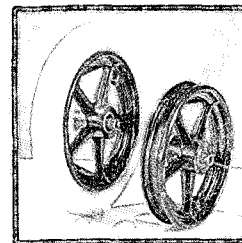
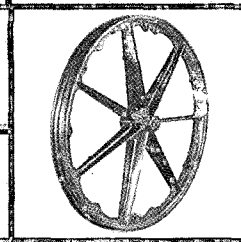
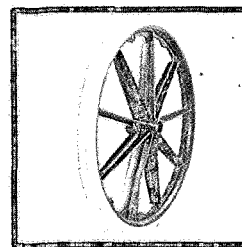
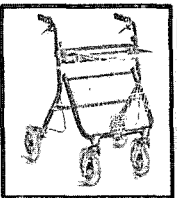
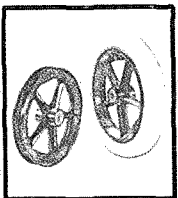
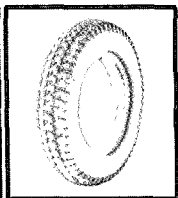
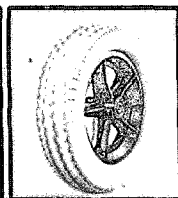
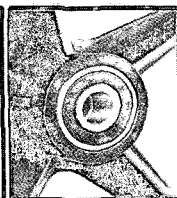


17th Annual Report 2006-2007



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/// KRYPTON INDUSTRIES LIMITED



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AGM on Saturday, September 29th, 2007

Venue :

P.O. & Village : Banganagar, Diamond Harbour Road
24 Parganas (South), West Bengal-743 513

Time : 11.30 A.M.

ALL SHAREHOLDERS ARE WELCOME.

17TH ANNUAL REPORT.**BOARD OF DIRECTORS**

| | | |
|--------------------|---|----------------------------|
| JAY S. BARDIA | : | MANAGING DIRECTOR |
| SHIKHAR CHAND BAID | : | DIRECTOR |
| T.C. BACHHAWAT | : | DIRECTOR |
| TANSUKH GULGULIA | : | DIRECTOR |
| PUNAM CHAND DAGA | : | DIRECTOR (From 27.07.2007) |

ADMINISTRATIVE

| | | |
|--|---|--|
| P.L.BARDIA | : | CHIEF EXECUTIVE |
| SANJAY KUMAR GARODIA | : | COMPANY SECRETARY |
| BANKER | : | BANK OF BARODA International Business Branch, 4, 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 - 1 | : | FALTA SPECIAL ECONOMIC ZONE Sector-1, Plot No. 31 & 32 Falta, 24-Parganas (S) Pin – 743 504, West Bengal Phone: 91 31 74222227 |
| WORKS - 2 | : | 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, 2 nd Floor Kolkata – 700 001 Phone : 033,2243 5809 / 5029 Fax : 033 2248 4787 |
| HEAD OFFICE | : | 410, Vardaan Building 25A, Abanindra Nath Tagore Sarani, 4 th Floor, Kolkata – 700016 Phone : 033 2287 1366 Fax : 033 2287 1084 Website: www.kryptontire.com E-Mail: krypton @ vsnl.com |

/// KRYPTON INDUSTRIES LIMITED**NOTICE**

Notice is hereby given that the Seventeenth Annual General Meeting of the Members of Krypton Industries Limited will be held on Saturday, the 29th day of September, 2007 at 11.30 A.M. at Works-2 of the Company at P.O. & Village Banganagar, Diamond Harbour Road, 24-Parganas (S), West Bengal-743513, to transact the following businesses:

ORDINARY BUSINESS:

1. To consider and adopt the Accounts of the Company for the financial year ended 31st March, 2007, the Balance Sheet as at that date and the reports of the Directors and Auditors thereon.
2. To declare Equity Dividend for the Financial Year ended 31st March, 2007.
3. To appoint a Director in place of Mr. Shikhar Chand Baid, who retires by rotation, and is eligible 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 and to fix their remuneration.

SPECIAL BUSINESS:

5. To consider and, if thought fit, to pass, with or without modification, the following resolution which will be proposed as an ordinary resolution:

"RESOLVED THAT Mr. Punam Chand Daga who was appointed as Additional Director of the Company with effect from 27th Day of July, 2007 under Article 79 of the Articles of Association of the Company and who holds office until this Annual General Meeting, be and is hereby, appointed a Director of the Company, whose period of office shall be liable to determination by retirement of directors by rotation."

By Order Of The Board

Sanjay Kumar Garodia
Company Secretary

Date: 27th July, 2007

NOTES

1. Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 relating to the Special Business to be transacted at the Annual General Meeting is annexed.
2. Additional information, pursuant to Clause 49 of the Listing Agreement with Stock Exchanges, on Directors recommended by the Board of Directors for Appointment/reappointment at the Annual General Meeting is appearing in the report and accounts.
3. **A Member entitled to attend and vote at the Annual General Meeting may appoint a proxy to attend and vote on poll on his behalf. A proxy need not be a member of the Company.**
Proxies, in order to be effective, must be received at the registered office of the company not less than 48 hours before the commencement of the Annual General Meeting i.e. by 11.30 A.M. on 27th Sept, 2007.
4. The Register of Members and Share Transfer Books of the Company will remain closed from 22nd September, 2007 to 29th September, 2007, (both days inclusive). Dividend on Equity shares as recommended by the Directors for the year ended 31st March, 2007, if approved at the meeting, payment will be made on or after 30th 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 21st September, 2007 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 21st September, 2007.
5. Members who wish to obtain information on the Accounts of the Company for the financial year ended 31st March, 2007, may send their queries at least 10 days before the date of Annual General Meeting to the Company Secretary at the Registered Office of the Company.
6. Members are requested to bring their admission slips along with copy of the Report and Accounts to the Annual General Meeting.
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 the certificate form are requested to notify/ send the following to the Companies Registrar and Share Transfer Agent to facilitate better servicing:
 - i) any change in their address / mandate / bank details.
 - ii) particulars of their bank account, in case the same have not been furnished earlier and
 - iii) Share Certificates, held in multiple accounts in identical names or joint accounts in the same order of names, for consolidation of such share holdings into a single account.
10. Pursuant to Section 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 date 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 31.03.2007.
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.

Annexure to the Notice

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

ITEM NO - 5

Mr. Punam Chand Daga was appointed by the Board of Directors of your Company (' the Board') at its meeting held on 27th Day of July, 2007, as an additional Non- Executive Director in terms of Section 260 of the Companies Act, 1956 ('the Act').

Mr. Punam Chand Daga vacates his office at this Annual General Meeting pursuant to the provisions of Section 260 of the Act. The Board recommends the appointment of Mr. Punam Chand Daga as a Non- Executive Director of the Company, liable to retire by rotation, as set out in Resolution relating to his appointment.

Notice along with the deposit of Rs. 500/- as required by Section 257 of the Companies Act, 1956 has been received from a member proposing the appointment of Mr. Punam Chand Daga as a Director of the Company. Mr. Daga does not hold any shares in the Company.

None of the Directors of Your Company, other than Mr. Daga, is interested in the resolution.

The Board recommends this Resolution for your approval.

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

By Order Of The Board

Sanjay Kumar Garodia
Company Secretary

Date: 27th July, 2007

IIII KRYPTON INDUSTRIES LIMITED**Detail of Directors Seeking Appointment at the Annual General Meeting**

| Particulars | Mr.Punam Chand Daga |
|--|---|
| Date of Birth | 05.07.1945 |
| Date of Appointment | 27.07.2007 |
| Qualifications | B.Com |
| Expertise in specific functional area | Marketing & Finance |
| Directorships held in other Public Companies (excluding foreign companies) | Krypton Developers Limited Vikasjyoti Commerce Limited |
| Memberships/Chairmanships of committees of other public companies (Including only Shareholders/Investors Grievance Committee). | NIL |
| Number of shares held in the company. | NIL |

| Particulars | Mr. Shikhar Chand Baid |
|--|----------------------------|
| Date of Birth | 07.03.1949 |
| Date of Appointment | 07.08.1998 |
| Qualifications | B.Com, LLB |
| Expertise in specific functional area | Taxation, Finance & Law |
| Directorships held in other Public Companies (excluding foreign companies) | Krypton Developers Limited |
| Memberships/Chairmanships of committees of other public companies (Including only Shareholders/Investors Grievance Committee). | NIL |
| Number of shares held in the company. | 4452 |

“Persons constituting ‘group’ coming within the definition of group as defined in the Monopolies & Restrictive Trade Practices Act, 1969 for the purpose of interest 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)
Krypton Tyres Limited
Karma Health Care Limited

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

Your Directors have pleasure in presenting the 17th Annual Report on business and operations of the Company and the Audited Financial Statements for the year ended 31st March, 2007.

1. FINANCIAL RESULTS

During the year under review, the company achieved an aggregate income of Rs 1199.32 lakhs. The highlights of the financial results are as under:

(Rupees in '000)

| | Current Year | Previous Year |
|---|---------------------|----------------------|
| Sales | 109503.25 | 97140.42 |
| Other income | 10428.59 | 2062.07 |
| Gross Total Income | 119931.84 | 99202.49 |
| Profit before Interest, Depreciation & Tax | 32230.09 | 22252.75 |
| Interest | (3268.41) | (1217.53) |
| Depreciation | (5409.40) | (4667.22) |
| Profit Before Extraordinary Items and Tax | 23552.28 | 16368.00 |
| Extraordinary Items | 9.64 | 2.41 |
| Profit before Tax and after Extraordinary Items | 23542.64 | 16365.59 |
| Provision for Taxation | 7728.75 | 7513.50 |
| Profit After Tax | 15813.59 | 8852.09 |
| Balance in P&L A/c brought forward | 29048.68 | 28437.10 |
| Balance Available for Appropriation | 44862.57 | 37289.19 |
| Proposed Dividend | 6450.60 | 6450.60 |
| Tax on Proposed Dividend | 1096.28 | 904.70 |
| Transfer to General Reserve | 790.69 | 885.21 |
| Balance carried to Balance Sheet | 36525.00 | 29048.68 |

2. DIVIDEND

Your Directors propose, for your approval, a dividend @ 15% on equity shares of Rs 10 each for the financial year 2006-2007. There will be no tax deduction at source on dividend payments, but your company will have to bear tax on dividend @14.995% inclusive of Surcharge and Cess. This involves a total outflow of Rs. 75.47 lakhs consisting of Rs. 64.51 lakhs towards dividend and Rs. 10.96 lakhs towards dividend tax.

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, on Consolidated Financial Statements issued by the Institute of Chartered Accountants of India.

These Group accounts have been prepared on the basis of audited financial statements received from subsidiary Companies M/s. Eco Wheels Private Limited and M/S. Krypton Developers Limited alongwith the statement pursuant to sec 212 of the Companies Act, 1956, as approved by their respective Boards.

4. OPERATIONAL REVIEW

A review on division wise performance of the company is furnished below:-

IIII KRYPTON INDUSTRIES LIMITED

Tyre Division

The Tyre unit produced 4.65 Lakhs pieces of Tyres and out of that sold 3.39 Lakhs Pieces and 0.62 Lakhs Pieces of Plastic Rim with Tyre were produced and sold. The total sales of the Unit amounted to Rs 810.13 Lakhs of which export sales amounted to Rs 725.23 Lakhs constituting 89.52% of the total revenue. There was a decline in revenue generation due to reduction in the US\$, the transacted currency. However, the Profit before Tax to sales was marginally up during the year at 27.50% compared to 18.89% in the previous year.

Footwear Division

The Footwear unit produced 3.98 Lakhs pairs of PU Shoe Sole and 0.25 Lakhs pairs of PU Sandals and sold 3.90 Lakhs pairs of PU Shoe Sole and 0.25 Lakhs Pairs of PU Sandals. The total sales of the Unit amounted to Rs 270.09 Lakhs. The unit reported a profit of Rs.12.67 Lakhs during the year. The directors hope a better performance in the forthcoming year.

5. WORKING

Your company has performed satisfactorily despite the appreciation of Rupees against US\$, the transacted currency, resulting in reduction in Sales of Tyre Unit.

To overcome the situation where it depends mainly on Export market basis of a single product and to achieve and continue to achieve at least 50% growth year on year basis, Your Company has started:

- PU Shoe sole and Sandal unit in the year 2005-06 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, which performed satisfactorily despite of the new area of operations.
- Subsidiary company, M/s. Eco Wheels Private Limited, is setting up a metal part factory, the project will be implemented by October, 2007. The company is in talks for a possible tie up with a Dutch Company, to install production capacity and is in active discussion with more companies to become an OEM Manufacturer.
- Your company has formed a subsidiary, M/s. Krypton Developers Limited, which will work on getting real estate development projects and buildings.
- With continuous and sincere efforts, finally, Company had a good break through in Domestic Market with PU Shoe Sole and Sandal in the Footwear Segment.
- Further during the year under review, by the installation of new Machinery and upgradation of earlier Machinery in the Footwear Segment, your Company will save about 4-5% in the Material consumption and Labour Cost, which will help the company to negate the effect of increase in Raw Material Cost and in future with stable Raw Material Prices.

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 Exchanges, 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.

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 2006-07 has been paid to all these Stock Exchanges (except Delhi Stock Exchange and Jaipur Stock Exchange, which are 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 exchanges at Kolkata (CSE) and Mumbai (BSE), of which BSE has nation wide trading terminals.

9. CORPORATE GOVERNANCE

A separate section on Corporate Governance together with a certificate from the Auditors of the Company regarding full compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges forms part of the Annual Report.

10. DIRECTORS

In accordance with the provisions of the Companies Act, 1956 Mr. Shikhar Chand Baid retires by rotation as director at the forthcoming Annual General Meeting and is eligible for re-appointment.

Mr. Punam Chand Daga, who was appointed as Additional Director of the Company with effect from 27th Day of July, 2007 under Article 79 of the Articles of Association of the Company, and who holds office until this Annual General Meeting, offers himself for appointment as Director of the Company.

11. DIRECTORS RESPONSIBILITY STATEMENT

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

- i) Followed in the preparation of the Annual Accounts, the applicable accounting standards with proper explanation relating to material departures if any;
- ii) Selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your company at the end of the financial year and of the profit of your Company for that period;
- iii) 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 your Company and for preventing and detecting fraud and other irregularities; and
- iv) prepared the annual accounts on a going concern basis.

12. 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 made thereunder.

13. 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.

14. AUDITORS' REPORT

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

15. ISO 9001 - 2000

Your Company operates in ISO 9000 quality assurance system as per the ISO 9001-2000 standards. The Audit was duly carried out during the year 2006 by BIS and your Company has been re-registered as ISO 9001-2000 Company. The new standards are mainly customer oriented and they will help our Company to get much better controls to improve with best customer satisfaction standards.

16. 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 re-appointed.

17. ACKNOWLEDGEMENT

Your Directors take this opportunity to record their appreciation for the continued and sustained support and co-operation extended to the Company by the Government of India, State Governments, Financial Institutions and Banks, Dealers and Customers, Suppliers, Transporters, Employees, Shareholders and all other Stakeholders.

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

By Order Of The Board

Jay S. Bardia
Chairman

Date: 27th July, 2007

IIII KRYPTON INDUSTRIES LIMITED

ANNEXURE TO THE DIRECTORS' REPORT

Annexure - A

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A. Industry Structure & Developments :-

Your Company completed yet another year of strong performance with topline growth and high quality earnings. In Tyre segment, major portion of revenue generates through export but the company gradually shifted to other segments and slowly the application sphere changed to perambulators, wheelchairs, trolleys, PU shoe sole and shoes. Main reason for shift to other segments was because of the continuous appreciation in Rupee value over the US\$, the transacted currency.

Footwear segments posted strong growth in revenues and enhanced their market standing, testifying to the robustness of corporate strategy of creating multiple drivers of growth. This performance is even more satisfying when viewed in the light of the challenging business environment of the Footwear segment, competitive prices and marketing initiatives of the new FMCG businesses.

Changing economy, business conditions and rapid technological innovation has brought major changes in the life style of consumers. Customers are increasingly demanding improved products and services at competitive prices. To adequately address these needs, the Bicycle industry is upgrading in India and so are the wheelchair and industrial products. This gives the industry a large opportunity in the domestic market in the near future.

Krypton has already started test marketing its product in the domestic market and got an enthusiastic response. There is a clear need for quality products at competitive prices where Krypton can easily fit in and create an important market of its own, with an international exposure.

Krypton has got good response from well established companies for their Pu shoe sole requirements and has gained long term orders. The control over technology gives your company an advantage to shield to certain extent against such fluctuation and gives maximum advantage when the prices go down.

B. Outlook on opportunities

Your Company has identified the following products as future growth areas:

1. PU Tyres and Castors: Krypton has initialized investment in the domestic market. Company has started marketing its products mainly in small areas of Eastern India and identified India as one of the major market for future growth.
2. Hospital equipments / Rehab care equipments: Through long term relationship with best companies in the world for these applications, Krypton has got a clear understanding of quality requirement and technical skills needed to achieve such user friendly products for patients, disabled and old age persons, which unfortunately lacks in India. For the successful implementation of these projects, Krypton will make a technical and marketing strategy and for strategic buy-outs and strategic investment possibilities it will tie-up with expert Company for these applications.
3. Footwear Segment: Footwear division is working on development of safety shoes which will have a good growing in local as well as export market. This will give a very good revenue source in near future. Subsidiary Company, M/s. Eco Wheels Pvt. Ltd., is already manufacturing wheelchair parts, wheelchair, crutches, walkers and different metal products for Rehab and Hospital equipments in special designs. The target is the specialised high end export market. This facility will also serve as the development center for the next range of products for the domestic market. Krypton will surely want to be the biggest player in the Indian market in this segment.

C. Outlook on threats, risks and concern

1. Business Risks:

Your company adopts various strategies to prevent concentration in any single business segment and continues to create its presence in wheelchair, bicycles and footwear markets, both domestic as well as export markets. Your company is also venturing into real estate development projects, to minimize the Business Risk.