms and conditions of the appointment and remuneration payable to Mr. Panna Lal Bardia with retrospective effect from 01.04.2005, as detailed below.

Sl No	Particulars	Existing (upto 31.03.2005)	Revised (from 01.04.2005)
A	Basic Salary	Rs 19,500/- p.m	Scale Rs 35,000 – 5,000 – 50000

The Original draft agreement entered into between the company and Mr Panna Lal 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 10A.M to 1 P.M.

The Board of Directors recommends this resolution for approval of the Members, and the resolution will be effective on approval of the central government.

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.

Registered Office: Falta Special Economic Zone
Sector-1, Plot-31&32, Falta,
24 Parganas (S), Pin-743504
West Bengal

By Order Of The Board

Ritesh Agarwal
Company Secretary

Date: 27.07.2005

///KRYPTON INDUSTRIES LIMITED**DIRECTORS' REPORT****To The Members,**

Your Directors have pleasure in presenting the 15th Annual Report on business and operations of the Company and the Audited Financial Statements for the year ended 31st March, 2005.

1. FINANCIAL RESULTS

During the year under review, the company achieved an aggregate income of Rs 1377.08 lakhs. The highlights of the financial results are as under:

	(Rupees in 000)	
	<u>Current Year</u>	<u>Previous Year</u>
Sales	135725.78	105746.39
Other income	<u>1982.10</u>	<u>2783.18</u>
	<u>137707.88</u>	<u>108529.57</u>
Profit before Interest, Depreciation & Tax	30090.58	36428.67
Interest	(2423.03)	(3627.03)
Depreciation	<u>(3995.80)</u>	<u>(3726.75)</u>
Profit Before Tax and Exceptional Items	23671.75	29074.89
Provision for Taxation	<u>(8891.25)</u>	<u>(1697.45)</u>
Profit after Tax and before Exceptional Items	14780.50	27377.44
Exceptional Items and Tax Adjustments for earlier years	<u>0.00</u>	<u>(55.95)</u>
Profit (after Tax adjustments for earlier years)	14780.50	27321.49
Balance in P&L A/c brought forward	<u>22489.95</u>	<u>3811.62</u>
Balance Available for Appropriation	<u>37270.45</u>	<u>31133.11</u>
Proposed Dividend	6450.60	6450.60
Tax on Proposed Dividend	904.70	826.48
Transfer to General Reserve	<u>1478.05</u>	<u>1366.08</u>
Balance carried to Balance Sheet	<u>28437.10</u>	<u>22489.95</u>

2. DIVIDEND

Your Directors propose, for your approval, a dividend of 15% on equity shares of Rs 10 each for the financial year 2004-2005. There will be no tax deduction at source on dividend payments, but your company will have to bear tax on dividend @ 14.025% inclusive of Surcharge and education cess.

The dividend, if approved, shall be payable to shareholders registered in the books of the company and the beneficial owners as per details furnished by the depositories, determined with reference to the book closure from 14.09.2005 to 28.09.2005.

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 Year ended on 31st March, 2005 forms part of the Annual Report.

IIIIKRYPTON INDUSTRIES LIMITED

The reports and audited accounts of the subsidiary Company M/s. Eco Wheels Private Limited alongwith the statement pursuant to Séc 212 of the Companies Act, 1956, also 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 from Rs 1057.46 Lakhs to Rs 1357.26 Lakhs.

The company pushed ahead its growth despite a slowdown of economy worldwide. However, your company has been successful in registering a growth in sales by 28% in terms of value and by 12% in volume terms, over last year.

5. WORKING

Your Company has performed satisfactorily considering the turbulent times due to change in polymer and petrochemical prices and appreciation in Indian Rupees which have a direct co-relation to our raw material price. Although, as company has already planned to overcome the situation where it is dependent on a single product and only on export market base.

To achieve and continue to achieve atleast 50% growth per year, company is working on

1. The PU shoe sole and shoe unit for Local as well as export market using its own in house technology with advantage of the first of its kind of production in eastern part of India. The project in under implementation stage and should start production around October 2005.
2. Last year, the resolution for changing the main object for entering into construction and real-estate devlopement was approved at the last AGM, company is aggresively working on identifying good land in and arround Kolkata to enter into this business very soon. That should be one of the major business for the company in the coming years
3. Comany has invested into plastic processing factory for sourcing plastic parts, plastic wheels for export purpose. This project should start production by September 2005 and that will a big help to increase the sales using the same customer base.

With these project and lines of business, company expect to acheive atleast 50% growth each year for next three years with an increase in profit proportionally.

With these majors, company want to expand its business many fold in next few years and also make the company more balanced to make sure that the company remains on a growth path continuously.

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 within the meaning of Section 58A of the Companies Act ,1956 during the year under review.

IIIIKRYPTON INDUSTRIES LIMITED**8. LISTING AT STOCK EXCHANGE**

The equity shares of the company are listed on the stock exchange at Kolkata, Mumbai, Delhi and Jaipur. The annual Listing fees for the year 2005-06 has been paid to all these Stock Exchanges (except Delhi Stock Exchange, which is defunct.)

The Company is in the process of getting its shares delisted from the Jaipur and Delhi Stock Exchanges. The Company's equity shares shall continue to be listed on the stock exchange Kolkata (CSE) and Mumbai (BSE), of which BSE has nation wide trading terminals.

9. DIRECTORS

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

10. DIRECTORS RESPONSIBILITY STATEMENT

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

- i) that in the preparation of annual accounts, 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 the provisions of the Companies Act 1956, 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.

11. 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.

12. 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 Annexures to the Report hereinafter

13. AUDITORS' REPORT

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

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14. ISO 9001 - 2000

After successful upgradation of quality assurance system as per the new ISO 9001-2000 standards, the company implemented the same for its subsidiary company M/s Eco Wheels Private Limited during the year 2004-05..

The new standards are mainly customer oriented and they will help our company to get much new controls to improve with best customer satisfaction standards.

15. 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 and willingness to accept the office of the Auditors, if reappointed.

16. CORPORATE GOVERNANCE

To comply with conditions of Corporate Governance, pursuant to Clause 49 of the Listing Agreement with the Stock Exchange a Corporate Governance Report is annexed as a part of this Report, along with the Auditors Certificate on its Compliance.

17. 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 co-operation 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 the 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
Date :27th July ,2005

For & Or. behalf of the Board
Jay. S. Bardia
Chairman

IIIIKRYPTON INDUSTRIES LIMITED**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. Outlook 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 Special Economic Zone Company. 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 Incometax laws is a matter of concern for decrease in the Profits.

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 of devaluation of the US\$ the transacted currency the company increased its sales during the year. Further the rise in prices of Raw Materials cut in the profits of the company.

F. Human Resource Developments :

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

G. Cautionary Note:

This report contains certain forward looking statements. All such statements are subject to risks and uncertainties .Actual results could differ materially from those expressed or implied.