

22ND ANNUAL REPORT

BOARD OF DIRECTORS

JAY S. BARDIA	:	MANAGING DIRECTOR
TANSUKH GULGULIA	:	DIRECTOR
T. C. BACHHAWAT	:	DIRECTOR
PRADEEP KUMAR SINGH	:	DIRECTOR

ADMINISTRATIVE

P. L. BARDIA	:	CHIEF EXECUTIVE
TARUN 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 - 743 513 Phone : 91-31-74241005
DEMAT REGISTRAR & SHARE TRANSFER AGENT	:	MAHESHWARI DATAMATICS (P) LTD. 6, Mangoe Lane, 2nd Floor Kolkata - 700 001 Phone : 033-22435809/5029 Fax : 033-22484787
HEAD OFFICE	:	410, Vardaan Building 25A, Abanindra Nath Tagore Sarani 4th Floor, Kolkata - 700 016 Phone : 033-22871366 Fax : 033-22871084 Website : www.kryptongroup.com E-mail : krypton@vsnl.com

NOTICE

NOTICE is hereby given that the Twenty Second 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 Friday, the 28th day of September, 2012 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, 2012, 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. Tansukh Gulgulia, 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 conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting and to fix their remuneration.

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 :13/08/2012

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. The instrument appointing the proxy, in order to be effective, must be deposited 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 26/09/2012.
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 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, 2012 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 notify immediately, change in their address, if any, quoting their folio number(s), to the company's Registrar & Share Transfer Agent.

KRYPTON INDUSTRIES LIMITED

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.
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.
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 20/09/2012 to 28/09/2012 (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 their 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.

Please help us to save the environment.

Annexure to the Notice

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

ITEM NO.2

Detail of Directors Seeking Re-Appointment at the forthcoming Annual General Meeting (in pursuance of clause 49 of the Listing Agreement)

Name of Director	Mr. Tansukh Gulgulia
Date of Birth	15th June, 1963
Date of Appointment on the Board	23rd September, 2003
Nationality	Indian
Qualification	Bachelor of Commerce in Honours.(B.Com. Hons.) Bachelor of Law(LL.B.)
Expertise in Specific Functional Area	Practicing Tax Consultant having more than 25 years 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 has contributed a lot in the progress of the company.
Directorships held in other Companies (excluding Foreign Companies)	(1) Eco Wheels Private Limited (2) Barons Polymers Private Limited.
Memberships/Chairmanships of Committees of other Companies (Including only) Shareholders / Investors Grievance Committee)	NIL
Number of shares held in the Company	15,500

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

Date: 13/08/2012

By Order of the Board

Tarun Kumar Das
Company Secretary

KRYPTON INDUSTRIES LIMITED

DIRECTORS' REPORT

Dear shareholders,

Your Directors present the 22nd Annual Report together with the audited accounts of your company for the year ended 31st March 2012.

1. FINANCIAL RESULTS

During the year under review, the company achieved an aggregate income of Rs. 3265.26 lakhs. The highlights of the financial results are as under:

	Amount in (Rupees in '000)	
	Current Year 2011-2012	Previous Year 2010-2011
Sales	321356.61	245967.96
Other Income	5169.73	2232.10
Gross Total Income	326526.34	248200.06
Profit before Interest, Depreciation & Tax	19646.40	34276.41
Interest	12756.42	14593.24
Depreciation	7118.77	6918.07
Profit before Exceptional Items & Extraordinary items and Tax	(228.78)	12765.10
Exceptional Items	13741.82	--
Profit before Tax and after Exceptional Items & Extraordinary Items	(13970.60)	12765.10
Provision for Taxation	3229.88	5740.14
Profit after Tax	(17200.48)	7024.96
Balance in Statement of Profit and Loss brought Forward	66113.91	59088.95
Balance Available for Appropriation	48913.43	66113.91
Proposed Dividend	0.00	0.00
Tax on Proposed Dividend	0.00	0.00
Transfer to General Reserve	0.00	0.00
Balance carried to Balance Sheet	48913.43	61113.91

2. OVERVIEW AND REVIEW OF OPERATION

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

Tyre Division

The total income of the tyre division for the year 2011-12 amounted to Rs. 1447.60 lakhs compared to Rs.1150.97 lakhs of in the previous year i.e. the total income has increased by about 25.77%.

The loss before tax amounted to Rs. (52.05) lakhs as compared to profit of Rs. 52.89 lakhs which was substantially down due to extraordinary items of sale of 100% subsidiary in china. The directors hope for a better performance in the forthcoming year.

Footwear division

The total income of the footwear division for the year 2011-12 amounted to Rs. 1761.03 lakhs compared to Rs.1333.20 lakhs in the previous year i.e. the total income has increased by about 32.09%. The unit reported a loss before tax of Rs. 81.84 lakhs during the year compared to profit of Rs. 75.49 lakhs in the previous year.

The performance of the footwear division has not been up to the mark due to increase in Raw Material Prices and sale of Old Stock. However your company could retain all its customers and better orders for the current year. This unit is performing better and will surely grow further with better product mix.

3. 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, 2012 and plough back the profits of the company in its business.

4. 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.

5. SUBSIDIARY COMPANIES

In accordance with the general exemption granted by the Ministry of Corporate Affairs, Balance Sheet Statement of Profit & Loss, Directors' Report are not attached with this Report.

The annual accounts of your company's subsidiaries viz. Eco Wheels Pvt. Ltd., Krypton Developers Limited and Krypton (Suzhou) China Co. Ltd. till 30.09.2011 and other related information shall be made available to the shareholders of company and its subsidiaries on receipt of request from them.

The same will be kept open for inspection at the registered office of your company and that of respective subsidiaries during the business hours.

6. CAPITAL EXPENDITURE

Your company has invested Rs. 7.30 Crore in the expansion programmes for the Footwear Division and MCP Tubeless Tyre Divisions.

We are pleased to inform that the expansion of footwear division has been implemented successfully and they have started production and your company should get a very good benefit due to this investments in the future. Due to higher demand from our current customers, funds which should be utilized for launching retail stores for the time being kept on hold and funds have been used in further purchase of different types of moulds, plant and machinery to cater to the demand and to sustain regular supply.

Whereas, the expansions program for the PU tyre division was delayed due to local political issues in implementing the construction schedules. Now this situation is resolved and your company has started to implement the project. The production from this should start by November 2012.

Further to this, your company is planning to invest another Rs.15 crore to enhance the domestic tyre production capacity to 15000 tyres per day. This should be complete in the financial year 2013-14.

KRYPTON INDUSTRIES LIMITED

Your company has planned further capital expenditure of Rs. 15 crore for further expansion of Footwear production capacity from current capacity of 280,000 pairs per month to 500,000 pairs per month by Financial Year 2013-14 and domestic tyre capacity to 15,000 tyres per day by 2013-14.

These projects will be funded through a judicious mix of internal cash reserves, accruals and borrowings.

7. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

A. Industry Structure & Developments:-

Krypton Industries Limited has concluded a good year with respect to sales growth and also for local market network expansion. The distribution network will be 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 markets. The overall performance of this division should have been much better but is effected by increased raw material prices and sale of 100% Chinese subsidiary in 2011-12.

The footwear division has already set on a growth on sales. The Company has received very good customer response and demand for its products. The complete footwear is becoming more popular as compared to the footwear component, viz 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 from cheap Chinese imports. 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 standard 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 provides 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 2012.
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 in delivering better performance.
3. A wide market presence along with promotional activities will help the brand 'Krypton' better known in the market. The footwear will also use KRYPTON brand name for all its premium product apart from SOFTFLEX brand. The medical equipment division which sells its products under "iCARE" brand name will also use Krypton name to identify itself as part of Krypton.

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 be passing on of incremental it 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 the Company. With innovating new materials and reducing material cost of its product wants 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 hedged covered and due to varied markets exposure and purchases the risk has reduced considerably.

3. Legal & Statutory Risks

Your company has entered into the business agreements with various companies in different countries, as distributors of your company's product and has non-disclosure agreements with some of them, which sometimes restrict the scope of business.

Your company has laid down procedures to monitor that all statutory obligation are timely met. Continuous monitoring of the same through a proper system of reporting ensures that the company has not defaulted in the same.

4. Political Risks

Your company has negligible risk due to political situation as it does not have any business with countries, which are termed or perceived, as politically unstable countries. None of the assets of the company are situated in politically unstable regions.

Changes in taxation system can effect in positive and negative manners and like any other business your company also has to face such risks.

D. Internal Control System and their adequacy:

Your Company believes that Internal Control is a necessary concomitant of the principle of governance that freedom of management should be exercised within a framework of appropriate checks and balances. Your Company remains committed to ensuring an effective internal control environment that provides assurance on the efficiency of operations and security of assets.

The company has an Audit Committee, the details of which have been provided in the Corporate Governance Report. The Audit Committee reviews internal reports and provides suggestions for improvement /takes corrective actions. The committee also meets the Company's Statutory Auditors to ascertain, interalia, their views on the adequacy of Internal Control Systems in the company and keeps Board of Directors informed from time to time.

E. Financial Performance

Financial Performance of the company is not very encouraging. But Your Company will perform better in coming years.

KRYPTON INDUSTRIES LIMITED

F. Human Resource Developments :

During the fiscal 2011-2012 your company has 153 Persons on its payroll. Apart from this your company has generated indirect employment to more than 300 persons in nearby locations. Company is working on to restructure the total organization to help its growth with further recruitment in the top and middle management level at different positions.

G. Cautionary Note :

Certain statements made in the "Management Discussion & Analysis Report " which seek to describe the company's objectives, projections, estimates, expectation or predictions etc may constitute "forward looking statements" within the meaning of applicable laws and regulations. Actual result may differ from such expectations, projections, etc., whether express or implied. Several factors could make significant difference to the Company's operations. These include climatic conditions and economic conditions affecting demand and supply, government regulations and taxation, natural calamities, etc. on which the company doesn't have any direct control.

8. FIXED DEPOSITS

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.

9. LISTING AT STOCK EXCHANGES

The equity shares of the company are listed on the stock exchanges at Calcutta, Mumbai, Delhi and Jaipur. The annual Listing fees for the year 2011-2012 have been paid to all these stock exchanges.

10. CORPORATE GOVERNANCE

A separate section on corporate governance together with a certificate from the Auditors of the company regarding full compliance with the provisions of Clause 49 of the Listing Agreement with the stock exchanges forms a part of this Annual Report.

11. DIRECTORS'

In accordance with the provision of the Companies Act, 1956 Mr. Tansukh Gulgulia retires by rotation as director at the forthcoming Annual General Meeting and is eligible for reappointment.

12. FINANCE /RIGHTS ISSUE

Your company has issued equity shares of Rs.10/- each on right basis at a price of Rs. 15/- in the ratio 17:10 in April, 2011 aggregating to 1,01,99,329 shares against a total amount of received of Rs.1529.90 lakhs and the company has refunded Rs. 433.30 lakhs to the shareholders. The company has utilized the balance of Rs.1096.60 lakhs against which 73,10,680 shares have been allotted as fully paid up on 7th May, 2011. The amount utilized in the following manner:-

Sl. No.	Particulars	Amount in'Lakhs (Rs.)
a.	Expenses Incurred / Deployed to Footwear Division	379.90
b.	Expenses Incurred / Deployed to Tyre Division	235.87
c.	Right Issue Expenses	37.99
d.	Fixed Deposit with scheduled banks	300.00
e.	Deposit with BSE(Refundable)	11.00
f.	Balance lying in the current accounts with Scheduled Bank	131.84
		1096.60

On 24th November ,2011 CRISIL has assigned credit rating for the bank facilities of Krypton Industries Limited as given below:-

Term Loan	CRISIL BB-/ Stable (Assigned)
Cash Credit	CRISIL BB-/ Stable (Assigned)
Proposed Cash Credit Limit	CRISIL BB-/ Stable (Assigned)
Foreign Bill Purchase	CRISIL A4+ (Assigned)
Letter of Credit	CRISIL A4+ (Assigned)
Bank Guarantee	CRISIL A4+ (Assigned)
Million Packing Credit	CRISIL A4+(Assigned)

13. DIRECTORS RESPONSIBILITY STATEMENT

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

- Followed in the preparation of the Annual Accounts, the applicable Accounting Standards with proper explanation relating to material departures, if any;
- Selected such accounting policies and applied them consistently and made judgments and estimates that are responsible and prudent so as to give 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.
- 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
- Prepared the annual accounts on a going concern basis.

14. PARTICULARS OF EMPLOYEES

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 Rules made there under.

15. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

The information 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 Annexure to the Report hereinafter.

16. AUDITOR'S REPORT

The Auditors Report is self-explanatory and doesn't warrant any comment.

17. 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 2007 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 your Company to get much better controls to improve customer satisfaction standards.