

//// KRYPTON INDUSTRIES LIMITED

20TH ANNUAL REPORT

BOARD OF DIRECTORS

JAY. S. BARDIA	: MANAGING DIRECTOR
TANSUKH GULGULIA	: DIRECTOR
T.C. BACHHAWAT	: DIRECTOR
PUNAM CHAND DAGA	: DIRECTOR

ADMINISTRATIVE

P.L.BARDIA	: CHIEF EXECUTIVE
SANJAY KUMAR GARODIA	: 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

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NOTICE

NOTICE is hereby given that the Twentieth Annual General Meeting of the members of Krypton Industries Limited will be held at Falta Special Economic Zone, Sector 1, Plot No. 31 & 32, P S Diamond Harbour, 24 Parganas, Pin 743504 on Wednesday, the 29th day of September, 2010 at 11.30 A.M. to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt the Accounts of the Company for the financial year ended 31st March, 2010, the Balance Sheet as at that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Punam Chand Daga, who retires by rotation, and is eligible for re-appointment.
3. To appoint M/S.Jagdish Agarwal & Associates, the retiring Auditors, as Statutory Auditors of the Company to hold office from conclusions of this Annual General Meeting until the conclusion of next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

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

4. SPECIAL RESOLUTION

“RESOLVED THAT pursuant to the provisions of section 198, 269, 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act 1956, the company hereby accords its approval to the appointment and the terms of remuneration of Mr. Jay Singh Bardia as Managing Director of the company for a period of three years with effect from 1st January 2011 on the terms and conditions set out in the Explanatory Statement annexed to the Notice convening the Annual General Meeting, including the remuneration payable to him in the event of loss or inadequacy of profits in any financial year not exceeding 5% of the net profits of the company in accordance with the Schedule XIII of Companies Act 1956 with a liberty to the Board of Director to alter and vary the terms and conditions in such manner as may be agreed to by and between the company and Mr. J. S. Bardia, provided, however, such alteration are within the maximum limit laid down in the Companies Act 1956, for the time being in force.”

“RESOLVED FURTHER that the remuneration payable to Mr. J. S. Bardia, the director of the Company in case of inadequacy of profit or loss in any particular financial year, subject to not exceeding ceiling limit specified in the Schedule XIII of the Companies Act 1956, calculated in accordance with the effective capital of Company as on the last date of financial year immediately preceding the financial year in which the appointment is made.”

SPECIAL BUSINESS:

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

5. SPECIAL RESOLUTION

“RESOLVED THAT pursuant to the provisions of Section 314 and other applicable provisions of Companies Act, 1956 and subject to the approval from the Central Government, approval be and is hereby accorded to the revision in the terms and conditions of appointment and remuneration payable

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to Mr. Panna Lal Bardia, to hold an office or place of profit as Chief Executive Officer of the Company which will be effective retrospectively from 1st April, 2010 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

Sanjay Kumar Garodia
Company Secretary

Date: 16/08/2010

NOTES :

1. 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 A.M. of 27/09/2010.
2. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 relating to the Special Business to be transacted at the Annual General Meeting is annexed hereto.
3. Additional information, pursuant to Clause 49 of the Listing Agreement with Stock Exchanges, of Directors seeking for re-appointment at the Annual General Meeting is annexed.
4. Members, who wish to obtain information on the Accounts of the Company for the financial year ended 31st March, 2010 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.
5. Members / Proxies are requested to bring their attendance slips along with copy of the Annual Report and accounts to the Annual General Meeting.
6. 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.
7. Members holding shares in dematerialized form may please note that while opening a depository account they may have given their Bank Account details. If Members want to change/correct the Bank Account details, they should communicate 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.**

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8. Members holding shares in physical Form are requested to notify/send the following to the Company's Registrar and Share Transfer Agent to facilitate better servicing:
 - Any change in their address /mandate / bank details.
 - Particulars of their bank account ,in case the same has not been furnished earlier and
 - 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.
9. Pursuant to Section 205A, read with Section 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 Investors Education and Protection Fund with Department of Company Affairs. No overdue amounts of deposits, unclaimed dividend, application money, etc. remain pending for transfer to the Investor Education and Protection Fund as at 31.03.2010.
10. Non-Resident Shareholders are requested to inform the company immediately:
 - An address, in India, for sending all communications from the company.
 - E-mail address, phone no(s) / fax no(s), if any.
 - The particulars of NRE Bank Account maintained in India with complete name and address of the Bank, if not furnished earlier.
 - Change in residential status on return to India for permanent settlement.
11. 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 Registrar & Share Transfer Agent. The Company's Registrars & 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.
12. The Register of Members and Share Transfer books will remain closed from 22/09/2010 to 29/09/2010 (both day inclusive)
13. Members who hold the shares in dematerialized form are requested to bring their client ID and DP ID Nos. for easier identification of attendance at the meeting.

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Annexure to the Notice

Extract of Explanatory Statement Pursuant to section 173(2) of the Companies Act, 1956.

ITEM No. - 4

The resolution seeks to obtain the members approval in respect of re-appointment and remuneration of the Company's Managing Director Mr. Jay Singh Bardia.

Mr. Jay Singh Bardia whose tenure as Managing Director of the Company expires on 31.12.2010, is reappointed as the Managing Director of the Company pursuant to Section 198, 269 & 309 read with Schedule. XIII and other applicable provisions of the Companies Act, 1956, by the Board of the Directors of the Company for a period of 3 (three) years with effect from 1st January, 2011 who will not be liable to retire by rotation. The appointment is subject to approval by the shareholders by a special resolution and the remuneration including the minimum remuneration payable with effect from 1st April, 2011 which has been approved by the Remuneration Committee of the Board.

The Remuneration Committee has fixed the remuneration and the minimum remuneration payable in case of loss or inadequacy of the profits, as detailed below in its meeting held on 29.07.2010. The Board in its meeting held on 29.07.2010 approved the appointment and the Remuneration as approved by the Remuneration Committee.

GENERAL INFORMATION :

The Company is in the business of manufacturing and sale of Tubeless Tyres and other products Footwear, in Falta Special Economic Zone and Banganagar (West Bengal) . The Company had a profit after tax of Rs.85.82 Lakhs for the Financial year ended on 31st March , 2010. Earning in Foreign Currency in accrual basis for Exports (including Trading goods) was Rs. 920.73 Lakhs in the same period .

PROFILE OF MR. JAY SINGH BARDIA

Mr. Jay Singh Bardia as of about 42 years of age, is a Bachelor of Engineering (Electrical) and has rich experience of more than 15 years in the field of the Tyre manufacturing. He joined the Company on 1st October, 1992 as Additional Director and moved on to become the Managing Director of the Company in the year 1993.He is continuing as Managing Director since then.

Comparative Remuneration profile with respect to industry, size of the Company, profile of the position and person is not available.

There is no pecuniary relationship directly or indirectly with Company except as a Managing Director.

OTHER INFORMATION :

At present the Company is earning profit. Although the uncertainty in the International market has effected the profit margin, the company was able to grow their topline due to better DTA sales and expect to grow continuously in future. The company is taking all the efforts to ensure sustained growth and profitability and neutralize the effect of slow International market condition.

Mr. Jay Singh Bardia is re-appointed as Managing Director with effect from 1st Jan, 2011 for a period of 3 years vide Board Resolution held on 29.07.2010.

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TERMS OF APPOINTMENT :

Period of Appointment : 3 years from 1st January, 2011

Position & Title : Managing Director under the Companies Act. 1956

The said appointment is subject to the approval of the members in the General Meeting. The terms and conditions of the re-appointment including remuneration payable to Mr.J.S.Bardia are as follows:-

1. Period of Appointment : 3 (Three) years from 1st January, 2011
2. Remuneration :
 - a) Salary : The monthly salary payable to Managing Director is Rs.2,50,000 with effect from 1st April, 2011, with a liberty to the Board to review and set the level from time to time.
 - b) Provident Fund : Contribution to Provident Fund, Superannuation fund, Annuity Fund in Accordance with the Rules and Regulations of the company.
 - c) Leave Travel Assistance : As per the rules of the company.
 - d) Gratuity : As per the Gratuity Scheme of the Company payable at the end of the tenure / resignation / retirement.
 - e) Medical Expenses : Re-imbursement of Medical Expenses incurred and Mediclaim insurance for self and family.
 - f) Telephone : Telephone at Residence.
 - g) Leave Encashment : Encashment of accumulated leave at the end of the tenure as per rules of the company.
 - h) Club Fees : Fees of clubs subject to a maximum of two clubs. This will not include admission and life membership fees.
 - i) Personal Accident Insurance : The annual premium of which does not exceed Rs.15,000 p.a.
 - j) Other Terms :
 - i) He shall not be entitled to any fees for attending meetings of the Board of Directors or Committee thereof.
 - ii) Either party is entitled to terminate the agreement by giving 3 (three) months notice in writing.

The above may be treated as an extract of the Draft Agreement proposed to be entered into between the Company and Mr. Jay Singh Bardia pursuant to sec. 302 of the Companies Act, 1956.

The terms and conditions of the said appointment and / or the Agreement are subject to the provisions of Section 198 and Section 309 of the Companies Act, 1956 and may be altered, and varied from time to time by the Board of Directors as it may in its discretion deem fit within the maximum amount of remuneration payable in accordance with the applicable rules and regulations.

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However, the total remuneration including perquisites payable to Mr. J.S. Bardia under Schedule XIII shall not exceed 5% of the net profits of the company. In case of inadequacy of profits, the remuneration shall be payable in compliance with Table B of Schedule XIII of the Companies Act, 1956.

In compliance with the provisions of the Companies Act, 1956 the appointment and terms of remuneration/ agreement specified above is available for inspection to the member of the company at the Registered office on any working day upto the date of AGM between 10A.M. to 1 P.M.

The Board recommends passing of the Resolution as Special Resolution in the best interest of the Company.

None of the Directors, other than Mr. J.S.Bardia, is interested or concerned in the Resolution

ITEM No. - 5

Mr. Panna Lal Bardia, the CEO of the Company, is looking after the day to day business of the Company. He is continuing at present scale of gross salary of Rs.40,000/- per month since 01/04/2006 as approved by Board of Directors and by Shareholders in duly convened General Meeting of the Company. Keeping in view the Company, as also dedicated and meritorious services provided by him, the Board of Directors of the Company on a meeting held on 29.07.2010 revised the terms and conditions of appointment and remuneration payable to Mr. Panna Lal Bardia with retrospective effect from 01.04.2010 as detailed below:

SERIAL No.	PARTICULARS	EXISTING	REVISED
1	BASIC SALARY	Rs. 40,000 p.m.	Rs. 50,000 p.m.

The original draft agreement entered 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 Annual General Meeting between 10.00 A.M. to 1.00 P.M.

The Board of Directors recommends this resolution for approval of the members and the resolution will be effective on the approval of the Central Government.

None of the Directors except Mr. Jay Singh Bardia, Managing Director, (being relative to Mr. Panna Lal Bardia) is concerned or interested in this 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

Sanjay Kumar Garodia
Company Secretary

Date: 16/08/2010

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Detail of Directors Seeking Appointment at the Annual General Meeting

Particulars	Mr. Punam Chand Daga
Date of Birth	5 th July, 1945
Date of Appointment	27 th July, 2007
Qualification	Bachelor of Commerce in Honors.
Expertise in Specific Functional Area	Marketing and Finance
Directorships held in other Companies (excluding Foreign Companies)	(1) Krypton Developers Limited. (2) Vikasjyoti Commerce Limited.
Memberships/Chairmanships of Committees of other Companies (Including only Shareholders / Investors Grievance Committee)	NIL
Number of shares held in the Company	NIL

"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 Regulations, 3(1)(e)(i) of SEBI (Substantial Acquisition of Shares and Takeover) Regulations 1997" include the following:

Krypton Developers Limited

Eco Wheels Private Limited

Barons Polymers Private Limited

Hulash Chand Tara Chand Bardia (HUF)

Krypton Tyres Limited

Karma Health Care Limited

P. L. Bardia

J. S. Bardia

Vimala Devi Bardia

Binod Kumar Sipani

Alka Bardia

Manju Sipani

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DIRECTORS REPORT

To the Members,

Your Directors have pleasure in presenting the 20th Annual Report on business and operations of the Company and the Audited Financial statements for the year ended 31st March 2010.

1. FINANCIAL RESULTS

During the year under review, the company achieved an aggregate income of **Rs.2409.45** lakhs. The highlights of the financial results are as under:

(Rupees in '000)

	Current Year 2009-2010	Previous Year 2008-2009
Sales	235904.83	170283.18
Other Income	5040.63	3976.46
Gross Total Income	240945.46	174259.64
Profit before Interest, Depreciation & Tax	30862.40	23524.28
Interest	12443.01	10079.33
Depreciation	6668.63	9112.64
Profit before Extraordinary Items and Tax	11750.76	4332.31
Extraordinary Items (Right Issue Expenses)	419.18	0.00
Profit before Tax and after Extraordinary Items	11331.58	4332.31
Provision for Taxation	2749.46	2884.80
Profit after Tax	8582.12	1447.51
Balance in P&L A/c brought Forward	50935.83	49560.70
Balance Available for Appropriation	59517.95	51008.21
Proposed Dividend	0.00	0.00
Tax on Proposed Dividend	0.00	0.00
Transfer to General Reserve	429.00	72.38
Balance carried to Balance Sheet	<u>59088.95</u>	<u>50935.83</u>

2. DIVIDEND

In order to strengthen the financial position of the company and for investing in future capacity as well as for expansion, the company will need more funds. Therefore, the Board of Directors have decided not to recommend any dividend for the Financial Year ended 31st March, 2010 and plough back the profits of the company in its business.

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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, M/s. Krypton Developers Limited and Krypton Industries (Suzhou) Company Limited. along with the statement pursuant to sec 212 of the Companies Act, 1956, as approved by their respective Boards.

4. SUBSIDIARY COMPANIES

The company has three subsidiary companies, the details of which are as follows :

The details of investment in subsidiaries are :

(1) Eco wheels Pvt. Ltd. : 8,27,100 equity shares of Rs. 10 each as fully paid up.

(2) Krypton Developers Ltd. : 49,400 equity shares of Rs. 10 each as fully paid up.

(3) Krypton Industries (Suzhou) Co. Ltd. : 100% capital investment.

The statement pursuant to section 212 of the companies act, 1956 containing the details of the company forms part of this Annual Report.

The company has applied to the Central Government for obtaining exemption from attaching of Audited Statement of Accounts, the Report of Board of Directors and that of Auditors of Subsidiary Companies u/s 212(8) of the Companies Act, 1956 and is hopeful of getting the same. Subject to the above approval, information of each subsidiary company pertaining to capital reserves, total assets, total liabilities, details of investment, turnover, provision for taxation & proposed dividend etc. will be disclosed in the consolidated Balance Sheet. Moreover, shareholders who wish to have a copy of the full annual accounts of the subsidiaries will be provided the same on receipt of written request from them. These documents will also be available for inspection by any shareholder at the Registered office of the Company and of the subsidiary company on any day during business hours.

5. OPERATIONAL REVIEW

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

Tyre Division

The total income of the tyre division for the year 2009 – 10 amounted to Rs.1277.03 lakhs compared to Rs. 784.63 lakhs in the previous year i.e. the total income has increased by - about 63 %. The profit before tax amounted to Rs. 79.25 lakhs as compared to Rs. 5.63 lakhs which was substantially up by Rs. 73.62 lakhs as compared to the previous year. The performance of the tyre division has shown marked improvement and it is expected to do better business in future.

Footwear Division

The total income of the Unit amounted to Rs.1132.42 lakhs as compared to Rs. 958.37 Lakhs in the previous year i.e. the total income has increased by about 18%.The unit reported a profit before tax of Rs. 34.07 Lakhs during the year compared to Rs. 37.69 lakhs in the previous year i.e, the Profit before tax reduced by about 10%. The directors hope for a better performance in the forthcoming year.