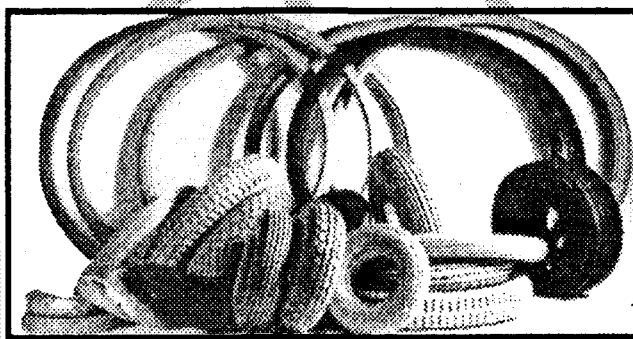




16th Annual Report 2005-2006



III KRYPTON INDUSTRIES LIMITED
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AGM on Wednesday, September 20th, 2006

Venue : Falta Special Economic Zone, Sector-1,
Plot 31 & 32, Falta, 24 Parganas (South), West Bengal-743 504

Time : 11.30 A.M.

ALL SHAREHOLDERS ARE WELCOME.

/// KRYPTON INDUSTRIES LIMITED**16TH ANNUAL REPORT****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
RITESH AGARWAL	: COMPANY SECRETARY
BANKER	: 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 - I	: FALTA SPECIAL ECONOMIC ZONE Sector-1, Plot No. 31 & 32 Falta, 24-Parganas (S) Pin – 743 504, West Bengal Phone: 91 31 74222227
WORKS -II	: P.O. & Village Banganagar, Diamond Harbour Road, 24-Parganas (S), West Bengal- 743513 Phone: 91 31 74241005
DEMAT REGISTRAR & SHARE TRANSFER AGENT	: MAHESHWARI DATAMATICS (P) LTD 6, Mangoe Lane, 2nd Floor Kolkata – 700 001 Phone: 033 224 35809/5029 Fax: 033 22484787
HEAD OFFICE	: 410, Vardaan Building 25A, Abanindra Nath Tagore Sarani, 4th Floor, Kolkata – 700016 Phone: 033 22871366 Fax: 033 22871084 Website: www.kryptontire.com E-mail : krypton@vsnl.com

/// KRYPTON INDUSTRIES LIMITED**NOTICE**

Notice is hereby given that the Sixteenth Annual General Meeting of the Members of Krypton Industries Limited will be held on Wednesday, the 20th day of September, 2006 at 11.30 A.M 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 to transact the following businesses:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2006 and Profit & Loss Account for the year ended on that date, together with report of the Board of Directors and the Auditors thereon.
2. To declare Equity Dividend for the Financial Year ended 31st March, 2006.
3. To appoint a Director in place of Mr. Tansukh Gulgulia, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint M/s Jagdish Agarwal & Associates, the retiring Auditors as Statutory Auditors of the Company to hold office from conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting, on such remuneration as may be mutually agreed upon between the Board of Directors and the Auditors.

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 SEBI (Delisting of Securities) Guidelines, 2003 (including any statutory modification(s) or re-enactments thereof for the time being in force) and all other applicable laws, rules, regulations and guidelines and subject to such approvals, exemptions, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any authority while granting such approvals of the Company, exemptions, and sanctions, which may be agreed to by the Directors of the Company, consent be and is hereby accorded to de-list the Equity shares of the company from The Delhi Stock Exchange Association Limited, and Jaipur Stock Exchange."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to seek voluntary delisting and to take all necessary steps in this regard and to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty, doubt that may arise in regard to delisting of the Equity Shares and to execute all such deeds, documents, writings as may be deemed fit for this purpose and to delegate the authority duly vested in it by virtue hereof to the Chairman & Managing Director or the Company Secretary to do the various acts, deeds and things required to be done in this behalf."

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

"RESOLVED THAT pursuant to the provision of Section 94 and other applicable provisions of the Companies Act, 1956, the Authorised Share Capital of the Company be and is hereby increased from Rs 8,00,00,000/- (Rupees Eight Crores only) divided into 80,00,000 (Eighty Lakh only) equity Shares of Rs 10/- each (Rupees Ten only) to Rs 15,00,00,000/- (Rupees Fifteen Crores only) divided into 1,50,00,000 (One Crore Fifty Lakh only) equity shares of Rs 10/- each (Rupees Ten

/// KRYPTON INDUSTRIES LIMITED

only), and consequently the existing Clause V of the Memorandum of Association of the Company be, and is hereby altered by deleting the same and the following new Clause V be substituted.

"The Authorised Share Capital of the Company is Rs 15,00,00,000 (Rupees Fifteen Crores only) divided into 1,50,00,000 (One Crore Fifty Lakh only) equity shares of Rs 10/- each (Rupees Ten only), with the power to increase and reduce the Capital of the Company and to divide the shares in the capital for the time being into several classes and attach thereto respectively such preferential, deferred, qualified or special rights, privileges or conditions as may be determined by, or in accordance with the Articles or Association of the Company for the time being and to vary or modify or abrogate any such rights, privileges or conditions as may be permitted by the Companies Act or by the Articles of Association of the Company for the time being in force."

- 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 Section 31 and other applicable provisions of the Companies Act, 1956, the Articles of Association of the Company, be and is hereby altered by Deleting the para titled Division of Capital under existing Article 3 and in its place and stead thereof, inserting the following New Para .The Authorised Share Capital of the Company is Rs 15,00,00,000 (Rupees Fifteen Crores only) divided into 1,50,00,000 (One Crore Fifty Lakh only) equity shares of Rs 10/- each (Rupees Ten only), with the power to increase and reduce the same in accordance with the provisions of the Companies Act, 1956."

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

"RESOLVED THAT in accordance with the provisions of Section 81 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof, for the time being in force) and of the Memorandum and Articles of Association of the Company and the Listing Agreement entered into by the Company with Bombay Stock Exchange, Delhi Stock Exchange, Calcutta Stock Exchange and Jaipur Stock Exchange where the shares of the Company are listed and subject to the consent / approval of the Central Government, Securities and Exchange Board of India (SEBI), Reserve Bank of India (RBI) and other appropriate authorities and subject to such other approvals, permissions and consents as may be necessary and subject to such conditions and modifications, as may be required by any of them in granting such approvals, which are acceptable to the Board of Directors of the Company (hereinafter referred to as the "Board of Directors", which expression shall include a Committee of Directors), the consent of the Company be and is hereby accorded to the Board/ Committee of Directors to offer / issue / allot (*) Equity Shares of Rs. 10/- each for cash at a premium of Rs. (*) per share, aggregating Rs (*) (hereinafter referred to as the "Issue") on Rights basis to the existing equity shareholders of the Company, in the ratio of (") equity shares for every (") equity shares held as on record date to be fixed by the Board / Committee of Directors at a later date (fractional entitlements, if any, to be rounded off to the next higher integer) or to such person or persons, who may not be the shareholders of the Company, being renounces in whose favour the rights may be renounced by the respective shareholders."

"RESOLVED THAT pursuant to the provisions of Sec 81 (IA) and other applicable provisions, if any, of the Companies Act, 1956 (including any modification(s) or reenactment thereof for the time being in force) and in accordance with the provisions of the Memorandum & Articles of Association of the Company and listing agreement(s) entered into by the Company with various Stock Exchange(s) and subject to the guidelines, conditions, stipulations and approvals by the Securities and Exchange Board of India (SEBI), and such other approvals permissions and sanctions as may be necessary, and subject further to such conditions and modifications as may be prescribed in granting such

/// KRYPTON INDUSTRIES LIMITED

approvals, permissions and sanctions which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board " which term shall be deemed to include any Committee, constituted / to be constituted by the Board of Exercise its powers including the powers, conferred by this Resolution thereof), the consent of the company be and is hereby accorded to the Board to offer, issue and allot in Indian markets in one or more tranches, Equity Shares, Debentures including fully, partly and/ or non-convertible, Bonds or any other instrument ("Securities"), in Indian rupees by Indian Residents, Persons of Indian Origin, Foreign Banks, Financial Institutions, Foreign Institutional Investors, Mutual Funds, Companies, Other Corporate Bodies, Non-Resident Indians, Foreign Nationals and other eligible investors as may be decided by the Board (hereinafter referred to as "Investors") whether or not such investors are members of the Company, for an amount not exceeding Rs.(*) crores either by way of right issue / public issue / private placement / preferential allotment or in any combination thereof."

"RESOLVED FURTHER THAT the Board of Directors, any Committee thereof be and is hereby authorized to enter into and execute all such agreements / arrangements as may be required for appointing Managers (including Lead Managers), Merchant Bankers, Underwriters, Financial and / or Legal Advisors, Depositories, Custodians, Principal Paying / Transfer / Conversion Agents, Listing Agents, Registrars, Trustees and all such agencies as may be involved or concerned in such offerings of Securities and to remunerate all such agencies including the payment of commissions, brokerage, fees or the likes and also to seek the listing of such Securities or Securities representing the same on Stock Exchanges in India as may be required by applicable laws."

"RESOLVED FURTHER THAT in case of equity linked securities to be issued as are not subscribed may be disposed of by the Board / Committee of Directors thereof to such person/s as the Board / Committee of Directors in its absolute discretion think most beneficial to the Company including offering or placing them with Banks / Financial Institutions / Investment Institutions / Mutual Funds / Foreign Institutional Investor / Bodies Corporate / such other person/s as the Board / Committee of Directors thereof may in its absolute discretion decide."

"RESOLVED FURTHER that the Board of Directors or any Committee thereof be and is hereby authorized to do all such acts, deeds, matters and things as it may at its discretion deem necessary for such purpose including without limitation to the utilization of issue proceeds, finalizing the pricing, terms and conditions relating to the issue of aforesaid Securities including amendments or modifications thereto as may be deemed fit to them, to sign execute and issue consolidated receipt/s for the securities, listing application, various agreements such as subscription agreement, Depository agreement, Trustee Agreement, undertakings, deeds, declarations and all other documents and to do all such acts, deeds and things, and to comply with all the formalities as may be required in connection with and incidental to the aforesaid offering of Securities including for the post issue formalities and with power and authority to settle any question, differences or doubts that may arise in regard to any such issue or allotment of the securities as it may in its absolute discretion deem fit and proper."

"RESOLVED FURTHER THAT for the purpose of giving effect to the above Resolution, the Board / Committee of Directors of the Company, be and is hereby authorized to do all such acts, deeds, matters and things and execute all such deeds, documents, instruments and writings as it may in its absolute discretion deem necessary or desirable, and pay any fees and commission and incur any expenses in relation thereto."

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: 7th August, 2006

/// KRYPTON INDUSTRIES LIMITED**NOTES**

1. The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Item Sl.No.5 to 8 above setting out the material facts related thereto is annexed hereto. The relevant details as required by clause 49 of the Listing Agreements entered into with stock exchanges, of persons seeking appointment as Directors under Item No 3 is also annexed.
2. **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.** Proxies, in order to 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. Proxies submitted on behalf of Limited Companies, Societies, Partnership Firms etc must be supported by appropriate resolution/authority, as applicable, issued on behalf of the nominating organization.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 6th September, 2006 to 20th September, 2006 (both days inclusive). Dividend on Equity shares as recommended by the Directors for the year ended 31st March, 2006, if approved at the meeting, payment will be made on or after 21st September as under:
 - i) To all beneficial owners in respect of shares held in the Electronic form as per data as made available by the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) as of the closure of business hours on 5th September, 2006, and
 - ii) To all shareholders in respect of shares held in the physical form after giving effect to valid transfers in respect of transfer requests lodged with the company on or before the close of business hours on 5th September, 2006.
4. 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.
5. Members/Proxies should bring the Attendance slip sent herewith, duly filled in, for attending the AGM.
6. 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.
7. 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.
8. 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.**
9. 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 6th September, 2006. 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.

IIII KRYPTON INDUSTRIES LIMITED

10. 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 31.03.2006.
11. 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.
12. 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.
13. Members are requested to bring their copy of Annual Report to the Annual General Meeting.

Annexure to the Notice

Explanatory Statement Pursuant to Section 173(2) of the companies Act, 1956

ITEM No – 5

Presently, the Equity Shares of the Company are listed on Bombay Stock Exchange Limited (BSE), Calcutta Stock Exchange (CSE), Delhi Stock Exchange Association Ltd (DSE) & Jaipur Stock Exchange (JSE).

Of the above stock exchanges, Bombay Stock Exchange is the only operating and active Stock Exchange. Further in the recent times Bombay Stock Exchange (BSE), has set up nation-wide 'on – line' trading terminals to facilitate trading in shares. As a result of this initiative of BSE, along with the volume of trading at DSE, JSE is either Nil or negligible, which doesn't justify fulfilling detailed compliance requirements and payment of Listing Fees to DSE, JSE. The Board of Directors of the Company have, therefore, decided to get the Equity shares of the Company Voluntarily de-listed from DSE & JSE only in accordance with the applicable laws, rules, regulations and guidelines.

Your Directors commend the resolution for approval of the shareholders as a Special Resolution.

None of the Directors of the Company is concerned or interested in the Resolution.

ITEM No –6 & 7

The Company will have to meet some of its future fund requirements by way of an additional issue of Equity. The Company hence proposes to increase its authorised share capital to facilitate the same. An increase in authorised share capital requires the approval of the shareholders at a General Meeting of the Company. The Memorandum and Articles of Association of the Company also requires a suitable amendment to reflect the increase.

Currently the Company's authorised capital is Rs. 8 crores (whereas the Paid up and Issued Capital is approx. Rs. 4.30 crores). The Company proposes to increase its authorised share capital by Rs. 7,00,00,000. Hence, the Company's Authorised Share Capital which is currently Rs. 8 crores, is proposed to be increased from 8 crores to 15 crores.

Your Directors recommend the resolutions for your approval.

None of the Directors are concerned or interested in the passing of these resolutions.

ITEM No -8

With a view to augment the long term resources of the Company and to meet the general corporate purpose including working capital of the company, the consent of the shareholders is sought to authorize the Board / Committee of Directors to offer / issue / allot (*) Equity Shares of Rs. 10/- each at a premium of Rs. (*) per share, aggregating Rs (*) (hereinafter referred to as the " Issue") on Rights Basis to the existing equity shareholders of the Company, in the such other ratio as may be determined as on record date to be fixed by the Board / Committee of Directors at a later date (fractional entitlements, if any, to be rounded off to the next higher integer) as stated in the resolution.

In terms of the resolution, the shares not subscribed may be disposed of by the Board / Committee of Directors thereof to such persons and in such manner and on such terms as the Board / Committee of Directors in its absolute discretion think most beneficial to the Company including offering or placing them with Banks / Financial Institutions / Investment Institutions / Mutual Funds / Foreign Institutional Investor / Bodies Corporate / such other persons or otherwise as the Board / Committee of Directors thereof may in its absolute discretion decide.

Section 81 of the Companies Act, 1956 provides, inter alia, that when it is proposed to increase the issued capital of the Company by allotment of further shares, such further shares shall be offered to the existing shareholders of the Company in the manner laid down in Section 81 of the Companies Act, 1956 unless the shareholders in the General Meeting decide otherwise.

The Listing Agreement with Bombay Stock Exchange, Calcutta Stock Exchange, Delhi Stock Exchange, Jaipur Stock Exchange also provides, inter alia, that the Company in the first instance should offer all the shares to be issued for subscription to the existing equity shareholders, on a pro rata basis, unless the shareholders decide otherwise in the General Meeting.

Since the Special Resolution proposed in the Notice dated 7th August, 2006 may result in the issue shares of the Company otherwise than to the members of the Company, the consent of the Shareholders is being sought pursuant to the provisions of Section 81 and all other applicable provisions of the Companies Act, 1956 and in terms of the provisions of the Listing Agreement executed by the Company with Bombay Stock Exchange, Delhi Stock Exchange, Calcutta Stock Exchange and Jaipur Stock Exchange where the shares of the Company are listed. The Directors commend these Resolutions for approval of the Shareholders.

All the Directors of the Company may be deemed to be concerned or interested in the resolution to the extent they may be entitled to the Shares that may be offered to them on rights basis or otherwise, applied for by them and allotted to them.

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: 7th August, 2006

/// KRYPTON INDUSTRIES LIMITED**Details of Directors Seeking Appointment at the Annual General Meeting**

Particulars	Mr. Tansukh Gulgulia
Date of Birth	15th June, 1963
Date of Appointment	23.09.2003
Qualifications	Bachelor of commerce in Honors. Bachelor of Law (L.L.B.)
Expertise in specific functional area	Practicing tax consultant having more than 25 yrs of vast and rich experience to his credit. The company regularly avails his guidance on Income - Tax and other legal matters. His guidance and advices have contributed a lot in progress of the company.
Directorships held in other Public Companies (excluding foreign companies)	Eco Wheels Private Limited (Subsidiary of Krypton Industries Limited)
Memberships /Chairmanships of committees of other public companies (Including only Shareholders /Investors Grievance Committee).	NIL
Number of shares held in the company.	1500 shares.

"Persons constituting 'group' coming within the definition of group as defined in the Monopolies Restrictive Trade Practices Act, 1969 for the purpose of interse transfer of shares of the Company under regulation 3 (1)(e)(i) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997" include the following :

Krypton Developers Limited
Eco Wheels Private Limited
Barons Polymers Private Limited
I-BrainZ Infotech Private Limited
Digvijay Fin-Impex Private Limited
Hulash Chand Tara Chand Bardia (HUF)