

//// KRYPTON INDUSTRIES LIMITED

21ST ANNUAL REPORT

BOARD OF DIRECTORS

JAY. S. BARDIA	: MANAGING DIRECTOR
TANSUKH GULGULIA	: DIRECTOR
T.C. BACHHAWAT	: DIRECTOR
PUNAM CHAND DAGA	: DIRECTOR (UPTO 29-09-2010)
PRADEEP KUMAR SINGH	: DIRECTOR (w.e.f. 8-12-2010)

ADMINISTRATIVE

P.L.BARDIA	: CHIEF EXECUTIVE
TAPAN KUMAR DAS	: 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 - 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 Twenty First 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 (s), Pin 743504 on Wednesday, the 28th day of September, 2011 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, 2011, 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. Tilok Chand Bachhawat, 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 Regulation 6(a) of the SEBI (Delisting of Equity Shares) Regulations, 2009 (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 to the company, Equity shares of the Company, be delisted from the Delhi Stock Exchange Association and Jaipur Stock Exchange.

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised 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 Managing Director, Director or the Company Secretary to do the various acts, deeds and things required to be done in his behalf.”

5. ORDINARY RESOLUTION

“RESOLVED THAT Mr. Pradeep Kumar Singh, who was appointed as an Additional Director with effect from 8th Day of December, 2010 on the Board of the Company in terms of Section 260 of the Companies Act, 1956 and Article 79 of Article of Association of the Company, and who holds office up to the date of this Annual General Meeting, and in respect of whom a notice has been received

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from a Member in writing, under Section 257 of the Companies Act, 1956, proposing his candidature for the office of a Director, be and is hereby appointed as a director of the company, whose period of office shall be liable to determination by retirement of Directors by rotation".

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

By Order of the Board

Tarun Kumar Das
(Company Secretary)

Date: 12/08/2011

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 11:30 A.M of 26/09/2011.
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, 2011 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. 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.
10. 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.
11. The Register of Members and Share Transfer books will remain closed from 20/09/2011 to 28/09/2011 (both day inclusive)
12. 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.

GREEN INITIATIVE OF MCA

Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paper less compliances by the companies and has issued circulars stating that service of notice/ documents including Annual Report can be sent by e-mail to its members. To support this green initiative of Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to kindly furnish your email id to Maheshwari Datamatics Pvt. Ltd (R&T of Krypton Industries Limited) at 6, Mangoe Lane, 2nd Floor, Kolkata –700 001 or email to **mdp@cal.vsnl.net.in**. Please ensure that you have indicated your Folio No. and as well as your consent to receive future communications from Krypton Industries Limited including Annual Reports etc through email at your registered email address.

Please help us to save the environment.

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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

Presently, the equity shares of the company are listed on Bombay Stock Exchange Limited (BSE), Calcutta Stock Exchange (CSE), Delhi Stock Exchange Association Limited (DSE), & Jaipur Stock Exchange (JSE).

Of the above stock exchanges, Bombay Stock Exchange is the only operating and active stock exchange having nationwide trading terminals. 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. 5

Mr. Pradeep Kumar Singh was appointed by the Board of Directors of your Company ('the Board') at its meeting held on 8th day of December, 2010, as an Additional Non-Executive Director in terms of section 260 of the company Act, 1956 ('the Act')

Mr. Pradeep Kumar Singh 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. Pradeep Kumar Singh 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 Company Act, 1956 has been received from a member proposing the appointment of Mr. Pradeep Kumar Singh as a Director of the Company. Mr. Pradeep Kumar Singh does not hold any shares in the Company.

None of the Directors of your company, other than Mr. Pradeep Kumar Singh, is interested in the resolution.

The Board recommends this resolution for your approval.

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By Order of the Board

Tarun Kumar Das
(Company Secretary)

Date: 12/08/2011

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Detail of Directors Seeking Appointment at the Annual General Meeting

Particulars	Mr. Tilok Chand Bachhawat
Date of Birth	7 th December, 1953
Date of Appointment	29 ^h November, 1995
Qualification	Chartered Accountant
Expertise in Specific Functional Area	Techno-financial
Directorships held in other Companies (excluding Foreign Companies)	NIL
Memberships/Chairmanships of Committees of other Companies (Including only Shareholders /Investors Grievance Committee)	NIL
Number of shares held in the Company	6300

"Persons constituting 'Group' coming within the definition of group as defined in the Monopolies & Restrictive Trade Practices Act, 1969 for the purpose of inter-se 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

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 21st Annual Report on business and operations of the Company and the Audited Financial statements for the year ended 31st March 2011.

1. FINANCIAL RESULTS

During the year under review, the company achieved an aggregate income of **Rs 2495.98** lakhs. The highlights of the financial results are as under:

(Rupees in '000)

	Current Year 2010-2011	Previous Year 2009-2010
Sales	245415.18	235904.83
Other Income	4182.56	5040.63
Gross Total Income	249597.74	240945.46
Profit before Interest, Depreciation & Tax	37738.33	30862.40
Interest	14593.24	12443.01
Depreciation	6918.07	6668.63
Profit before Extraordinary Items and Tax	16227.02	11750.76
Extraordinary Items (Right Issue Expenses)	3461.92	419.18
Profit before Tax and after Extraordinary Items	12765.10	11331.58
Provision for Taxation	5740.14	2749.46
Profit after Tax	7024.96	8582.12
Balance in P&L A/c brought Forward	59088.95	50935.83
Balance Available for Appropriation	66113.91	59517.95
Proposed Dividend	0.00	0.00
Tax on Proposed Dividend	0.00	0.00
Transfer to General Reserve	0.00	429.00
Balance carried to Balance Sheet	<u>66113.91</u>	<u>59088.95</u>

2. DIVIDEND

In order to strengthen the financial position of the company the Board of Directors have decided not to recommend any dividend for the Financial Year ended 31st March, 2011 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 being 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) Companies 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 : -

- 1) Eco Wheels Private Ltd. : 827100 Equity shares of Rs.10 each as fully paid up
- 2) Krypton Developers Ltd. : 49400 Equity shares of Rs.10 each as fully paid up
- 3) Krypton Industries (Suzhou) Co. Ltd : 100% capital investment.

The Ministry of Corporate Affairs vide General Circular No. 2/2011 dated 8th February, 2011 has granted general exemption to companies seeking approval of Central Government under section 212 (8) of the Companies Act, 1956 from annexing to this report the Annual Reports of the subsidiaries subject to compliance of certain conditions specified therein. The Board Resolution for availing above exemption has been passed on 12th day of August, 2011. Hence, the Annual Reports of the subsidiary companies have not been annexed herewith. The Company has presented in the annual report, the consolidated financial statement of holding company and all its subsidiaries duly audited by the statutory auditor, which has been prepared in compliance with applicable accounting standards and, were applicable, listing agreement. The Company has disclosed in the consolidated balance sheet the following information in aggregate for each subsidiaries viz. capital reserves, total assets, total liabilities, details of investment, turnover, profit before taxation, provision for taxation, profit after taxation & proposed dividend etc. which have been disclosed at other place of annual report. Annual Accounts of the subsidiary companies and related detailed other information shall be made available to the members seeking such information and shall also be kept open for inspection at the Head Office of the Company by any member during working 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 2010-11 amounted to Rs.1164.39 lakhs compared to Rs.1277.03 lakhs of in the previous year i.e. the total income has decreased by about 8.82 %. The profit before tax amounted to Rs. 52.89 lakhs as compared to Rs. 79.25 lakhs which was substantially down by Rs. 26.36 lakhs as compared to the previous year. The directors hope for a better performance in the forthcoming year.

Footwear Division

The total income of the Unit amounted to Rs 1333.75 lakhs as compared to Rs. 1132.42 Lakhs in the previous year i.e. the total income has increased by about 17.78%.The unit reported a profit before tax of Rs. 75.49 Lakhs during the year compared to Rs. 34.07 lakhs in the previous year i.e.. the Profit before tax increased by about 121.57%. The performance of the footwear division has shown marked improvement and it is expected to do better business in future.

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6. WORKING

Your company is grown during 2010–11. Company has increased its domestic sales and putting more effort to build up the sales organization to support the India sales operation. Company has increased its output from the existing infrastructure. The increased productivity has helped the company to start building new capacities with new investment by our valued shareholder who has participated in the rights issue. The footwear division has contributed to the growth heavily while the tyre division is expected to perform well in coming future

Company sales as a whole is continuously growing and with better customer relations and customer base by our team has helped us to set a stage for quick growth over coming years.

7. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis Report as required Listing agreement with Stock Exchange:-

A. Industry Structure & Developments:-

Krypton has posted a very good year with respect to sales growth and particularly good year for local market network expansion. The distribution network will key focus area for this year also.

The tyre and wheels business is continuously growing. Our customer base has also increased in international as well as domestic market. The overall performance of this division should have been much better but is effected by increased raw material prices.

The China unit has performed better than last year. The unit is already under process of sale and the sale will be concluded as soon as the permission is received.

The footwear division has already set on a growth path. Krypton has received very good customer response and demand for its products. The complete footwear is becoming more popular as compare to the footwear component, Shoe sole, business. This trend will continue this year and krypton will launch newer products in coming months to strengthen its position further in the Eastern India market. Krypton is working with very big OEM customers and also selling its own products through dealership network.

The medical equipment business has grown further facing stiff competition with cheap Chinese import. Over the last year the import from China has become more expensive and the quality of our products has been appreciated by the customers. This has helped the business to get a very good foothold in the market and the good quality reputation is bringing better sales.

B. Outlook and opportunities

Your Company has identified the following opportunities and future building business areas:

1. Krypton has a clear opportunity to become a significant player in the Footwear market, Medical equipment market and of course creating a bigger market for its MCP tubeless tyre business in India. This opportunity provide us to grow at a rapid pace. This will be supported by the new investment into expanding capacities which will be completed by the year 2011.

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2. Enhancing the Sales and distribution network in India rapidly but with control for all its products, after the current penetration and acceptance by the market, will be the most important task for the company which will help the company to become widely known and delivering better performance.
3. A wide market presence along with promotional activities will help Krypton the brand better know in the market. The footwear will also use KRYTPON brand name for all its premium product apart from SOFTFLEX brand. The medical equipment division which sell its products under "iCARE" brand name will also use Krypton name to identify itself as part of Krypton.
4. The expansion program was delayed due to delay in rights issue. Now the right issue is successfully completed, The implementation of its expansion program has already started. Company is expecting to complete the expansion of Tyres and footwear production capacities by the end of year 2011. The capacities will be fully operation to support the increased demand.

The debottlenecking of medical equipment production unit is underway and should be completed by November 2011. This will help the unit to adapt more flexible production system which can make different products simultaneously without effecting overall productivity. This will allow the unit to shorten delivery cycle, reduce inventory and better service to our customers.

C. Outlook on threats, risk and concern

1. Business Risks

The biggest risk company is facing is managing the rapid growth it is aiming for. The timely implementation of projects, controlling distribution market, providing right promotional support to its product will be very critical for overall success of your company.

The increase in raw material cost, manpower cost and energy cost is another concern which it is facing. Till now company is able to pass on these increases to its customer with a lag for each increase. In future it has to be seen how much this will passing on of incremental cost will be possible. Your company is working more on reducing per unit input resource cost where is focusing on increasing productivity to reduce per unit manpower and power cost. With innovating new materials, also reducing material cost of its product to remain on the growth path.

Major part of business depends on different large OEM customers. Krypton enjoys a very good long term relations with its customers which helps itself to continue to get regular increased business with them. Company is also building up its own distribution network which is helping it to reduce the risk and increase profitability in the long run.

2. Financial Risks:

The financial long term investment in all the expansion and working capitals have been continuously monitored and followed. Company has taken special program to reduce the debtors and credit period to the customers.

The foreign exchange risks are regularly covered and due to varied markets and purchase the risk has reduced considerably.