

# **//// 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 BANKER	: COMPANY SECRETARY : 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: <a href="http://www.kryptontire.com">www.kryptontire.com</a> E-mail : <a href="mailto:krypton@vsnl.com">krypton@vsnl.com</a>

# **IIII KRYPTON INDUSTRIES LIMITED**

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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 29<sup>th</sup> 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 31<sup>st</sup> 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 1<sup>st</sup> 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

## **IIII KRYPTON INDUSTRIES LIMITED**

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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 1<sup>st</sup> 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

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### **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 31<sup>st</sup> 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.**

## **//// KRYPTON INDUSTRIES LIMITED**

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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 1<sup>st</sup> 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 1<sup>st</sup> 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 31<sup>st</sup> 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 1<sup>st</sup> 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 1<sup>st</sup> 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 1<sup>st</sup> 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 1<sup>st</sup> January, 2011
2. Remuneration :
  - a) Salary : The monthly salary payable to Managing Director is Rs.2,50,000 with effect from 1<sup>st</sup> 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-imbusement of Medical Expenses incurred and Medclaim 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:

<b>SERIAL No.</b>	<b>PARTICULARS</b>	<b>EXISTING</b>	<b>REVISED</b>
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.

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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 <sup>th</sup> July, 1945
Date of Appointment	27 <sup>th</sup> 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 20<sup>th</sup> Annual Report on business and operations of the Company and the Audited Financial statements for the year ended 31<sup>st</sup> 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)	
	<b>Current Year 2009-2010</b>	<b>Previous Year 2008-2009</b>
Sales	235904.83	170283.18
Other Income	5040.63	3976.46
<b>Gross Total Income</b>	<b>240945.46</b>	<b>174259.64</b>
Profit before Interest, Depreciation & Tax	30862.40	23524.28
Interest	12443.01	10079.33
Depreciation	6668.63	9112.64
<b>Profit before Extraordinary Items and Tax</b>	<b>11750.76</b>	<b>4332.31</b>
Extraordinary Items (Right Issue Expenses)	419.18	0.00
<b>Profit before Tax and after Extraordinary Items</b>	<b>11331.58</b>	<b>4332.31</b>
Provision for Taxation	2749.46	2884.80
<b>Profit after Tax</b>	<b>8582.12</b>	<b>1447.51</b>
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
<b>Transfer to General Reserve</b>	<b>429.00</b>	<b>72.38</b>
<b>Balance carried to Balance Sheet</b>	<b><u>59088.95</u></b>	<b><u>50935.83</u></b>

### 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 31<sup>st</sup> 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.

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### **6. WORKING**

Your company has made a sincere efforts to grow and expand during the difficult times and also has made provisions for further improvement in future. The top-line of the company has grown, companies tyre and wheels sales and overseas sales have contributed to this growth heavily although the footwear could not add to the contribution due to productivity issue at our footwear division which could only be sorted out in the second half of the year.

Company has continuously invested into product development, market development and improving man power quality through training and hiring new and competent people and has tried to make each and every unit more productive with better quality products for the market.

These programs are already showing good results and will bring in better performance and more sustainable growth in future.

### **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 with market penetration. Company has balanced its sales in Export market with a better sales in North America and also domestic market. This was planned last year and it has been very good for the growth of the company and limiting risk of limited geographical market dependence.

The launch of new products and assemblies for customers have given good results and has immensely contributed to the growth of tyre & wheels division. Although the industrial wheels segments did not give expected results, but has shown some growth in the current year and is expected to do better in future, therefore, adding to the contribution of Tyres and Wheels division. The China unit is performing better than the previous year but needs more improvement. The medical equipment and Wheelchair segments will help the company to grow and perform in near future.

The Footwear division has not performed as expected due to productivity issues at our unit which was only sorted out in the second half of last year and shown very good performance in the last quarter of year ending 2010. Company is certainly moving from component business to complete footwear and in the current year, about 50% of sales will be coming from complete footwear, this will eventually grow to at least 66% next year and in the long run should be about 80% or more of total sales and delivering better value additions and better per unit realization of our capacity.

ECO WHEELS PVT Ltd, dealing with finished medical equipment, has performed better than last year. The Indian market is developing and the products were able to get acceptance with the local distributors and dealers across the country. This business will grow further and should stabilize further in this year.

#### **B. Outlook and opportunities**

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

1. Market development: Company has taken a global market approach where it is approaching all the market with importance according to their potential. Company has taken many steps to develop market in North America and is working hard to develop market in India which is growing at a very fast rate. This approach has helped the company to grow local market with very little

## **//// KRYPTON INDUSTRIES LIMITED**

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competition along with the export growth with better capacity utilisation helping the whole company to grow and acquire more customers with a distributed risk of geographical effects.

2. Sales and distribution network in India: This is the most important of all the different activities and company has been able to penetrate with excellent work done by our team of experienced sales people. Company will further expand its network and will double the number of dealers in each product category this year.
3. Brand Building: Company has decide to invest into brand for its each line of business to ensure future customers loyalties, identifications and value creation. Company has put up more emphasis on "KRYPTON" brand name for tyres and wheels, footwear is sold under "SOFTFLEX" brand name. As last year the company had made the product available to the customers, this year however, the Company will start to promote the brands instead. This will be a continuous exercise and will help the company to get more identification with the final customers with long term benefits. This will support our dealers and distributors and will help to generate better sales with continuous growth.
4. Expansion of capacities: Company is already in process of debottlenecking certain capacity with minimum capital expenditure and will further invest into putting up new capacities to support the growth and provide better quality service, to all the customers with lesser lead times. Company will start the expansion program after completion of right issue.

### **C. Outlook on threats, risk and concern**

#### **1. Business Risks:**

Company is investing and will invest into new capacities, brand promotions and distributing network currently and in very near future. Company has a very long manufacturing experience but rather new to the Indian distribution market and Branding.

Company could manage till now the Indian market expansion with very little or almost no promotion activities. The new initiative will be a new experience for the company. Although company has definite budget and has estimated the budget which does not effect the financial health of the company in a big way. Company is confident that this promotion will bring in desired results.

Your companies effort to bring in new big OEM customers has brought in good results for the company. Company will continue its effort further into different market areas, product segments to limit the risk in this turbulent international market. Company thinks that the combination of strong Indian market presence with well diversified strong export market customers base should minimize business risk.

Recovery of the global market is always a concern but during last year we have done better then 2008 -09, this shows companies resilience under difficult market conditions and risk managing capabilities.

#### **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.

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The foreign exchange risks are regularly covered and due to varied markets 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, either as distributors or consumers 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 Risk**

You 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 on politically unstable regions.

Changes in taxation system can effect in positive and negative manners and like any other business your company also have 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 very encouraging. Your Company has performed satisfactorily despite of the newer areas of operations.

### **F. Human Resource Developments**

During the fiscal 2010, the Company's strength of Human Resources increased from that of previous year. At present there are 167 persons on the Rolls of the company. Company is continuously trying to improve its human resources by training, interaction and collaborative approach at different levels. This open tolerant but competitive culture is helping the company to bond better with its most important resource.

### **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

## **IIII KRYPTON INDUSTRIES LIMITED**

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economic conditions affecting demand and supply, government regulations and taxation, natural calamities, etc. 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 Kolkata, Mumbai, Delhi and Jaipur. The annual Listing fees for the year 2009-2010 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 exchange at Kolkata (CSE) and Mumbai (BSE), of which BSE has nation wide trading terminals.

### **10. 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.

### **11. DIRECTORS**

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

### **12. MANAGING DIRECTOR**

Mr. Jay Singh Baradia, Managing Director, whose term of appointment expires on 31<sup>st</sup> December, 2010 has been reappointed as the Managing Director of the Company w.e.f. 01/01/2011 for a period of 3 years subject to the approval of shareholders in the ensuing AGM.

### **13. CEO/CFO**

Mr. Panna Lal Bardia, CEO/CFO., whose term of appointment expires on 31<sup>st</sup> March , 2010 has been reappointed as the CEO/CFO of the Company w.r.e.f. 01/04/2010 for a period of 5 years subject to the approval of shareholders in the AGM.

### **14. RIGHTS ISSUE**

In order to part finance its expansion and modernization plans and to meet the long term working capital requirement of the Company the Board has decided to come out with Rights Issue of approximately Rs.11 crores, to the eligible shareholders as on the record date through letter of offer at such price as may be decided, in consultation with the Lead Manager and on such terms and conditions as the Board may, in absolute discretion deem fit.

Moreover, it is to inform you that SEBI has given in principal approval to the proposal of Company for above mentioned right issue.

### **15. 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;

## **IIII KRYPTON INDUSTRIES LIMITED**

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- Selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable 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.

### **16. 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 there under.

### **17. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGES EARNINGS AND OUT GO:**

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.

### **18. AUDITOR'S REPORT**

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

### **19. 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 our Company to get much better controls to improve with best customer satisfaction standards.

### **20. AUDITORS**

M/s. Jagdish Agarwal & Associates (Firm Registration No.320253E) 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.

### **21. 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

For and on behalf of the Board

Jay S. Bardia  
Chairman

Date: 16.08.2010

# **IIII KRYPTON INDUSTRIES LIMITED**

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## **ANNEXURE TO THE DIRECTORS REPORT**

Statement showing particulars pursuant to the Companies (Disclosures of Particulars in the Report of Board of Directors) Rules, 1988.

### **A) CONSERVATION OF ENERGY**

(a) POWER AND FUEL CONSUMPTION	<u>2009-10</u>	<u>2008-09</u>
1) Electricity		
a) Purchased ( from State Grid )	9,60,145	8,02,228
Units (in KWH)		
Total amount (Rs. in Lacs)	51.93	40.69
Rate / Units (Rs/ KWH)	5.41	5.07
b) Own Generator		
Through diesel Generator		
Units (KWH)	48,540	26,196
Units per liter of Diesel Oil		
(KWH /Liters)		2.88
Cost / Unit (Rs. / KWH)	11.55	12.17
(2) Coal, furnace Oil, others	—	—
(b) <u>CONSUMPTION PER UNIT OF PRODUCTION</u>		
(1). <u>PU TYRES</u>		
Production (Pcs in Lacs)	6.65	2.90
Electricity per pcs (unit)	1.76	1.11
(2). <u>PU SHOE SOLE</u>		
Production (pairs in lacs)	14.85	13.25
Electricity per pair (unit)	0.39	0.41

### **(B) TECHNOLOGY ABSORPTION**

1. Specific areas in which where R & D carried out by the Company Your company has primarily worked on developing lot of new designs in the footwear product range. Company has been able to introduce many new products for its footwear range.

Your company along with it subsidiary companies has developed a large range of disable persons and patient assistance equipments. These products have been complete design house design and development team.

Company has also developed the high load capacity castors but the products are not pursued further due to market conditions

2. **Benefit derived as a result of the above R & D**

The company achieved very good response in the footwear market for its new products therefore, helping the company to generate reasonable business even with difficult market situations.



## **IIII KRYPTON INDUSTRIES LIMITED**

With inhouse designs, more India specific, for the disable persons and patient assistance equipments, hospital furniture, company could produce these products at very competitive prices and with market acceptable products. The "i Care" product range has been introduced in the market and with very good response. You company plan to distribute the whole product range in India and also for global market.

The High load capacity castors and wheel project is under watch category till we see a reversal of trend in the industrial purchase trend world wide.

### **3. Future Plan of Action**

The Company is working on development of PU DIP men's shoes and further higher range of Chappal and sandals in the footwear segment, and very good growing domestic markets.

Company will built up more R&D capabilities on disable persons and patient support equipments and Hospital furniture to enhance product range, enter different market segments and give a cost effective solution to the Hospital and patient care industry.

You company has taken more products developments for India market. First phase of trials, data collections and research on these data has given lot of inputs for modifying / developing new products for Indian market mainly, targeting bicycles, electric bikes and push carts. Your company has put up its PU tire development team on these products for future growth in the India market.

### **FOREIGN EXCHANGE EARNING AND OUTGO**

	(Rs in '000)	
	2009-10	2008-09
1. (A) Foreign Exchange Earning	92073.09	50845.63
2. (B) Foreign Exchange Outgo		
i) CIF VALUE OF IMPORTS		
● Raw materials Component & Trading Goods	67580.24	23611.78
● Stores and Spare parts & Component	849.72	47.15
● Capital Goods	2834.72	0
ii) Others	3270.77	3169.50

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

For and behalf of the Board  
  
J. S. BARDIA  
Chairman

# IIII KRYPTON INDUSTRIES LIMITED

## REPORT ON CORPORATE GOVERNANCE

(Pursuant to clause 49 The Listing Agreement)

### 1. Company's Philosophy on Corporate Governance

The basic philosophy of corporate governance in the Company is to **maximize long-term shareholder's value**, keeping in view the needs and interests of all its stakeholders and to achieve business excellence. The Company is committed to transparency in all its dealings and places high emphasis on business ethics.

The key elements of good corporate governance include honesty, trust and integrity, openness, performance orientation, responsibility and accountability, mutual respect, and a commitment to the organization. The Corporate Governance framework of the Company ensures that timely and accurate disclosure is being made on all material matters regarding the Company, including the financial situation, performance, ownership and governance of the Company. The Board believes good Corporate Governance is voluntary and self-disciplinary. The Board supports principles of good governance and lays appropriate emphasis on regulatory compliance, integrity and accountability.

### 2. Board of Directors :

#### a) Composition and category of Directors

The Board of Directors of the Company as on 31<sup>st</sup> March, 2010 comprised of total 4 Directors, consisting of One Executive Director and 3 Non Executive Independent Directors. Mr. Jay Singh Bardia, Managing Director is the only Executive Director. During the year under review the Board met 11 times on 20.04.2009, 29.05.2009, 29.06.2009, 30.07.2009, 14.08.2009, 29.10.2009, 27.11.2009, 17.12.2009, 29.01.2010, 25.02.2010 and 30.03.2010 all at 11A.M. The constitution of the Board during the year ended 31st March 2010 and their attendance at the Board Meetings, last Annual General Meeting and the Directorship/ Chairmanship/Membership of Committee of each Director in other companies are as under:

Sl. No.	Name of Director	Attendance		Category of Directors	Relationship with other directors	No. of Directorship Public Companies		No. of committee Membership/Chairmanship in other Companies	
		Board	Last AGM			Chairman	Members	Chairman	Members
1.	Mr. Jay S. Bardia	11	Yes	Executive, Chairman-cum Managing Director	None	NIL	3	NIL	NIL
2.	Mr. Tilok Chand Bachhawat	6	Yes	Independent Non-Executive	None	NIL	NIL	NIL	NIL
3.	Mr. Tansukh Gulgulia	7	Yes	Independent, Non -Executive	None	NIL	2	NIL	NIL
4.	Mr. Punam Chand Daga	11	Yes	Independent, Non -Executive	None	NIL	2	NIL	NIL

None of the director is a member in more than 10 committees or acts as a Chairman of more than 5 Committees across all companies in which he is a director.

Necessary information as mentioned in Annexure 1A to Clause 49 of the Listing Agreement has been placed before the Board for consideration.

## **IIII KRYPTON INDUSTRIES LIMITED**

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### **b) Board Procedure :**

Scheduling and selection of Agenda Items for Board Meetings:

- i) The Company holds minimum of four Board Meetings in each year, which are pre-scheduled after the end of each quarter. Apart from the four pre-scheduled Board Meetings, additional Board Meetings are convened by giving appropriate notice at any time to address the specific needs of the Company.
- ii) All departments in the Company are encouraged to plan their functions well in advance, particularly with regard to matters requiring discussion / approval in the Board Committee Meetings. All such matters are communicated to the Company Secretary in advance so that the same could be included in the Agenda for the Board Meetings.
- iii) The Board is given presentations covering Finance, the major business segments and operations of the Company, before taking on record the results of the Company for the preceding financial quarter at each of the pre-scheduled Board Meeting.

The Chairman of the Board and the Company Secretary in consultation with the other concerned persons in senior management finalise the agenda papers for the Board Meeting. Directors have access to the Company Secretary's support and all information of the Company and are free to suggest inclusion of any matter in the Agenda.

#### Board Material Distributed in Advance

Agenda Papers are circulated to the Directors, in advance. All material information is incorporated in the Agenda Papers for facilitating meaningful and focused discussions at the Meeting. Where it is not practicable to attach any documents to the Agenda, the same are placed on the table at the Meeting.

#### Recording Minutes of Proceedings at Board/Committee Meetings

The Company Secretary records the minutes of the proceedings of each Board Meeting. Draft Minutes are circulated to all the members of the Board for their comments. The minutes of proceedings of a Meeting are entered in the Minutes Book within 30 days from the conclusion of the Meeting.

#### Compliance

The Company Secretary while preparing the agenda, notes on agenda, minutes etc. of the Meeting(s), is responsible for and is required to ensure adherence to all the applicable provisions of law including the Companies Act, 1956.

### **C Reappointment of Director liable to retire by rotation:**

According to the provisions of the Companies Act, 1956 at every Annual General Meeting of the Company one- third of directors are liable to retire by rotation. Thus, Mr. Punam Chand Daga shall retire at the ensuing Annual General Meeting and is eligible for reappointment.

### **D Directors with materially significant related party transaction, pecuniary or business relationship with the company:**

Except for drawing remuneration and sitting fees, none of the directors have any other materially significant related party transaction, pecuniary or business relationship with the company.

## **//// KRYPTON INDUSTRIES LIMITED**

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### **3. Audit Committee:**

The terms of reference, role and scope are in line with those prescribed by Clause 49 of the Listing Agreement with the Stock Exchange(s). The Company also complies with provisions of section 292A of the Companies Act, 1956 pertaining to Audit Committee and its functioning.

- a) The Audit Committee consists of Mr. Jay Singh Bardia, Managing Director and other three Independent non-executive directors viz., Mr.T.C.Bachhawat (F.C.A), Mr. Tansukh Gulgulia (LL.B) and Mr. Punam Chand Daga. Mr. Punam Chand Daga, an Independent Director, has been designated as the Chairman of the Committee, who is having good knowledge in marketing, finance and accounting. The Committee is mandated to meet at least four times in a year Mr. Sanjay Kumar Garodia, Company Secretary, acts as Secretary to the Committee.
- b) Brief description of the terms of reference to the Audit Committee: -
- I. Overview of Company's Financial Reporting process & disclosure of its Financial Information's to ensure that Financial Statement reflects true and fair position and that sufficient and credible information is disclosed.
  - II. Recommending the appointment, re-appointment of and removal of external auditor, fixation of Audit fees and approval for payment of other services.
  - III. Reviewing with the management, external & internal auditors of the adequacy of Internal Control System.
  - IV. Reviewing the adequacy of Internal audit functions
  - V. To review the unaudited Quarterly/Half yearly and annual financial statements before submissions to the Board, focusing on: -
    - Any changes in accounting policies and practices.
    - Major Accounting entries based on exercise of judgment by management.
    - Qualifications in draft Audit Report.
    - Significant adjustments arising out of audit.
    - The Going Concern assumption.
    - Compliance with Accounting Standards.
    - Compliance with Stock Exchange and Legal Requirements concerning financial statements.
  - VI. Reviewing the company's financial and risk management policies.
- c) Composition of Audit Committee : -

<b>Sl. No.</b>	<b>Name of Member</b>	<b>Category</b>	<b>No. of meetings attended</b>
1)	Mr. Punam Chand Daga	Chairman	5
2)	Mr. Jay Singh Bardia	Member	5
3)	Mr. T.S.Gulgulia	Member	2
4)	Mr. Tilok Chand Bachhawat	Member	5

Five Committee meetings were held viz., on 29.04.2009, 30.07.2009, 14.08.2009, 29.10.2009 and 28.01.2010.

## **IIII KRYPTON INDUSTRIES LIMITED**

### **4. Remuneration Committee :**

The Remuneration Committee of the Board of Directors of the Company was set up by the Board in May 2004, consisting of three independent Directors viz., Sri Punam Chand Daga; Sri Tansukh Gulgulia and Sri T.C.Bachhawat. Sri Punam Chand Daga has been designated as the Chairman of the Committee. The committee determines the Company's policies on remuneration packages payable to Managing Director and also reviews the compensation levels vis-à-vis other companies and the industry in general. All directors were present in the meeting. The Managing Director, Mr. Jay Singh Bardia, receives remuneration, which is based on the recommendation of the board and within the ceilings fixed by the shareholders.

- a) **Remuneration Policy:** The Company decides the remuneration package of Senior Management members by emphasizing the current employment scenario of Remuneration package of the industry.

The company pays remuneration by way of salary, perquisites & allowances, incentives & commission (variable components) to its Managing Directors & Non-Executive Directors etc. Annual Increments, if any, are decided by the Remuneration Committee within the salary schedule as approved by the members and are effecting from 1<sup>st</sup> April 2007 annually

It was unanimously decided by the Directors in the committee meeting held on 31.03.2010 not to take commission during the year.

b) **Remuneration to Executive Director**

Remuneration of the Managing Director for the year-ended 31.03.2010, which was approved by shareholders, is as follows:

Salary	Rs 24, 00,000
Commission	NIL
	Rs. 24, 00,000

c) **Remuneration to Non –Executive Director:**

Remuneration of non-executive Directors for the year ended 31.03.2010 is as follows:-

Name of the Directors	Sitting Fees (Rs.)	Total (Rs)
Mr. Punam Chand Daga	5,500	5,500
Mr. T. C. Bachhawat	3,000	3,000
Mr. Tansukh Gulgulia	3,500	3,500

d) **Details of the Shares of the Company held by directors as on March 31,2010 are as follows:**

Name of the Directors	No. of Shares held
Mr. Punam Chand Daga	NIL
Mr. T. C. Bachhawat	6,300
Mr. Tansukh Gulgulia	1,200
Mr. Jay Singh Bardia	11,500

## **IIII KRYPTON INDUSTRIES LIMITED**

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### **5. Shareholders / Investors Grievance Committee :**

The Shareholders/Investors Grievance Committee reviews & redresses the investor / queries / grievances/complaints on the matter relating to the transfer of shares, non receipt of Annual Reports, Non receipt of dividend declared etc & also approves, transfers, transmission, consideration & splitting of such certificates. The company adopts a policy of disposing of investor's complaint within a span of 15 days.

I. The Share Transfer Committee was re-constituted as Shareholders/Investors Grievance Committee on 15.07.2003 in compliance with the Clause 49 of the Listing Agreement with the Stock Exchange. The Shareholders/ Investors/ Grievance Committee met on 24 different occasions during the year under consideration. The meetings are held on 10<sup>th</sup> and 25<sup>th</sup> of every calendar month and if there is a public holiday on that date then on the immediately next working date.

II. The Composition of an meetings attended by the members are as under:

Name of the Directors	No. of Meeting attended
Mr.Tansukh Gulgulia Chairman Of the Committee	24
Mr.Punam Chand Daga	24

Mr. Sanjay Kumar Garodia Company secretary of the Company, is acting as compliance officer of the committee.

### **III. Investors Grievance Redressal:**

No. of Complaints received during the financial year 2009-2010 :- 4  
No. of Complaints redressed during the financial year 2009-2010 :- 4  
No. of Complaints pending at the end of the financial year 2009-2010 :- NIL

### **IV. Break up of Investors Grievances received during the period:**

Dividend related complaints : 2  
Share Certificate : 1  
Annual Report : 1  
Total : 4

### **v Name, designation and address of Compliance Officer :**

Mr. Sanjay Kr.Garodia  
Company Secretary  
Krypton Industries Ltd.  
410, Vardaan Building  
25A, Camac Street  
Kolkata-700016  
Tel : 033-2287-1366/1367  
Fax : 033 2287 1084  
E-mail : krypton @vsnl.com

The request for transfer/dematerialisation of shares was carried out within the stipulated time period as per regulation of SEBI.

## **//// KRYPTON INDUSTRIES LIMITED**

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### **6 General Body Meeting**

#### **A. General Meetings:**

Details of Place and Time of last three Annual General Meeting were given below:

<b>YEAR</b>	<b>DATE</b>	<b>VENUE</b>	<b>TIME</b>
2006-2007	29.09.2007	Works – 2, P.O & Village Banganagar, Diamond Harbour Road, 24-Parganas(s) West Bengal - 743513	11.30 A.M.
2007-2008	24.10.2008	Works – 2, P.O & Village Banganagar, Diamond Harbour Road,24-Parganas(s) West Bengal - 743513	11. A.M.
2008-2009	30.09.2009	Works – 2, P.O & Village Banganagar, Diamond Harbour Road,24-Parganas(s) West Bengal – 743513	11. A.M.

**B. Postal Ballot:** No Postal Ballot was conducted during the year.

### **7. Disclosures**

#### **A) Related party transactions:**

The Related Party transactions in ordinary course of business have been disclosed in this Note 10 of Schedule 15 (Notes to Accounts). Company has not entered into any transaction of material nature with the promoters, directors, management, subsidiaries or relatives, etc that may have potential conflict with the interests of the company at large.

#### **B) Compliances by the Company:**

During the last 3 years no penalties or strictures have being imposed on the company by the Stock Exchanges, SEBI or any other statutory authority on any matter related to Capital Markets.

#### **C) Secretarial audit:**

Mr. Hari Ram Agarwal, partner of M/s H.R.Agarwal & Associates, a Practicing Chartered Accountant, carried out a Secretarial Audit in accordance with SEBI circular D & CC /FITTC/ CIR –16/2002 Dated 31.12.2002 during the year on quarterly basis to reconcile the total admitted capital with National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Limited (CSDL) and the total issued and listed capital. Any difference in aggregate is reported in quarterly reports. Moreover, number of requests confirmed after 21 days and / or number of requests pending beyond 21 days during /at the end of each quarter by / with RTA is reflected in the report along with reasons for delay, if any.

### **8. Means of Communication:**

- i) The company regularly intimates un-audited quarterly financial results to the stock exchanges immediately after these on record by the Board. These Financial results are normally published in The Economics Times / Business Standard and Kalantar. The results are not sent individually to the shareholders.
- ii) Management Discussion and Analysis Report forms part of the Report of Directors.

## **//// KRYPTON INDUSTRIES LIMITED**

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### **9. General Shareholder Information**

- a) Annual General Meeting:
- |       |   |   |
|-------|---|---|
| Date  | : | 29 <sup>th</sup> September, 2010  |
| Time  | : | 11.30 A.M.  |
| Venue | : | Falta Special Economic Zone,<br>Sector 1, Plot No. 31 & 32,<br>P S Diamond Harbour,<br>24 Parganas,<br>Pin 743504 |
- b) Financial Calendar : -
- |  |   |   |
|--|---|---|
| i) Audited Results Announced             | : | 16.08.2010                                      |
| ii) Posting of Annual Report             | : | On or before 02/09/2010                         |
| iii) Last date of Receipt of Proxy Forms | : | 27 <sup>th</sup> September, 2010 (within 11A.M) |
- c) Date of Book Closure
- |   |   |  |
|---|---|--|
| : | : | 22 <sup>nd</sup> September to 29 <sup>th</sup> September, 2010 |
|---|---|--|
- d) Listing on Stock Exchanges
- |   |   |   |
|---|---|---|
| : | : | Bombay Stock Exchange<br>Calcutta Stock Exchange<br>Delhi Stock Exchange<br>Jaipur Stock Exchange |
|---|---|---|

The company confirms that it has paid annual listing fees due Bombay Stock Exchange and Calcutta Stock Exchange for the year 2009-2010.

- e) Stock Code / Symbols
- 1) Stock Exchange Codes
- |   |   |                 |
|---|---|-----------------|
| i) Bombay Stock Exchange, Mumbai                | : | Krypton \523550 |
| ii) The Calcutta Stock Exchange Association Ltd | : | Physical K-025  |
| iii) Jaipur Stock Exchange                      | : | Physical –1836  |
| iv) Delhi Stock Exchange                        | : | NOT AVAILABLE   |
- 2) ISIN No.
- |   |   |               |
|---|---|---------------|
| : | : | INE 951B01014 |
|---|---|---------------|
- f) Registrar & Transfer Agents
- |   |   |  |
|---|---|--|
| : | : | <b>Maheshwari Datamatics Pvt. Ltd</b><br>6, Mangoe Lane, 2 <sup>nd</sup> Floor,<br>Kolkata –700 001.<br>E-Mail : mdp@cal.vsnl.net.in<br>Phone : 033 2243 5809/5029<br>Fax : 033 22484787 |
|---|---|--|

However, keeping in view the convenience of shareholders, documents relating to shares continue to be received by the company as well as at the Registrar's Office.



## **IIII KRYPTON INDUSTRIES LIMITED**

g) Share Transfer Systems:

The physical shares received by the company for transfer are sent immediately to the Registrar and Share Transfer Agent of the company. The Registrar on receipt of share for transfer verifies the same and sends them to the Compliance Officer for necessary action on bi-monthly basis. The shares received for transfer are approved at Share transfer Committee Meetings which are generally held twice in a month. In case of transfer in Physical mode an option letter of simultaneous dematerialisation of shares is sent to the transferees immediately. If no reply is received in 30 days the share certificate duly endorsed are returned immediately to the shareholders. If dematerialisation confirmation is received then the shares are sent immediately to NSDL/CSDL for transfer in the Shareholders DP account. The Transfer of shares in the electronic mode is handled by the Registrar & Share Transfer agent.

h) Dematerialisation of shares:

The shares of the company are in compulsory demat segment and are available for trading in the depository system of both the National Securities Depository Limited & Central Depository Services (India) Limited. As on 31<sup>st</sup> March, 2009, equity shares of the company forming 58.6239% of the share capital of the Company stand Dematerialized.

i) Stock Market Data: -

Monthly high and low quotations of shares traded at Mumbai Stock Exchange (BSE) and performance in relation to BSE Sensex from April 2009 to March 2010 are as under:

Months	Krypton at BSE		BSE SENSEX	
	High (Rs)	Low (Rs)	High	Low
April, 2009	23.50	13.65	11,430.25	9,546.29
May, 2009	23.90	19.25	14,930.54	11,621.30
June, 2009	27.00	21.15	15,600.30	14,016.95
July, 2009	25.70	18.25	15,463.09	13,219.99
August, 2009	34.10	24.05	16,002.46	14,684.45
September, 2009	31.65	27.00	17,142.52	15,356.72
October, 2009	31.50	26.25	17,493.17	16,144.17
November, 2009	31.30	26.65	17,290.48	15,330.56
December, 2009	29.90	27.10	17,486.05	16,633.81
January, 2010	34.00	27.00	17,790.33	15,982.08
February, 2010	30.00	24.35	16,669.25	15,651.99
March, 2010	34.85	24.05	17,793.01	16,438.45

## **//// KRYPTON INDUSTRIES LIMITED**

j) Distribution of Shareholding:

i) Categorywise shareholding pattern as on 31.03.2010 was as under:

CATEGORY	NO.OF SHARES HELD	PERCENTAGE OF SHAREHOLDING
<b>PROMOTER'S HOLDING</b>		
FOREIGN PROMOTERS	324000	7.5342
INDIAN PROMOTERS*	269606	6.2693
<b>NON-PROMOTERS HOLDING</b>		
BANKS, FINANCIAL INSTITUTIONS, INSURANCE COMPANIES (CENTRAL/STATE GOVT. INSTITUTIONS/NON-GOVT. INSTITUTIONS)	200	0.0047
MUTUAL FUNDS/UTI	7000	0.1628
OTHERS		
PRIVATE CORPORATE BODIES	547764	12.7375
INDIAN PUBLIC	2249668	52.313
NRIs/OCBs	902162	20.9786
<b>TOTAL</b>	<b>43,00,400</b>	<b>100.00</b>

\*Including NRI Promoters holding 3,24,000 shares is on 31.03.2010

(ii) Distribution Schedule as on 31/03/2010

Notional Value of (Rs.)	Holders	% age	Amount (Rs.)	% age
Upto 5000	7669	93.9598	9248270	21.5056
5,001 to 10,000	226	2.7689	1914990	4.4531
10,001 to 20,000	103	1.2619	1629900	3.7901
20,001 to 30,000	43	.5268	1067160	2.4815
30,001 to 40,000	20	.2450	719420	1.6729
40,001 to 50,000	14	.1715	656040	1.5255
50,001 to 1,00,000	25	.3063	1873790	4.3572
1,00,001 and Above	62	.7596	25894430	60.2140
<b>Grand Total :</b>	<b>8162</b>	<b>100.0000</b>	<b>43004000</b>	<b>100.0000</b>

## **IIII KRYPTON INDUSTRIES LIMITED**

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- k) Outstanding GDRs /ADRs/warrants or any Convertible Instruments, conversion date and likely impact on equity. Your Company has not issued any such warrants as on date.
- l) Plant Location:             DIVISION -I (Tyre Division)                                     DIVISION –II (Footwear Division)  
  FALTA SPECIAL ECONOMIC ZONE                     BANGANAGAR,  
  Sector-1, Plot No. 31 & 32                     DIAMOND HARBOUR ROAD  
  Falta, 24-Parganas(S)                     Falta, 24 Parganas(S)  
  Pin - 743 504, West Bengal                     Pin - 743513, west Bengal
- m) Address for Correspondence :     M/s Krypton Industries Ltd  
  410, Vardaan Building, 25A, Camac Street,  
  4<sup>th</sup> Floor, Kolkata-700016  
  E-Mail: Krypton @vsnl.com  
  Ph: 033 22871366/ 1367, Fax – 033 22871084

### **Compliance with the Non Mandatory Requirements**

#### **i) The Board**

Since the Chairman is holding executive position, he is entitled to re-imburement of expenses incurred in performance of his duties.

#### **ii) Remuneration Committee**

Discussed in Point No.4 of the Report on Corporate Governance

#### **iii) Shareholders Rights**

The Company's results are available on website [www.sebiedifar.nic.in](http://www.sebiedifar.nic.in). A half yearly declaration of financial performance including summary of the significant events is presently not being sent to each household of the shareholders. However the Company's half yearly results are published in English Newspaper (having a wide circulation) and in Bengali newspaper.

#### **iv) Audit qualifications**

During the period under review, there is no audit qualification on company's financial statements.

#### **v) Training of the Board Members**

Presently, Company doesn't have any training programme.

#### **vi) Mechanism for evaluating non-executive Board Members**

Presently, company doesn't have such mechanism as contemplated for evaluating the performance of non-executive Board Members

#### **vii) Whistle Blower Policy**

Presently, the company doesn't have any Whistle Blower Policy.

## **//// KRYPTON INDUSTRIES LIMITED**

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### **CEO / CFO CERTIFICATION** (Pursuant to Clause 49 of Listing Agreement)

The Board of Directors  
KRYPTON INDUSTRIES LIMITED

Pursuant to Clause 49 of the Listing agreement, this is to certify that:

1. We have reviewed financial statements and the Cash Flow Statement for the year ended 31<sup>st</sup> March 2010, and to the best of our knowledge and belief;
  - a) These statements do not contain any materially untrue statement or omit any material fact or contain statements might be misleading;
  - b) These statements together present a true and fair view of the Company's affair and are in compliance with existing accounting standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transaction entered into by the Company during the years, which are fraudulent, illegal or violative of the Company's code of conduct.
3. We accept responsibilities for establishing and maintaining internal control for financial reporting. We have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and have disclosed to the Auditors and Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps taken or proposed to be taken for rectifying these deficiencies.
4. We have indicated to the Auditors and Audit Committee
  - a) Significant changes in internal control over financial reporting during the year.
  - b) Significant changes in accounting policies made during the year and that the same have been disclosed in the notes to the financial statements; and
  - c) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management, or an employee having a significant role in the company's internal control system over financial reporting.

For Krypton Industries Limited

Place: Kolkata  
Date: 16-08-2010

Panna Lal Bardia  
(Chief Executive)

Jay Singh Bardia  
(Managing Director)

## **//// KRYPTON INDUSTRIES LIMITED**

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### **Declaration on Compliance of the Company's Code of Conduct**

As provided under clause 49 of the Listing Agreement with the Stock Exchange, all Board members and Senior Management Personnel have affirmed compliance with code of conduct as applicable to them for the year ended 31st March, 2010.

For **Krypton Industries Limited**

Jay Singh Bardia  
Managing Director

Date : 16.08.2010

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### **AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE**

To the Members of  
**Krypton Industries Limited,**

We have examined the compliance of the conditions of Corporate Governance by **Krypton Industries Limited**, for the year ended on 31 st March, 2010, as stipulated in Clause 49 of the Listing Agreement of the said Company with the stock exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination has been limited to a review of procedures and implementation thereof adopted by the company for ensuring compliance with the conditions of Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in clause 49 of the above mentioned Listing Agreement.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **JAGDISH AGARWAL & ASSOCIATES**  
CHARTERED ACCOUNTANTS  
FIRM REGISTRATION NO. 320253E

**J. P. AGARWAL**  
PARTNER

Place: Kolkata

Dated: 16th Day of August, 2010

Membership No. 055436

# **IIII KRYPTON INDUSTRIES LIMITED**

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## **AUDITOR'S REPORT**

1. We have audited the attached Balance Sheet of **KRYPTON INDUSTRIES LIMITED**, as at 31<sup>st</sup> March, 2010 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by Companies (Auditor's reports) (Amendment) Order, 2004 (together the 'Order') issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that :
  - i) We have obtained all the information and explanations which, to the best of our knowledge and belief were necessary for the purpose of our audit ;
  - ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of Account,
  - iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
  - v) On the basis of written representations received from the directors as on 31<sup>st</sup> March, 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
  - vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view, in conformity with the accounting principles generally accepted in India;
    - a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2010;
    - b) in the case of the Profit and Loss Account, of the Profit of the Company for the year ended on that date; and
    - c) in the case of Cash Flow Statement, of the Cash Flows for the year ended on that date.

**For JAGDISH AGARWAL & ASSOCIATES**  
**CHARTERED ACCOUNTANTS**  
(Firm Registration No 320253E)

Place: Kolkata.  
Dated: The 16<sup>th</sup> Day of August, 2010

**J. P. AGARWAL**  
**PARTNER**  
Membership No.055436

## **//// KRYPTON INDUSTRIES LIMITED**

### **ANNEXURE TO THE AUDITORS' REPORT**

Annexure referred to in paragraph '3' of our Report of even date on the accounts of **KRYPTON INDUSTRIES LIMITED** as at and for the year ended 31<sup>st</sup> March, 2010.

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) As per Company's policy, verification of fixed assets is being conducted in a phased programme by the management designed to cover all assets over a period of five years, which in our opinion is reasonable having regard to the size of the Company and the nature of assets. The verification of assets due as per this programme has been carried out. The discrepancies noticed on such verification were not material and have been properly dealt with in the books of account.
- (c) The Company has not disposed off a substantial part of its fixed assets during the year and the going concern assumption of the company is not affected.
- (ii) (a) During the year, the inventories have been physically verified by the management. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of the record of inventories, we are of the opinion that, the Company is maintaining proper records of inventories. The discrepancies noticed on physical verification of inventories as compared to book records were not material and have been properly dealt with in the books of account.
- (iii) (a) The Company has granted unsecured loan to its subsidiary company covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs.7776.36 (in'000) and the year ended balance of loan granted to such party was Rs.7776.36 (in'000).
- (b) In our opinion the rate of interest and other terms & conditions on which loan has been taken from the party listed in the register maintained under section 301 of the Companies Act, 1956 are not prima facie, prejudicial of the interest of the Company.
- (c) The receipt of principal amounts and interest during the year has been regular/as per stipulation.
- (d) The Company had taken unsecured loan from subsidiary company covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs.124.94 (in'000) and the year ended balance of loan taken/interest from such party was Rs.124.94 (in' 000).
- (e) In our opinion the rate of interest and other terms & conditions on which loan has been taken from the party listed in the register maintained under section 301 of the Companies Act, 1956 are not prima facie, prejudicial of the interest of the Company.
- (f) The payment of principal amounts and interest in respect of such loans during the year has been regular/as per stipulation.
- (iv) According to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventories, fixed assets and with regard to the sale of goods & services. During the course of our audit, no major weakness has been noticed in the underlying internal controls.

## **IIII KRYPTON INDUSTRIES LIMITED**

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- (v) (a) Based on the Audit Procedure applied by us and according to information and explanations given to us, the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section.
  - (b) In our opinion and according to information and explanation given to us , the transactions made in pursuance of such contracts have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposit within the meaning of section 58A, 58AA or any other relevant provisions of the Act and the rules framed thereunder.
- (vii) That Company has an internal audit system, which in our opinion, is commensurate with its size and nature of its business.
- (viii) To the best of our knowledge and the information given to us, the Central Government of India has not prescribed the maintenance of Cost records by the Company under Section 209(1)(d) of the Companies Act, 1956 for any of its products.
- (ix) (a) As explained to us, the statutory dues payable by the Company comprises of provident fund, employees' state insurance, income tax, sales tax, custom duty, excise duty, cess and etc. According to the records of the Company and information and explanations given to us, the Company has been regularly depositing the aforesaid undisputed statutory dues with the appropriate authorities. There are no undisputed statutory dues as referred to above as at 31<sup>st</sup> March, 2010 outstanding for a period of more than six months from the date they become payable.
  - (b) According to the records of the Company and information and explanations given to us, there are dues of income – tax aggregating Rs.32,49,186/-, which have not been deposited on account disputes, the details of which are set out in note No. 16(6).
- (x) The Company has no accumulated losses and has not incurred any cash losses during the financial year covered by our audit or in the immediately preceding financial year.
- (xi) Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that, the Company has not defaulted in repayment of dues to banks. The Company has not taken loans from financial institutions and has not issued debentures.
- (xii) As Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities, paragraph 4(xii) of the Order is not applicable.
- (xiii) As the Company is not a chit fund / nidhi / mutual benefit funds / society. Therefore, the provisions of paragraph 4(xiii) of the Order are not applicable to the Company.
- (xiv) As the Company is not dealing or trading in shares, securities, debentures and other investments, paragraph 4(xiv) of the Order is not applicable.
- (xv) In respect of guarantees given by the Company for loans taken by its subsidiaries from banks, the terms and conditions are prima facie not prejudicial to the interest of the Company.
- (xvi) In our opinion, the Term Loan, have been applied for the purpose for which they were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that the no funds raised on short – terms basis have been used for long – term investment except permanent working capital.



## **IIII KRYPTON INDUSTRIES LIMITED**

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- (xviii) As the Company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act, paragraph 4(xviii) of the Order is not applicable.
- (xix) As the Company has not issued any debentures, paragraph 4(xix) of the Order is not applicable.
- (xx) During the year, since the Company has not raised money by way of public issue, paragraph 4(xx) of the Order is not applicable.
- (xxi) Based upon the audit procedures performed and information and explanations given by the management, we report that, no fraud on or by the Company has been noticed or reported during the course of our audit for the year ended 31<sup>st</sup> March, 2010.

For JAGDISH AGARWAL & ASSOCIATES  
**CHARTERED ACCOUNTANTS**  
(Firm Registration No. 320253E)

Place: Kolkata.  
Dated: The 16th Day of August, 2010

**J. P. AGARWAL**  
**PARTNER**  
Membership No. 055436

## **//// KRYPTON INDUSTRIES LIMITED**

<b>BALANCE SHEET AS AT 31ST MARCH, 2010</b>		(Rupees in '000)	
	Schedule	As at 31st March, 2010	As at 31st March, 2009
<b>SOURCES OF FUNDS</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share Capital	1	43004.00	43004.00
Reserves and Surplus	2	66296.46	57714.34
<b>LOAN FUNDS</b>			
Secured Loans	3	59841.11	64978.43
Unsecured Loans		<u>61413.98</u>	<u>36529.74</u>
		121255.09	101508.17
<b>DEFERRED TAX LIABILITIES</b>	16(3)	2549.55	3451.02
		<u>233105.10</u>	<u>205677.53</u>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>			
Gross Block	4	146240.46	140366.11
Less : Depreciation		<u>73355.83</u>	<u>68048.52</u>
Net Block		72884.63	72317.59
<b>INVESTMENTS</b>	5	40160.71	35018.37
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>			
Inventories	6	45643.57	38648.79
Sundry Debtors	7	66765.31	53217.77
Cash and Bank Balances	8	7517.51	6501.93
Loans and Advances	9	47016.52	45601.16
		<u>166942.91</u>	<u>143969.65</u>
Less : <b>Current Liabilities &amp; Provisions</b>			
Current Liabilities	10	46859.81	45557.78
Provision	11	<u>23.34</u>	<u>70.30</u>
<b>NET CURRENT ASSETS</b>		120059.76	98341.57
		<u>233105.10</u>	<u>205677.53</u>
<b>Notes to the Financial Statements</b>	16		

The Schedules referred to above form an integral part of the Balance Sheet.

**In terms of our attached report of even date**  
For JAGDISH AGARWAL & ASSOCIATES  
CHARTERED ACCOUNTANTS  
(Firm Registration NO.320253E)

Place : Kolkata  
Dated : The 16th Day of August, 2010

**J. P. AGARWAL**  
PARTNER  
Membership No.055436

## **//// KRYPTON INDUSTRIES LIMITED**

(Rupees in '000)

### **PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010**

	<u>Schedule</u>	<u>As at 31st March, 2010</u>	<u>As at 31st March, 2009</u>	
<b><u>INCOME</u></b>				
Sales	12	<b>235904.83</b>		170283.18
Other Income	13	<b>5040.63</b>		3976.46
		<b><u>240945.46</u></b>		<b><u>174259.64</u></b>
<b><u>EXPENDITURE</u></b>				
(Increase)/ Decrease in the Stock of				
Finished Goods				
Opening Stock		<b>17800.76</b>	23407.59	
Less : Closing Stock		<b><u>13072.31</u></b>	<u>17800.76</u>	5606.83
Work in Progress				
Opening Stock		<b>4388.94</b>	532.39	
Less : Closing Stock		<b><u>4757.63</u></b>	<u>4388.94</u>	(3856.55)
Trading Goods				
Opening Stock		<b>332.91</b>	344.16	
Less : Closing Stock		<b><u>371.23</u></b>	<u>332.91</u>	11.25
Upper (Produced Raw Materials)				
Opening Stock		-	-	
Less : Closing Stock		<b><u>4145.85</u></b>	-	-
Excise Duty & Cess on Stock		<b>28.41</b>		(105.96)
Loss on sale of Fixed Assets		-		77.17
Purchase of Trading Goods		<b>3447.88</b>		291.52
Raw Materials Consumed	14	<b>128887.72</b>		96040.40
Cost of Raw Material Sold		<b>4662.70</b>		121.58
Cost of Consumable sold		<b>37.10</b>		22.05
Manufacturing, Selling and Administrative Expenses	15	<b>72843.66</b>		52527.07
Interest		<b>12443.01</b>		10079.33
Depreciation		<b>6668.63</b>		9112.64
Right Share Issue Expenses		<b>419.18</b>		-
		<b><u>229613.88</u></b>		<b><u>169927.33</u></b>

## //// KRYPTON INDUSTRIES LIMITED

(Rupees in '000)

<u>Schedule</u>	<u>As at 31st March, 2010</u>	<u>As at 31st March, 2009</u>
<b>PROFIT BEFORE TAX</b>	<b>11331.58</b>	4332.31
Provision for Current Tax	<b>3150.05</b>	1422.00
Provision for Fringe Benefit Tax	-	218.67
Provision for Deferred Tax 16(3)	<b>(901.47)</b>	(89.79)
Interest / Income-tax/ FBT Paid for earlier year	<b>500.88</b>	1333.92
	<b>2749.46</b>	2884.80
<b>PROFIT AFTER TAX</b>	<b>8582.12</b>	1447.51
Balance brought forward from Previous year	<b>50935.83</b>	49560.70
<b>PROFIT AVAILABLE FOR APPROPRIATION</b>	<b>59517.95</b>	51008.21
<b>APPROPRIATIONS TO :</b>		
General Reserve	<b>429.00</b>	72.38
Balance Carried Forward to Balance Sheet	<b>59088.95</b>	50935.83
	<b>59517.95</b>	51008.21
<b>Earning Per Share (Face Value Rs.10.00 each) (Basic and diluted) (Rs.)</b> 16(7)	<b>2.00</b>	0.34

**Notes to the Financial Statements** 16

The Schedules referred to above form an integral part of the Profit & Loss Account

**In terms of our attached report of even date**  
For JAGDISH AGARWAL & ASSOCIATES  
CHARTERED ACCOUNTANTS  
(Firm Registration NO.320253E)

Place : Kolkata  
Dated : The 16th Day of August, 2010

**J. P. AGARWAL**  
PARTNER  
Membership No.055436

## IIII KRYPTON INDUSTRIES LIMITED

### CASH FLOW FOR THE YEAR ENDED 31ST MARCH, 2010 (Rupees in '000)

	For the year 31st March, 2010	For the year 31st March, 2009
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Net Profit before Tax	11331.58	4332.31
Adjustment for :		
Loss/(Profit) on Sale of Fixed Assets	(37.36)	77.17
Depreciation	6668.63	9112.64
Interest Expenses	12443.01	10079.33
Interest Income	(2477.74)	(2473.58)
<b>Operating Profit before Working Capital changes</b>	<u>16596.54</u>	<u>16795.56</u>
Adjustment for :		
Trade and other Receivables	(13956.61)	(1569.63)
Inventories	(6994.78)	3798.82
Trade and Other Payables	1302.44	(1699.63)
<b>Cash generated from Operations</b>	<u>8279.17</u>	<u>21657.43</u>
Income Tax ,Dividend Tax and F.B.T. paid	(3697.89)	(4365.31)
<b>Net Cash from Operating activities</b>	<u>4581.28</u>	<u>17292.12</u>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Purchase of Fixed Assets	(7838.68)	(9141.67)
Sale of Fixed Assets	640.37	232.48
Investment in Equity and others	(5142.34)	(3050.83)
Interest Received	3875.18	2667.75
<b>Net Cash used in Investing activity</b>	<u>(8465.47)</u>	<u>(9292.27)</u>
<b>C. CASH FLOW FROM FINANCIAL ACTIVITIES :</b>		
Proceeds from short term borrowing	29673.46	14114.77
Dividend Payout	(0.41)	(34.18)
(Repayments)/ Proceeds from long term borrowing	(10729.75)	(6717.59)
Interest paid	(11639.80)	(9969.25)
Loan to Others	(2403.73)	(8542.20)
<b>Net Cash (used in) / from Financial activities</b>	<u>4899.77</u>	<u>(11148.45)</u>
<b>Net (Decrease) / in Cash and Cash equivalents</b>	<u>1015.58</u>	<u>(3148.60)</u>
Cash and Cash equivalents as at beginning of the year	6501.93	9650.53
Cash and Cash equivalents as at end of the year	7517.51	6501.93
	<u>1015.58</u>	<u>(3148.60)</u>

**In terms of our attached report of even date**  
For JAGDISH AGARWAL & ASSOCIATES  
CHARTERED ACCOUNTANTS  
(Firm Registration NO.320253E)

Place : Kolkata  
Dated : The 16th Day of August,2010

**J. P. AGARWAL**  
PARTNER  
Membership No.055436

# IIII KRYPTON INDUSTRIES LIMITED

(Rupees in '000)

## SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010

	As at 31st March, 2010	As at 31st March, 2009
<b>1. SHARE CAPITAL</b>		
<b>AUTHORISED</b>		
1,50,00,000 Equity Shares of Rs. 10/- each (Previous Year 1,50,00,000 Equity Shares of Rs. 10/- each)	150000.00 <u>150000.00</u>	150000.00 <u>150000.00</u>
<b>ISSUED, SUBSCRIBED AND PAID- UP</b>		
43,00,400 Equity Shares of Rs. 10/- each fully paid up. The above shares include 3,24,000 Equity Shares of Rs. 10/- each which have been allotted as fully paid-up shares pursuant to a contract without payment being received in Cash.	43004.00 <u>43004.00</u>	43004.00 <u>43004.00</u>
<b>2. RESERVES AND SURPLUS</b>		
<b>CAPITAL RESERVE</b>		
From West Bengal Government under Capital Subsidy Incentive Scheme	1500.00	1500.00
<b>GENERAL RESERVE</b>		
As per Last Balance Sheet	5278.51	5206.13
Add : Transferred from Profit & Loss Account	<u>429.00</u> 5707.51	<u>72.38</u> 5278.51
<b>Profit &amp; Loss Account</b>	<u>59088.95</u> <u>66296.46</u>	<u>50935.83</u> <u>57714.34</u>
<b>3. LOAN FUNDS</b>		
<b>SECURED LOANS</b>		
Term Loan from Bank of Baroda* (Including interest accrued Rs.Nil) (Previous Year Rs.Nil)	18481.84	29211.59
Other Loans (Short Term) * From Bank of Baroda on Cash/Packing Credit Account	<u>39792.14</u>	35596.18
Car Loan**	1567.13	170.66
<b>UNSECURED LOANS</b>		
From Bodies Corporate (Including interest accrued Rs. 9,13,293/-, P. Y. Rs.1,10,077/-) (Invlude Rs. 1,24,938/- from Subsidiary P. Y. Rs. 1,10,077/-)	<u>61413.98</u>	36529.74
	<u>121255.09</u>	<u>101508.17</u>

\* The Cash/Packing Credit /Term Loan/ PSD Loan from Bank of Baroda were Secured by hypothecation of both present & future Stocks of Raw Materials, Work-in-Progress Finished Goods, hypothecation of D.P. Note, Book Debts, Equitable mortgage of Land & Building/Factory Shed and hypothecation of Plant & Machinery of the Company lying in and/or stored and/or installed at any place in India or abroad. These loans were further secured by the personal guarantees of Mr. J. S. Bardia, the Managing Director of the Company alongwith the personal guarantee of Mr. T. S. Gulgulia and Mr. P. C. Daga, Directors of the Company.

\*\* Car has been hypothecated with HDFC Bank

## IIII KRYPTON INDUSTRIES LIMITED

### SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT & FOR THE YEAR ENDED 31ST MARCH, 2010

#### 4. FIXED ASSETS

(Rupees in '000)

DESCRIPTION	GROSS BLOCK (AT COST)			DEPRECIATION				NET BLOCK		
	As at 01.04.2009	Additions	Disposal	As at 31.03.2010	Upto 31.03.2009	For the Year	Adjusted on disposal	Upto 31.03.2010	As at 31.03.2010	As at 31.03.2009
LAND	3677.51	-	-	3677.51	-	-	-	-	3677.51	3677.51
BUILDINGS	32508.16	844.81	-	33352.97	8561.97	1092.14	-	9654.11	23698.86	23946.19
PLANT AND MACHINERY	86949.20	3512.12	160.00	90301.32	49605.62	4462.67	8.81	54059.48	36241.84	37343.58
ELECTRIC INSTALLATION	5129.50	152.66	-	5282.16	1998.10	323.78	-	2321.88	2960.28	3131.40
OFFICE EQUIPMENTS	3587.01	339.42	-	3926.43	2588.68	321.29	-	2909.97	1016.46	998.33
VEHICLES	3756.33	2403.84	1804.33	4355.84	2341.95	328.80	1352.51	1318.24	3037.60	1414.38
FURNITURE, FIXTURES AND FITTINGS	4758.40	585.83	-	5344.23	2952.20	139.95	-	3092.15	2252.08	1806.20
<b>TOTAL</b>	<b>140366.11</b>	<b>7838.68</b>	<b>1964.33</b>	<b>146240.46</b>	<b>68048.52</b>	<b>6668.63</b>	<b>1361.32</b>	<b>73355.83</b>	<b>72884.63</b>	<b>72317.59</b>
<b>Previous Year's Figures</b>	123326.14	17562.15	522.18	140366.11	59148.41	9112.64	212.53	68048.52	72317.59	

	<b>As at 31st March, 2010</b>	<b>As at 31st March, 2009</b>
<b>5. INVESTMENTS (Long Term)</b>		
Trade (Unquoted) :		
Eco Wheels Private Limited. In subsidiary Company 8,27,100 Equity Shares of Rs.10/- each fully paid up. (Previous Year 8,27,100 Equity Share of Rs. 10/- each fully paid up.)	<b>8271.00</b>	8271.00
Barons Polymer Private Limited 1,00,000 Equity Shares of Rs. 10/- each fully paid-up. (Previous Year 1,00,000 Equity Shares of Rs. 10/- each fully paid-up)	<b>1000.00</b>	1000.00
Krypton Developers Ltd. In subsidiary Company 49,400 Equity Shares of Rs. 10/- each fully paid-up (Previous Year 49,400 Equity Share of Rs. 10/- each fully paid up.)	<b>494.00</b>	494.00
Krypton Tyres Ltd. 20,000 Equity Shares of Rs. 10/- each fully paid-up (Previous Year 20,000 Equity Share of Rs. 10/- each fully paid up.)	<b>200.00</b>	200.00
Karma Health Care Ltd. 2,62,500 Equity Shares of Rs. 10/- each fully paid-up (Previous Year 70,000 Equity Share of Rs. 10/- each fully paid up.)	<b>2625.00</b>	700.00
I Care International Private Limited. 10,800 Equity Shares of Rs. 10/- each fully paid-up (Previous Year Nil Equity Share)	<b>108.00</b>	-
Krypton Industries(Suzhou) Co. Ltd. (Capital Investment in 100% Subsidiary Company)	<b>12698.00</b>	-
UnTrade Investment in Gold Coins	<b>27239.38</b>	24353.37
	<b>223.33</b>	-
	<b>40160.71</b>	<b>35018.37</b>

## **IIII KRYPTON INDUSTRIES LIMITED**

### SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT & FOR THE YEAR ENDED 31ST MARCH, 2010

(Rupees in '000)

	As at <u>31st March, 2010</u>	As at <u>31st March, 2009</u>
<b>6. INVENTORIES</b>		
(As taken, valued and certified by the Management)		
Raw Materials & Components (At cost)	20265.62	12928.28
Stores, Spare Parts and Packing Materials (At cost)	3030.93	3197.90
Finished Goods (At cost or estimated realisable value, whichever is lower)	13072.31	17800.76
Work in Progress	4757.63	4388.94
Trading Goods (At cost or estimated realisable value, whichever is lower)	371.23	332.91
Upper (Produced Raw Material) (At Cost)	4145.85	-
	<b>45643.57</b>	<b>38648.79</b>
<b>7. SUNDRY DEBTORS</b>		
<b>(Unsecured - considered good)</b>		
Outstanding for a period exceeding six months	15133.16	10639.73
Other Debts	51632.15	42578.04
(Including Rs.64,34,722/- receivable from Subsidiary) (Previous year Rs.42,44,025/-)	<b>66765.31</b>	<b>53217.77</b>
<b>8. CASH AND BANK BALANCES</b>		
Cash - in - hand (As Certified by the Management)	682.42	240.92
Balance with Scheduled Bank on :		
EEFC Account	53.40	27.78
Current Accounts	4524.19	4467.83
Margin Money Account (Import)	704.33	421.00
Fixed Deposit Account *	1553.17	1344.40
	<b>6835.09</b>	<b>6261.01</b>
* (Deposit receipt endorsed in Favour of Banks as Security against Guarantees given)	<b>7517.51</b>	<b>6501.93</b>
<b>9. LOANS AND ADVANCES</b>		
<b>(Unsecured - considered good)</b>		
Loan to Others		
(including accrued interest Rs.8,59,029/-) (Previous year Rs. 18,10,197/-)	21629.84	20177.28
Loan to Subsidiary (Krypton Industries {Suzhou} Co. Ltd.	7776.36	7776.36
Advances (Recoverable in cash or in kind or for value to be received or pending adjustments) (Including Rs Rs.52,117/- to Subsidiary Company, Previous year Rs.10,000/-)	5224.03	7140.47
Interest Accrued on Deposits	-	446.27
Deposits	362.90	171.57
Income-Tax	2175.44	2175.44
Duties & Taxes	9847.95	7713.77
	<b>47016.52</b>	<b>45601.16</b>
<b>10. CURRENT LIABILITIES</b>		
Sundry Creditors		
Due to Small Scale Industries	3.40	3.40
Due to Others	31202.87	28333.06
(Including Rs.4155928/- payable to Subsidiary) (Previous year Rs.33,00,725.98)	<b>31206.27</b>	<b>28336.46</b>
Advance from Customers (including Rs.1,25,911/-from Subsidiary, P.Y.Rs.30,00,000/-, Tax deducted at Source payable	214.74	3347.20
Provident Fund, E.S.I. and other Govt. charges	329.85	647.78
Duties and Taxes	237.05	256.57
Commission Payable	60.20	38.83
Other Liabilities	5283.75	3780.96
Unpaid Dividend *	5989.76	5611.38
	<b>3538.19</b>	<b>3538.60</b>
*(there is no amount due and outstanding to be credited to Investor Education and Protection Fund)	<b>46859.81</b>	<b>45557.78</b>



## IIII KRYPTON INDUSTRIES LIMITED

### SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT & FOR THE YEAR ENDED 31ST MARCH, 2010

(Rupees in '000)

	As at 31st March, 2010	As at 31st March, 2009
<b>11. PROVISIONS</b>		
Provision for Current Tax (Net of Advance Tax)	23.34	-
Provision for Fringe Benefit Tax (Net of Advance Tax)	-	70.30
	23.34	70.30
 <b>12. SALES</b>		
M.C.P. Tyres - Overseas	56270.73	34810.07
M.C.P. Tyres - Exports	6447.39	6655.43
M.C.P. Tyres - Domestic	20108.58	17425.74
Plastic Rim with Tyre - Overseas	21829.59	7800.75
Plastic Rim with Tyre - Domestic	3603.52	32.80
Trading Goods - Overseas	1136.73	220.64
Trading Goods - Domestic	2817.56	186.30
Raw Material - Overseas	5043.30	150.94
Raw Material - Domestic	-	22.17
Consumable - Overseas	50.91	80.29
Component - Overseas	7741.83	7782.94
P.U. Shoe Sole - Domestic	66205.23	72314.93
P.U. Sandles - Domestic	44649.46	22800.18
(Excluding Excise Duty Rs.29,94,910/-, Rs. 57,11,036/-)	235904.83	170283.18
	235904.83	170283.18
 <b>13. OTHER INCOME</b>		
Interest Received (including TDS Rs.2,38,741/-) (Previous Year Rs. 5,01,258/-)	2477.74	2473.58
Miscellaneous Income (including exchange gain/loss & TDS Rs.67,970/-, P.Y. RS. 1,08,150/-)	2490.00	1422.42
Prior Period Items	-	20.46
Sale of PU Wastage	17.68	60.00
Claims & Discount Received	17.85	-
Profit on sale of Fixed Asset (Net)	37.36	-
	5040.63	3976.46
 <b>14. RAW MATERIALS CONSUMED</b>		
Opening Stock	12928.28	14591.53
Purchases during the Year (including purchase from Subsidiary Co. Rs.2,71,55,002/- P.Y. Rs.71,52,862/-)	140887.76	94498.73
Less : Cost of Raw Material Sold	153816.04	109090.26
Less : Closing Stock	4662.70	121.58
	20265.62	12928.28
	128887.72	96040.40

## **IIII KRYPTON INDUSTRIES LIMITED**

**SCHEDULES FORMING PART OF THE BALANCE SHEET  
AS AT & FOR THE YEAR ENDED 31ST MARCH, 2010**

(Rupees in '000)

	<b>As at 31st March, 2010</b>	<b>As at 31st March, 2009</b>
<b>15. MANUFACTURING, SELLING AND ADMINISTRATIVE EXPENSES</b>		
Payment to and Provision for Employees :		
Salaries,Wages and Other Allowances	<b>22780.44</b>	16778.79
Contribution to E.S.I.and Provident Fund, & G.I. Scheme &Gratuity	<b>1971.88</b>	<u>1568.85</u>
Employees Welfare Expenses	<b>1379.74</b>	1262.50
	<b>26132.06</b>	19610.14
Stores,Spare Parts and Packing Materials Consumed	<b>15199.43</b>	7652.85
Power,Light and Fuel	<b>5989.11</b>	4760.94
Rent	<b>795.19</b>	831.48
Repairs and Maintenance Expenses	<b>698.90</b>	658.47
Vehicle Running and Maintenance Expenses	<b>495.49</b>	550.10
Travelling and Conveyance Expenses	<b>999.13</b>	1253.63
Insurance Charges	<b>492.09</b>	523.11
Bank Charges	<b>2008.14</b>	509.12
Printing and Stationery	<b>409.66</b>	407.71
Security Charges	<b>405.76</b>	281.26
Telephone, Telegram and Postage	<b>1002.24</b>	1019.04
Sales Promotion Expenses	<b>316.47</b>	759.76
Commission	<b>3191.29</b>	2431.39
Professional Fees	<b>345.97</b>	1602.94
Freight and Handling Charges	<b>7896.50</b>	5483.28
Rates and Taxes	<b>331.10</b>	133.64
Auditors'Remuneration :		
Audit Fees	<b>77.21</b>	66.18
Tax and VATAudit Fees	<b>23.16</b>	23.16
Other Services	<b>85.43</b>	<u>62.12</u>
Directors' Fees	<b>12.00</b>	16.50
Miscellaneous Expenses	<b>1675.42</b>	1490.25
Claims and Discount Allowed	<b>1861.91</b>	-
Managerial Remuneration & Commission	<b>2400.00</b>	2400.00
	<b><u>72843.66</u></b>	<u>52527.07</u>

# **IIII KRYPTON INDUSTRIES LIMITED**

## **SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT & FOR THE YEAR ENDED 31ST MARCH, 2010**

### **16. NOTES TO THE FINANCIAL STATEMENTS**

#### **1. ACCOUNTING POLICIES:**

##### **(a) BASIS OF ACCOUNTING**

The Company prepares its accounts under Historical Cost Convention. The financial statements have been prepared to comply in all material respects with the Notified Accounting Standards by Companies Accounting Standards Rules, 2006 and the relevant provisions of the Companies Act, 1956. For recognition of Income and expenses, Mercantile System of Accounting is followed. The accounting policies have been consistently applied by the Company.

##### **(b) FIXED ASSETS**

i) All fixed assets are valued at Cost less accumulated Depreciation.

##### **(c) DEPRECIATION**

(i) Depreciation on fixed assets has been provided on Straight Line Method at the rates prescribed in Schedule XIV of the Companies Act, 1956.

(ii) In the case of Moulds the cost of Moulds is being amortised over the estimated life of Moulds.

(iii) Depreciation on fixed assets are accounted on pro-rata basis with reference to date of use / disposal.

##### **(d) INVESTMENTS**

Long Term Investments are stated at Cost less provision, if any, for diminution, which is other than temporary in nature.

##### **(e) INVENTORIES**

Finished Goods and Trading Goods - At cost or Net realisable value, whichever is lower.

Raw Materials - Stores, Spare Parts, Packing Materials & Components - At cost.

Raw Material – Upper (produced)- At Cost

The values of finished goods include Excise Duty.

##### **(f) FOREIGN CURRENCIES**

i) Foreign Currency transactions are recorded at the exchange rate prevailing on the date of transaction.

ii) At each Balance sheet date, monetary foreign currency items are reported using closing rates.

iii) Exchange difference arising on the settlement of monetary items are recognized as income or expense in the period in which they arise.

##### **(g) RECOGNITION OF INCOME AND EXPENDITURE**

Sales are recognised when goods are supplied and are recorded net of Trade discount and Taxes. Other Incomes and Expenses are accounted for on accrual basis and provision is made for all known losses and expenses.

##### **(h) PROVISIONS FOR RETIREMENT BENEFITS**

In respect of Gratuity, the Company's contribution to the Group Gratuity - cum - Life Insurance Scheme under Cash accumulation System of Life Insurance Corporation of India is charged against the revenue.

##### **(i) CONTINGENT LIABILITIES**

Contingent Liabilities are generally not provided for in the Accounts and are shown separately in notes on accounts.

##### **(j) SEGMENT ACCOUNTING**

To identify segment based on the dominant source and nature of risk and returns and the internal organization and management structure.

To include under "Unallocated Corporate Expenses" revenue and expenses which relate to the enterprise as a whole and are not attributable to segments.

##### **(k) TAXATION**

Provision for Tax is made for both current and deferred taxes. Current Tax is provided on the taxable income using the applicable tax rates and tax laws. Deferred tax assets and liabilities arising on account for timing differences, which are capable of reversal in subsequent periods are recognized using tax rates and tax laws, which have been enacted or substantively enacted.

## IIII KRYPTON INDUSTRIES LIMITED

### SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT & FOR THE YEAR ENDED 31ST MARCH, 2010

#### 16. NOTES TO THE FINANCIAL STATEMENTS (Contd.)

2. Contingent Liabilities not provided in respect of :-
  - (a) Bank Guarantee **Rs. 12,04,096/-** (Previous year Rs. 13,11,414/-)
  - (b) Export Bills discounted with bank **Rs. 1,49,19,696/-** (Previous year Rs. 39,39,974,-)
  - (c) Letter of Credit **Rs.59,47,622.84/-** (Previous year Rs. 13,70,040/-)
  - (d) Corporate Guarantee has been given to Bank of Baroda for Loan taken by subsidiary M/s. Eco Wheels Private Limited.
3. The break-up of Deferred Tax Assets and Liabilities are as given below:

	<b>March, 31, 2010</b> <b>(Rs. in' 000)</b>	March, 31, 2009 <b>(Rs. in '000)</b>
Opening balance	<b>(3451.02)</b>	(3540.81)
Deferred Tax Liabilities :-		
Depreciation differences	-	-
Deferred Tax Assets :-	<b>901.47</b>	89.79
Depreciation differences		
Net Deferred Tax Assets/(Liabilities)	<b>(2549.55)</b>	(3451.02)

4. The allotment of 3,24,000/- Equity Shares to the Foreign Collaborator for the Technical Know how fees is subject to the approval of Reserve Bank of India.
5. No Provision has been made for Interest of Rs. 18.75 Lacs for the year ended 31<sup>st</sup> March, 2010 (Previous year Rs. 18.75 Lacs) on old outstanding Unsecured Loans.
6. Information pursuant to Clause 4(ix) (b) of Companies (Auditors Report) Order, 2003 in respect of dues disputed, not deposited, pending with various authorities:

<b>Nature of Demand</b>	<b>Amount of Demand/Dispute</b>	<b>Amount deposited</b>	<b>Forum where dispute is pending</b>
I) Income – tax	Disallowance of claim U/s 80HHC		Appeal U/s.250 for Assessment Year 2002-2003 before Appellate Tribunal
II) Income-tax	Rs. 30,94,600/-	Rs.14, 19,086/-	Appeal u/s 246 A(1) (a) for Assessment Year 2005-06 before Commissioner of Income – Kolkata.
III) Tax Income-tax	Rs.14, 58,561/-	Rs. 2,50,000/-	Appeal u/s 246 A(1) (a) for Assessment Year 2003-2004 before Commissioner of Income Tax – Kolkata.
IV) Income-tax 2007	Rs.1,37,148/-	—	Appeal U/s – 246 A for Assessment Year 2006- before Commissioner of Income Tax – Kolkata.
V) Central Excise Duty (for the period 13.10.06 to 24.11.06)	Refund of Duty of Rs. 2,27,963/-	—	Commissioner Appeal (1) Central Excise

## **//// KRYPTON INDUSTRIES LIMITED**

### **SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT & FOR THE YEAR ENDED 31ST MARCH, 2010**

#### **16. NOTES TO THE FINANCIAL STATEMENTS (Contd.)**

#### **7. EARNING PER SHARE**

Earning per Share has been computed as under	<b><u>31.03.2010</u></b>	<u>31.03.2009</u>
a) Profit after Taxation (Rs. In '000)	<b>Rs. 8582.12</b>	Rs. 1447.51
b) Number of Equity Shares	<b>43, 00,400</b>	43, 00,400
c) Earning Per Share in Rs.(a/b)	<b>Rs. 2.00</b>	Rs. 0.34
[Face Value Rs.10/- Per Share, (basic & diluted)]		

#### **8. PAYMENTS TO AUDITORS (Including Service Tax)**

	<b>Amount (Rs)</b>	Amount (Rs)
	<b><u>31.03.2010</u></b>	<u>31.03.2009</u>
a) As Auditor	<b>77,210</b>	66,180
b) In other Capacities		
For Tax and VAT Audit	<b>23,163</b>	23,163
For Other Services	<b>85,427</b>	62,117
	<b><u>1,85,800</u></b>	<u>1,51,460</u>

#### **9. DIRECTORS REMUNERATION :-**

i) Managing Director		
Salary	<b>24,00,000</b>	24,00,000
[Within Ceiling limit of Schedule XIII, Part II, Sec II 1(B)]		
ii) Other Director		
Directors' Fees	<b>12,000</b>	16,500
	<b><u>24,12,000</u></b>	<u>24,16,500</u>

#### **10. RELATED PARTY DISCLOSURES**

a) Subsidiary Company	i) Eco Wheels Pvt. Ltd.
	ii) Krypton Developers Ltd.
	iii) Krypton Industries (Suzhou) Co. Ltd.
b) Name of key managerial personnel	
i) Managing Director	Sri Jay Singh Bardia
ii) Non-Executive Directors	a) Sri T.C. Bachhawat
	b) Sri Tansukh Gulgulia
	c) Sri Punam Chand Daga
iii) Chief Executive Officer	Sri P.L.Bardia *

\* Sri P.L.Bardia is related to the Managing Director .

## **//// KRYPTON INDUSTRIES LIMITED**

**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT & FOR THE YEAR ENDED 31ST MARCH, 2010**

### **16. NOTES TO THE FINANCIAL STATEMENTS (Contd.)**

#### c) Details of transactions with related Parties

<b>Particulars</b>	<b>Nature</b>	<b>Amount (Rs)</b>
Managing Director	Salary	<b>2400000</b> (2400000)
Non-Executive Director	Directors' Fees	<b>12000</b> (16500)
Chief Executive Officer	Salary & Allowances	<b>480000</b> (480000)
Eco Wheels Pvt. Ltd.	Purchase of Tyres, Rims & Components, Metal parts.	<b>22908716</b> (6195123)
Eco Wheels Pvt. Ltd.	Sales	<b>11911520</b> (2921997)
Eco Wheels Pvt. Ltd.	Advances Payable	<b>125911</b> (3000000)
Eco Wheels Pvt. Ltd.	Advances Receivable	<b>22117</b> (-)
Eco Wheels Pvt. Ltd.	Sundry Debtors	<b>5486798</b> (3691153)
Eco Wheels Pvt. Ltd.	Sundry Creditors	<b>-</b> (3300725)
Krypton Industries (Suzhou) Co. Ltd.	Sale of Equipment, Raw Material Consumable & Tyre	<b>1235951</b> (420393)
Krypton Industries (Suzhou) Co. Ltd.	Sundry Debtors	<b>947924</b> (552872)
Krypton Industries (Suzhou) Co. Ltd.	Purchase of Tyre	<b>90358</b> (957739)
Krypton Industries (Suzhou) Co. Ltd.	Loan Given	<b>7776360</b> (7776360)
Krypton Developers Ltd.	Advance Receivable	<b>30000</b> (10000)
Eco Wheels Pvt. Ltd.	Interest Paid including TDS	<b>16512</b> (138637)
Eco Wheels Pvt. Ltd.	Loan Taken / Interest	<b>124938</b> (110077)
Eco Wheels Pvt. Ltd.	Sundry Creditors	<b>4155928</b> (-)
Eco Wheels Pvt. Ltd.	Purchase of Raw Materials	<b>4155928</b> (-)

## **IIII KRYPTON INDUSTRIES LIMITED**

### **SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT & FOR THE YEAR ENDED 31ST MARCH, 2010**

#### **16. NOTES TO THE FINANCIAL STATEMENTS (Contd.)**

#### **11. SEGMENT REPORTING**

##### **1) BUSINESS SEGMENT Segment Wise- Revenue, Result and Other Information**

(Rs. in ' 000 )

Particulars	2009-2010			2008-2009		
	Tyre	Footwear	Total	Tyre	Footwear	Total
<b>REVENUE</b>						
External Sales	123358.95	112545.88	235904.83	75,145.90	95,137.28	1,70,283.18
Less:- Inter Segment Adjustment	-	-	-	-	-	-
<b>Total Revenue</b>	<b>123358.95</b>	<b>112545.88</b>	<b>235904.83</b>	<b>75,145.90</b>	<b>95,137.28</b>	<b>1,70,283.18</b>
<b>RESULTS</b>						
Segment / Operating Results	14815.63	8958.96	23774.59	4,504.69	9,906.95	14,411.64
Interest Expenses			(12443.01)			(10,079.33)
Provision for Tax (Including Deferred Tax)			(2749.46)			(2,884.80)
<b>Net Profit</b>			<b>8582.12</b>			<b>1,447.51</b>
<b>OTHER INFORMATION</b>						
Segment Assets	155142.31	122670.50	277812.81	1,52,242.78	96,887.39	2,49,130.17
Un-Allocable Assets			2175.44			2175.44
<b>Total Assets</b>			<b>279988.25</b>			<b>2,51,305.61</b>
Segment Liabilities	12999.12	29992.65	42991.77	19,301.65	22,069.75	41,371.40
Un-Allocable Liabilities & Provision			3891.38			4,256.68
<b>Total Liabilities</b>			<b>46883.15</b>			<b>45,628.08</b>
Depreciation	4341.16	2327.47	6668.63	4,305.55	4,807.09	9,112.64
<b>Total Depreciation</b>			<b>6668.63</b>			<b>9,112.64</b>
Non-Cash Expenditure other than depreciation	-	-	-	-	-	-
<b>Total Non Cash Expenditure (Other than Depreciation)</b>			<b>-</b>			<b>-</b>
Capital Expenditure	3299.26	4539.42	7838.68	472.34	8,669.33	9,141.67

#### **2) GEOGRAPHICAL SEGMENTS**

The secondary segment is based on geographical demarcation i.e. India, Overseas, Export (SEZ). The Secondary segmental revenue are as under:-

	Revenue - Sales (Rs. In '000)	
	<b>2009-2010</b>	<b>2008-2009</b>
India	<b>137384.35</b>	112782.12
Overseas	<b>92073.09</b>	50845.63
Exports (SEZ)	<b>6447.39</b>	6655.43

## **IIII KRYPTON INDUSTRIES LIMITED**

**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT & FOR THE YEAR ENDED 31ST MARCH, 2010**

**16. NOTES TO THE FINANCIAL STATEMENTS (Contd.)**

(Rupees in '000)

12 Information pursuant to the provisions of Paragraphs 3, 4C and 4D of part II of Schedule VI of the Companies Act, 1956: (Figures in the brackets are for the previous year)

**i) CAPACITIES, PRODUCTION & SALES**

(Rupees in '000)

Class of Goods	Unit	Installed Capacity	Production	Sales Quantity	Sale Amount (Rs.)
MCP TYRE	Nos.	<b>8, 60,000</b>	<b>654366</b> (286336*)	<b>627991</b> (318139)	<b>82826.70</b> (58891.24)
MCP TYRE 'B' Grade	Nos.	-	<b>10959</b> (3658)	<b>47229</b> (-)	-
PLASTIC RIM WITH TYRE	Nos	-	<b>97446##</b> (32746)	<b>97446</b> (32746)	<b>25433.11</b> (7833.55)
COMPONENTS**		-	-	-	<b>7741.83</b> (7782.94)
PU SHOE SOLE	Pairs	<b>1200000</b>	<b>1023229</b> (1103586)	<b>1016725+</b> (1112842+)	<b>66205.23</b> (72314.93)
PU SANDAL	Pairs	<b>1200000</b>	<b>462134</b> (221171)	<b>441621#</b> (230372#)	<b>44649.46</b> (22800.18)

\* (P.Y. Include 32746 Nos. of Tyres assembled with Plastic Rims )

\*\* Quantity not ascertainable.

## Tyre & Rim Purchased from outside.

+ After adjusting sales return of 6293 pair of PU Sole. P.Y. 7388 pair of PU Sole.

# After adjusting Sales Return of 428 Pairs, P.Y.143 Pairs.

NOTES: i) Installed Capacity has been estimated by the Management.

ii) Production of Components being ancillary to the Manufacturing Activity, hence quantity figures have not been stated.

**(ii) STOCKS OF FINISHED GOODS.**

**Closing Stock**

Class of Goods	Unit	Quantity	Value (Rs.)
MCP TYRE	Nos	<b>97446</b> (71071)	<b>9744.60</b> (12082.07)
MCP TYRE 'B' Grade	Nos.	<b>3154</b> (39424)	<b>268.09</b> (4969.92)
PU SHOE SOLE	Pairs	<b>18377</b> (11873)	<b>993.57</b> (609.58)
PU SANDAL	Pairs	<b>21638</b> (1125)	<b>2066.05</b> (139.19)



## **IIII KRYPTON INDUSTRIES LIMITED**

**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT & FOR THE YEAR ENDED 31ST MARCH, 2010**

### 16. NOTES TO THE FINANCIAL STATEMENTS (Contd.)

<b>(iii) STOCKS OF WORK IN PROGRESS</b>		<b>Closing Stock</b>	
<u>Class of Goods</u>	<u>Unit</u>	<u>Quantity</u>	<u>Value (Rs.)</u>
PU SHOE SOLE	Pairs	<b>50630</b> (42168)	<b>3050.46</b> (2534.46)
PU SANDAL	Pairs	<b>19615</b> (22367)	<b>1707.17</b> (1854.48)
<b>(iv) RAW MATERIAL &amp; COMPONENTS CONSUMED</b>			
A) i) IMPORTED		<u>Quantity</u>	<u>Value (Rs.)</u>
a) DACRON YARN	Kgs.	<b>7352.700</b> (2027.000)	<b>2126.72</b> (504.76)
b) COLOUR PIGMENTS	Kgs.	<b>2422.591</b> (2144.000)	<b>645.69</b> (606.53)
c) SILICOM FOAM STAB	Kgs.	<b>600.000</b> (400.000)	<b>139.74</b> (89.36)
d) POLYOL (ARCOL)	Kgs.	<b>295925.000</b> (188675.000)	<b>26448.52</b> (21354.13)
e) SYNTHETIC LEATHER	Mtr..	<b>2799.20</b> (3699.30)	<b>386.68</b> (511.04)
g) LUPRANATE	Kgs.	<b>256390.000</b> (231070.000)	<b>26854.25</b> (28528.78)
h) TRIETHELENE DIAMINE	Kgs.	<b>300.000</b> (200.000)	<b>198.35</b> (146.60)
i) P.U. LEATHER	Mtr.	- (153.350)	- (41.15)
j) COLOUR POLY	Kgs.	<b>225.000</b> (1180.000)	<b>26.54</b> (141.33)
k) RESIN HRK	Kgs.	<b>35.000</b> (-)	<b>4.64</b> (-)
			<b>56831.13</b> (51923.68)
ii) IMPORTED COMPONENTS			
COMPONENTS (Bush, Rims & Metal Parts)	Pcs.	<b>432311</b> (296144)	<b>27207.72</b> (13057.17)
		<b>432311</b>	<b>27207.72</b>
		(296144)	(13057.17)
Total (i + ii)			<b>84038.85</b> (64980.85)

## **//// KRYPTON INDUSTRIES LIMITED**

**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT & FOR THE YEAR ENDED 31ST MARCH, 2010**

(Rupees in '000)

### **16. NOTES TO THE FINANCIAL STATEMENTS (Contd.)**

#### **B) INDEGENOUS**

a) Daltoped	Kgs.	-	-
		(30.000)	(3.22)
b) Methylene Chloride	Kgs.	<b>3871.800</b>	<b>988.48</b>
		(16088.000)	(596.05)
c) Colour Pigments	Kgs.	<b>23739.125</b>	<b>3309.75</b>
		(23109.650)	(3762.59)
d) Additive	Kgs.	<b>46278.340</b>	<b>2764.26</b>
		(40244.850)	(2952.02)
e) Polyol	Kgs.	<b>104854.900</b>	<b>12051.55</b>
		(52185.000)	(5502.05)
f) Lupranate (ISO)	Kgs.	<b>76609.600</b>	<b>9935.68</b>
		(97730.000)	(11860.53)
g) Realease Agent	Kgs.	<b>3395.400</b>	<b>1504.91</b>
		(2510.000)	(883.22)
h) MEG	Kgs.	<b>28618.25</b>	<b>1417.98</b>
		(21487.550)	(1211.96)
i) Other Raw Material	Kgs.	<b>185932.36</b>	<b>9410.15</b>
		(4333.305)	( 486.47)
j) Uppers (purchased)	Pairs	<b>88991.00</b>	<b>3466.11</b>
		(63296.00)	(3801.44)
			<b><u>44848.87</u></b>
			(31059.55)
		Total (A+B)	<b>128887.72</b>
			(96040.40)

## IIII KRYPTON INDUSTRIES LIMITED

### SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT & FOR THE YEAR ENDED 31ST MARCH, 2010

#### 16. NOTES TO THE FINANCIAL STATEMENTS (Contd.)

##### iv) QUANTITATIVE STATEMENT OF TRADING GOODS

Class of Goods	Unit	Opening Stock		Purchase		Sales/Consumption		Closing Stock	
		Quantity	Value	Qty	Value	Qty	Value	Qty	Value
Mounting Tools	Set	<b>4774</b>	<b>162.63</b>	-	-	-	-	<b>4774</b>	<b>162.63</b>
		(4774)	(164.42)	(100)	(9.59)	(100)	(11.39)	(4774)	(162.63)
Rim Wheel	Pcs	<b>110</b>	<b>1.28</b>	-	-	<b>8</b>	<b>32.80</b>	<b>102</b>	<b>1.19</b>
		(110)	(1.28)	(-)	(-)	(-)	(-)	(110)	(1.28)
P. P. Rim	Pcs.	<b>598</b>	<b>7.73</b>	<b>170</b>	<b>90.36</b>	<b>170</b>	<b>95.95</b>	<b>598</b>	<b>7.73</b>
		(598)	(7.73)	(-)	(-)	(-)	(-)	( 598)	(7.73)
Wheel Chair	Pcs	<b>5</b>	<b>49.78</b>	-	-	-	-	<b>5</b>	<b>49.78</b>
		(5)	(49.78)	(-)	(-)	(-)	(-)	(5)	(49.78)
ID Card	Pcs.	<b>2000</b>	<b>57.35</b>	-	-	-	-	<b>2000</b>	<b>57.35</b>
		(2000)	(57.35)	(-)	(-)	(-)	(-)	(2000)	(57.35)
Books	Pcs.	-	-	<b>688</b>	<b>138.23</b>	<b>688</b>	<b>260.65</b>	-	-
		(-)	(546)	(75.39)	(546)	(99.07)	(-)	(-)	(-)
Baked Steel	Pcs	-	-	<b>20586</b>	<b>805.02</b>	<b>20586</b>	<b>1093.57</b>	-	-
		(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Hinge	Pcs	<b>371</b>	<b>53.50</b>	-	-	-	-	<b>371</b>	<b>53.50</b>
		(441+)	(63.60)	(-)	(-)	(70)	(12.24)	(371)	(53.50)
Aluminium Spacer	Pcs.	<b>525</b>	<b>0.64</b>	-	-	-	-	<b>525</b>	<b>0.64</b>
		(-)	(-)	(27525)	(33.75)	(27000)	(97.94)	(525)	(0.64)
Colour Banner Machine	Pcs	-	-	-	-	-	-	-	-
		(-)	(-)	(12)	(172.79)	(12)	(186.30)	(-)	(-)
Filamen	Pcs	-	-	<b>2595</b>	<b>730.22</b>	<b>2595</b>	<b>780.13</b>	-	-
		(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Chappal/Sandal	Pairs	-	-	<b>10603</b>	<b>1684.05</b>	<b>10051</b>	<b>1691.19</b>	<b>552</b>	<b>38.41</b>
		(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
			<b>332.91</b>		<b>3447.88</b>		<b>3954.29</b>		<b>371.23</b>
			(344.16)		(291.52)		(406.94)		(332.91)

+ P.Y. 20 pcs shortage in Hinge.

vi) Upper (Produced Raw Material)

Particulars	Opening		Produced		Consumed		Closing	
	Qty. (Pairs)	Amount (Rs.)	Qty. (Pairs)	Amount (Rs.)	Qty. (Pairs)	Amount (Rs.)	Qty. (Pairs)	Amount (Rs.)
Upper	-	-	<b>1352760</b>	<b>17249.70</b>	<b>1085464</b>	<b>13103.85</b>	<b>267296</b>	<b>4145.85</b>
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
	-	-	<b>1352760</b>	<b>17249.70</b>	<b>1085464</b>	<b>13103.85</b>	<b>267296</b>	<b>4145.85</b>
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)

##### vii) CONSUMPTION OF RAW MATERIALS, STORES, SPARE PARTS AND PACKING MATERIALS

	IMPORTED		INDIGENOUS	
	Value (Rs)	% To Total Consumption	Value (Rs)	% To Total Consumption
Raw Materials for MCP Tyres & PU Shoe Sole	<b>84038.85</b>	<b>65.20</b>	<b>44848.87</b>	<b>34.80</b>
	(64980.85)	(67.66)	(31059.55)	(32.34)
Stores, Spare Parts and Packing Materials	<b>1149.55</b>	<b>7.56</b>	<b>14049.88</b>	<b>92.44</b>
	(363.95)	(4.76)	(7288.90)	(95.24)

## **IIII KRYPTON INDUSTRIES LIMITED**

**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT & FOR THE YEAR ENDED 31ST MARCH, 2010**

### **16. NOTES TO THE FINANCIAL STATEMENTS (Contd.)**

	<b>(Rupees in '000)</b>
viii) IMPORTS ON C.I.F. BASIS	Amount
	(Rs)
Raw Materials & Components & Trading Goods	<b>67580.24</b>
	(41457.67)
Stores, Spare Parts & Components	<b>849.90</b>
	(-)
Capital Goods	<b>2834.72</b>
	(3228.41)
ix) EXPENDITURE IN FOREIGN CURRENCY (On accrual basis)	
Foreign Bank Charges	<b>60.00</b>
	(59.00)
Foreign Traveling	<b>249.66</b>
	(911.99)
Commission	<b>2961.11</b>
	(2198.51)
ix) EARNINGS IN FOREIGN CURRENCY (on accrual basis)	
Sales - Overseas	<b>92073.09</b>
	(50845.63)

13. There are Micro, Small and Medium Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at 31<sup>st</sup> March, 2010. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available to the company.

Sundry creditors include Rs. 3.40 (in '000) (P.Y. Rs.3.40 thousand) due to SSI undertakings.

a) Bhattacharjee & Co.

14. Previous year's figures have been regrouped and/ or rearranged wherever considered necessary.

15. The Company is in the process of right issue worth Rs. 1,10,000 (in '000) and for which necessary expenses of Rs. 419.18 (in '000) have been debited to the Profit and Loss account.

Note : Signatories to all Schedules from 1 to 16

**In terms of our attached report of even date**  
For JAGDISH AGARWAL & ASSOCIATES  
CHARTERED ACCOUNTANTS  
(Firm Registration NO.320253E)

Place : Kolkata  
Dated : The 16th Day of August,2010

**J. P. AGARWAL**  
PARTNER  
Membership No.055436

## **//// KRYPTON INDUSTRIES LIMITED**

### **Information pursuant to Part IV of Schedule VI to the Companies Act, 1956** **Balance Sheet abstract and Company's General Business Profile**

(Rupees in '000)

- 1. Registration Details**  
Registration No. : 21-48791 of 1990 State Code : 21  
Balance Sheet : 31st March, 2010
  
- 2. Capital raised during the year**  
Public Issue : Rs. Nil Right Issue : Rs. Nil  
Bonus Issue : Rs. Nil Private Placement : Rs. Nil
  
- 3. Position of Mobilisation and Development of funds**  
Total Liabilities : Rs. 233105.10 Total Assets : Rs. 233105.10  
  
Sources of funds  
Paid-up-Capital : Rs. 43004.00 Reserves and Surplus : Rs. 66296.46  
Secured Loans : Rs. 59841.11 Unsecured Loans : Rs. 61413.98  
Deferred Tax Liabilities : Rs. 2549.55  
  
Application of Funds  
Net Fixed Assets : Rs. 72884.63 Investments : Rs. 40160.71  
Net Current Assets : Rs. 120059.76 Miscellaneous Expenditure : Rs. Nil  
Accumulated Losses : Rs. Nil
  
- 4. Performance of Company**  
Turnover : Rs. 235904.83 Total Expenditure : Rs. 229613.88  
Other Income : Rs. 5040.63 Profit after Tax : Rs. 8582.12  
Profit before Tax : Rs. 11331.58 Dividend Rate ( % ) : Rs. Nil  
Earning per Share : Rs. 2.00
  
- 5. Generic Names of Products of Company**  
Item Code No. (ITC) : 401150.10  
640620.00  
  
Product Description : MCP Tubeless Tyres.  
PU Shoe Soles.  
PU Sandles

## **IIII KRYPTON INDUSTRIES LIMITED**

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### **Auditor's Report on Consolidated Financial Statements**

TO THE BOARD OF DIRECTORS OF KRYPTON INDUSTRIES LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS OF KRYPTON INDUSTRIES LIMITED AND ITS SUBSIDIARIES.

We have examined the attached Consolidated Balance Sheet of Krypton Industries Limited and its subsidiaries as at 31<sup>st</sup> March, 2010, and the Consolidated Profit & Loss Account and the Consolidated Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the Krypton Industries Limited's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the generally accepted auditing Standards in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the financial statements of the foreign subsidiary company, whose total assets were Rs. 31,686.50 (in ' 000) as on 31.03.2010 and Cash flow was Rs. 1597.35 (in ' 000) for the year ended on that date. These financial statements have been audited by another auditor whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of the aforesaid subsidiary company, is based solely on the report of the said auditor.

We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements, notified pursuant to the Companies (Accounting Standard) Rules, 2006 and on the basis of the separate audited financial statements of he Krypton Industries Limited and its subsidiaries included in the consolidated financial statements.

On the basis of the information and explanations given to us and on the consideration of the separate audit reports of individual audited financial statements of Krypton Industries Limited and its subsidiaries, we are of the opinion that, read together with the notes thereon, the said consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India :

- a) in the case of the Consolidated Balance Sheet, of the consolidated state of affairs of the Krypton Industries Limited and its subsidiaries as at 31<sup>st</sup> March, 2010;
- b) in the case of the Consolidated Profit & Loss Account, of the Consolidated Profit of the Krypton Industries Limited and its subsidiaries for the year ended on that date; and
- c) in the case of the Consolidated Cash Flow Statement, of the consolidated cash flow of the Krypton Industries Limited and its subsidiaries for the year ended on that date.

**For JAGDISH AGARWAL & ASSOCIATES**  
**CHARTERED ACCOUNTANTS**  
(Firm Registration No. 320253E)

Place: Kolkata.  
Dated: The 16<sup>th</sup> day of August, 2010

**J. P. AGARWAL**  
**PARTNER**  
Membership No. 055436

## IIII KRYPTON INDUSTRIES LIMITED

(Rupees in '000)

### CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2010

	Schedule	As at 31st March, 2010	As at 31st March, 2009
<b>SOURCES OF FUNDS</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share Capital	1	43004.00	43004.00
Reserves and Surplus	2	90882.32	83851.22
<b>Minority Interest</b>	3	11257.23	10548.74
<b>LOAN FUNDS</b>	4		
Secured Loans		73005.45	87896.07
Unsecured Loans		<u>68420.46</u>	<u>36419.66</u>
		141425.91	124315.73
<b>DEFERRED TAX LIABILITIES</b>	16(5)	6999.90	6983.71
		<u>293569.36</u>	<u>268703.40</u>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>			
Gross Block	5	225652.60	215490.08
Less : Depreciation		<u>87076.20</u>	<u>77609.06</u>
Net Block		138576.40	137881.02
<b>INVESTMENTS</b>	6	6106.33	3850.00
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>			
Inventories	7	73003.87	60348.34
Sundry Debtors	8	77401.70	58494.26
Cash and Bank Balances	9	13320.99	12242.99
Loans and Advances	10	<u>44870.08</u>	<u>46216.18</u>
		208596.64	177301.77
<b>Less : Current Liabilities &amp; Provisions</b>			
Current Liabilities	11	64741.82	56772.92
Provision	12	<u>23.34</u>	<u>134.33</u>
		143831.48	120394.52
<b>NET CURRENT ASSETS</b>			
<b>MISCELLANEOUS EXPENDITURE</b>			
(To the extent not written off or adjusted)			
Preliminary Expenses		5055.15	6577.86
		<u>293569.36</u>	<u>268703.40</u>
<b>Notes to the Financial Statements</b>	16		

The Schedules referred to above form an integral part of the Consolidated Balance Sheet.

In terms of our attached report of even date

For **JAGDISH AGARWAL & ASSOCIATES**

**CHARTERED ACCOUNTANTS**

Firm Registration No. 320253E

Place : Kolkata

Dated : The 16th day of August, 2010

**J. P. AGARWAL**

**PARTNER**

Membership No.055436

# III KRYPTON INDUSTRIES LIMITED

(Rupees in '000)

## PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	Schedule	As at 31st March, 2010	As at 31st March, 2009
<b>INCOME</b>			
Sales		313421.19	210296.85
Other Income	13	5745.60	6273.71
		<u>319166.79</u>	<u>216570.56</u>
<b>EXPENDITURE</b>			
(Increase)/Decrease in the Stock of Finished Goods			
Opening Stock		24615.86	37408.80
Less : Closing Stock		(2108.55)	24615.86
			12792.94
WIP of Finished goods			
Opening Stock		10140.95	1755.33
Less : Closing Stock		6236.53	10140.95
		3904.42	(8385.62)
Trading Goods			
Opening Stock		332.91	344.16
Less : Closing Stock		371.23	332.91
		(38.32)	11.25
Upper (Produced Raw Material)			
Opening Stock		-	-
Less : Closing Stock		4145.85	-
		(4145.85)	-
Excise Duty & Cess on Stock		28.41	(105.96)
Loss on sale of Fixed Assets (Net)		175.86	77.17
Purchase of Trading Goods		3590.74	2302.98
Raw Materials Consumed	14	164807.07	112558.84
Cost of Raw Material Sold		8727.04	860.44
Cost of Consumable Sold		294.49	22.05
Manufacturing, Selling and Administrative Expenses	15	104384.86	83970.03
<b>INTEREST</b>			
Interest Expenses		15167.36	13918.18
Depreciation	5	11124.29	13387.39
Prior Period Expenses		784.88	-
Right Share Issue Expenses		419.18	-
Amortisation of Preliminary Expenses		895.35	56.84
		<u>308011.23</u>	<u>231466.53</u>
		11155.56	(14895.97)
<b>PROFIT BEFORE TAX</b>			
Provision for Current Tax		3150.05	1422.00
Provision for Fringe Benefit Tax		-	262.84
Provision for Deferred Tax	16(5)	16.19	1118.17
Interest / Income Tax paid for earlier Year		501.61	1334.71
		<u>3667.85</u>	<u>4137.72</u>
<b>Profit for the year (before adjustment for Minority Income)</b>		<b>7487.71</b>	<b>(19033.69)</b>
Less : Share of profit transferred to Minority		708.49	(1993.55)
		<u>6779.22</u>	<u>(17040.14)</u>
<b>PROFIT AFTER TAX</b>		<b>6779.22</b>	<b>(17040.14)</b>
Add:Balance brought forward from Previous year		71355.38	89022.29
		<u>78134.60</u>	<u>71982.15</u>
<b>PROFIT AVAILABLE FOR APPROPRIATION</b>			
<b>APPROPRIATIONS TO :</b>			
General Reserve		429.00	72.38
Balance Carried Forward to Balance Sheet		77705.60	71909.77
		<u>78134.60</u>	<u>71982.15</u>
Earning Per Share (Face Value Rs.10.00 each)			
<b>(Basic and diluted) Rs.</b>	16(8)	1.58	(3.96)
<b>Notes to the Financial Statements</b>	16		

The Schedules referred to above form an integral part of the Consolidated Profit & Loss Account.

In terms of our attached report of even date  
For JAGDISH AGARWAL & ASSOCIATES  
CHARTERED ACCOUNTANTS  
Firm Registration No. 320253E

Place : Kolkata  
Dated : The 16th day of August, 2010

**J. P. AGARWAL**  
**PARTNER**  
Membership No.055436



## IIII KRYPTON INDUSTRIES LIMITED

### CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

	For the year ended 31st March, 2010	For the year ended 31st March, 2009
(Rupees in '000)		
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Net profit before tax	11155.56	(14895.97)
Adjustment for : Interest Subsidy	-	(1536.00)
Loss on Sale of Fixed Assets (Net)	175.86	77.17
Pre Operative Expenses	-	4473.99
Depreciation	11124.29	13387.39
Interest Expenses	15167.36	13918.18
Interest Income	(2914.90)	(3054.26)
Amortisation of Preliminary expenses	895.35	56.84
<b>Operating Profit before Working Capital Changes</b>	<b>24447.96</b>	<b>27323.31</b>
	<b>35603.52</b>	<b>12427.34</b>
Adjustment for :		
Trade and other Receivables	(16920.06)	(4043.23)
Inventories	(12655.53)	3773.31
Trade and Other Payables	7969.31	14533.49
<b>Cash Generated from Operations</b>	<b>(21606.28)</b>	<b>14263.57</b>
	<b>13997.24</b>	<b>26690.91</b>
Preliminary Expenses	-	(6147.93)
Income Tax, Dividend and FBT paid	(3800.69)	(4525.50)
<b>Cash Flow before extraordinary items</b>	<b>(3800.69)</b>	<b>(10673.43)</b>
Extraordinary items (FCTR due to change in Opening Balance)	6.59	-
Extraordinary items	-	1536.00
<b>Net Cash from Operating activities</b>	<b>10203.14</b>	<b>17553.48</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Investments in Equity & Others	(2256.33)	(500.00)
Purchase of Fixed Assets	(12709.52)	(12301.74)
Sale of Fixed Assets	780.37	232.48
Interest Received	3815.14	3238.34
<b>Net Cash used in Investings activity</b>	<b>(10370.34)</b>	<b>(9330.92)</b>
<b>C. CASH FLOW FROM FINANCIAL ACTIVITIES :</b>		
Proceeds from short terms borrowing	32526.64	20246.62
Proceeds from long terms borrowing	(16329.75)	(17322.08)
Dividend Payout	(0.41)	(34.18)
Interest Paid	(14254.07)	(14169.61)
Loan to Others	(1503.48)	(1143.07)
<b>Net Cash operated in Financial activities</b>	<b>438.93</b>	<b>(12422.32)</b>
<b>D. Foreign Currency Translation Reserve</b>	<b>806.27</b>	<b>882.71</b>
<b>Net Increase in Cash and Cash equivalents</b>	<b>1078.00</b>	<b>(3317.05)</b>
Cash and Cash equivalents as at beginning of the year	12242.99	15560.04
Cash and Cash equivalents as at end of the year	13320.99	12242.99
	<b>1078.00</b>	<b>(3317.05)</b>

In terms of our attached report of even date  
For JAGDISH AGARWAL & ASSOCIATES  
CHARTERED ACCOUNTANTS  
Firm Registration No. 320253E

Place : Kolkata  
Dated : The 16th day of August, 2010

**J. P. AGARWAL**  
**PARTNER**  
Membership No.055436

# IIII KRYPTON INDUSTRIES LIMITED

(Rupees in '000)

## SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2010

Schedule	As at 31st March, 2010	As at 31st March, 2009
<b>1. SHARE CAPITAL</b>		
<b>AUTHORISED</b>		
1,50,00,000 Equity Shares of Rs. 10/- each (Previous Year 1,50,00,000 Equity Shares of Rs.10/- each)	<u>150000.00</u> <u>150000.00</u>	<u>150000.00</u> <u>150000.00</u>
<b>ISSUED, SUBSCRIBED AND PAID- UP</b>		
43,00,400 Equity Shares of Rs. 10/- each fully paid up. The above shares include 3,24,000 Equity Shares of Rs. 10/- each which have been allotted as fully paid-up shares pursuant to a contract without payment being received in Cash.	<u>43004.00</u> <u>43004.00</u>	<u>43004.00</u> <u>43004.00</u>
<b>2. RESERVES AND SURPLUS</b>		
<b>CAPITAL RESERVE</b>		
From West Bengal Government under Capital Subsidy Incentive Scheme	4457.00	4457.00
<b>GENERAL RESERVE</b>		
As per Last Balance Sheet	5278.51	5206.13
Add : Transferred from Profit & Loss A/c	<u>429.00</u>	<u>72.38</u> 5278.51
<b>Foreign Currency Translation Reserve</b>	3012.21	2205.94
<b>Profit &amp; Loss Account</b>	<u>77705.60</u>	<u>71909.77</u>
	<u>90882.32</u>	<u>83851.22</u>
<b>3. MINORITY INTEREST</b>		
Represents 24.81% of Equity of M/s. Eco Wheels Pvt. Ltd. and 1.20% of Equity of M/s. Krypton Developers Ltd. As per Last Balance Sheet	10548.74	12542.29
Add : Transferred from Profit & Loss A/c	708.49	(1993.55)
Equity Share issued during the year	-	-
	<u>11257.23</u>	<u>10548.74</u>
<b>4. LOAN FUNDS</b>		
<b>SECURED LOANS</b>		
Term Loan from Bank of Baroda * (including Interest Accrued Rs.NIL/-) (Previous Year Rs.NIL/-)	24542.84	40872.59
<b>Other Loans (Short Term)</b>		
From Bank of Baroda on Cash/Packing * Credit Account	46895.48	46852.82
From Bank of Baroda on PSDL Account * Car Loan**	1567.13	170.66
<b>UNSECURED LOANS</b>		
From Bodies Corporate (Including interest accrued Rs. 913293/-) (Previous Year Rs.Nil)	68420.46	36419.66
	<u>141425.91</u>	<u>124315.73</u>

\* The Cash/Packing Credit /Term Loan/ PSD Loan from Bank of Baroda were Secured by hypothecation of both present & future Stocks of Raw Materials, Work-in-Progress, Finished Goods, hypothecation of D.P. Note, Book Debts, Equitable mortgage of Land & Building/Factory Shed and hypothecation of Plant & Machinery of the Company lying in and/or stored and/or installed at any place in India or abroad. These loans were further secured by the personal guarantees of Mr. J. S. Bardia, the Managing Director of the Company alongwith the personal guarantee of Mr. T. S. Gulgulia and Mr. P. C. Daga, Directors of the Company.

\*\* Cars has been hypothecated with HDFC Bank and Kotak Mahindra Prime Limited

## IIII KRYPTON INDUSTRIES LIMITED

### SCHEDULE FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2010

#### 5. FIXED ASSETS

(Rupees in '000)

DESCRIPTION	GROSS BLOCK (AT COST)				DEPRECIATION				NET BLOCK	
	As at 31.03.2009	Additions	Disposal	As at 31.03.2010	Upto 31.03.2009	For the Year	Adjusted on disposal	Upto 31.03.2010	As at 31.03.2010	As at 31.03.2009
LAND	3677.51	-	-	3677.51	-	-	-	-	3677.51	3677.51
BUILDINGS	60794.97	844.81	-	61639.78	11080.44	2036.92	-	13117.36	48522.42	49714.53
PLANT AND MACHINERY	127415.61	7834.16	160.00	135089.77	55176.30	7394.15	8.81	62509.13	72580.64	72239.31
ELECTRIC INSTALLATION	9136.83	247.06	-	9383.89	2535.55	587.33	-	3122.88	6261.01	6601.28
OFFICE EQUIPMENTS	4339.87	385.72	-	4725.59	2748.50	440.17	-	3174.80	1550.79	1591.37
VEHICLES	4347.08	2403.84	2387.00	4363.92	2538.19	365.62	1581.96	1321.85	3042.07	1808.89
FURNITURE, FIXTURES AND FITTINGS	5005.60	911.54	-	5917.14	3015.87	167.15	-	3183.02	2734.12	1989.73
COMPUTER & COMPUTER SOFTWARE	772.61	82.39	-	855.00	514.21	132.95	-	647.16	207.84	258.40
<b>TOTAL</b>	215490.08	12709.52	2547.00	225652.60	77609.06	11124.29	1590.77	87076.20	138576.40	137881.02
Previous Year's Figures	195290.04	20722.22	522.18	215490.08	64434.20	13387.39	212.53	77609.06	137881.02	

(Rupees in '000)

	As at 31st March, 2010	As at 31st March, 2009
<b>6. INVESTMENTS (Long Term)</b>		
Non Traded (Quoted)		
Franklin India High Growth (MF)	100.00	100.00
9779.951 unit of Rs. 10/- each		
Trade		
(Unquoted) :		
Barons Polymer Private Limited	1000.00	1000.00
1,00,000 Equity Shares of Rs. 10/- each fully paid-up		
Karma Health Care Ltd.	4275.00	2350.00
4,27,500 Equity Shares of Rs. 10/- each fully paid-up (P.Y. 235000 Equity Shares of Rs. 10/- each fully paid-up)		
Krypton Tyres Limited	400.00	400.00
40,000 Equity Shares of Rs. 10/- each fully paid-up		
I Care International Private Limited	108.00	-
10,800 Equity Shares of Rs. 10/- each fully paid-up		
Non Trade (Un Quoted)		
Investment in Gold Coins	223.33	-
	<b>6106.33</b>	<b>3850.00</b>

## IIII KRYPTON INDUSTRIES LIMITED

(Rupees in '000)

### SCHEDULE FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2010

	As at 31st March, 2010	As at 31st March, 2009
<b>7. INVENTORIES</b>		
(As taken, valued and certified by the Management)		
Raw Materials & Components (At cost)	31429.97	21098.10
Stores, Spare Parts and Packing Materials (At cost)	4095.88	4160.52
Finished Goods (At cost or estimated realisable value, whichever is lower)	26724.41	24615.86
Work-in-Progress	6236.53	10140.95
Trading Goods (At cost or estimated realisable value, whichever is lower)	371.23	332.91
Upper Produced Raw Material	4145.85	-
	<u>73003.87</u>	<u>60348.34</u>
<b>8. SUNDRY DEBTORS</b>		
(Unsecured - considered good)		
Outstanding for a period exceeding six months	15133.16	17130.32
Other Debts	62268.54	41363.94
	<u>77401.70</u>	<u>58494.26</u>
<b>9. CASH AND BANK BALANCES</b>		
Cash - in - hand (As Certified by the Management)	1227.54	853.95
Balance with Scheduled Bank on :		
EEFC Account	194.20	184.70
Current Accounts	4759.72	5257.40
Margin Money Account	1580.33	596.93
Fixed Deposit Account *	5559.20	5350.01
	<u>12093.45</u>	<u>11389.04</u>
(including Accrued Interest Rs. 133987/-) (Previous year Rs.485728/-)		
* (Deposit receipt endorsed in Favour of Banks as Security against Guarantees given)	<u>13320.99</u>	<u>12242.99</u>
<b>10. LOANS AND ADVANCES</b>		
<b>(Unsecured - considered good)</b>		
Advances (Recoverable in cash or in kind or for value to be received or pending adjustments)	9747.61	9680.81
Advance to Supplier	-	4823.94
Interest Accrued on Deposits	-	456.36
Deposits	643.80	361.47
Income-Tax Deducted at Source	2566.21	2528.17
Loan to others	22057.99	20554.51
(including Accrued Interest Rs. 909955/-) (Previous year Rs. 1810197/-)		
Duties & Taxes	9854.47	7810.92
	<u>44870.08</u>	<u>46216.18</u>

## IIII KRYPTON INDUSTRIES LIMITED

(Rupees in '000)

### SCHEDULE FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2010

	As at <u>31st March, 2010</u>	As at <u>31st March, 2009</u>
<b>11. CURRENT LIABILITIES</b>		
Sundry Creditors		244.17
Due to Small Scale Industries	166.17	
Due to Others	<u>39086.42</u>	<u>32112.83</u>
Advance from Customers	1166.86	145.52
Tax deducted at Source payable	371.83	657.73
Provident Fund, E.S.I. and other Govt. charges	329.96	347.15
Commission Payable	5283.75	3780.96
Other Liabilities	14704.39	15899.11
Bank of Baroda (Dr. Balance)	-	7.12
Duties and Taxes	94.25	39.73
Unpaid Dividend*	3538.19	3538.60
(there is no amount due and outstanding to be credited to Investor Education and Protection Fund)	<u>64741.82</u>	<u>56772.92</u>
<b>12. PROVISION</b>		
Provision for Current Tax (Net of Advance Tax)	23.34	19.86
Provision for F.B.T.	-	114.47
	<u>23.34</u>	<u>134.33</u>
<b>13. OTHE INCOME</b>		
Interest Received (Including TDS Rs.276779/- P.Y. Rs. 582495/-)	2914.90	3054.26
Interest Subsidy (From WBIDC)	-	1536.00
Miscellaneous Income (including TDS Rs. 67970/-, P.Y. Rs. 108150/-)	2795.17	1602.99
Claims & Discount Received	17.85	-
Prior Period Item	-	20.46
Sale of PU Wastage	17.68	60.00
	<u>5745.60</u>	<u>6273.71</u>
<b>14. RAW MATERIALS CONSUMED FOR MCP TYRES</b>		
Opening Stock	21098.10	20370.24
Purchases during the Year	183865.98	114147.14
	<u>204964.08</u>	<u>134517.38</u>
Less : Cost of Raw Material Sold	8727.04	860.44
Less : Closing Stock	31429.97	21098.10
	<u>164807.07</u>	<u>112558.84</u>

## **//// KRYPTON INDUSTRIES LIMITED**

(Rupees in '000)

### **SCHEDULE FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2010**

	As at <u>31st March, 2010</u>	As at <u>31st March, 2009</u>	
<b>15. MANUFACTURING, SELLING AND ADMINISTRATIVE EXPENSES</b>			
Payment to and Provision for Employees :			
Salaries,Wages and Other Allowances	<b>29286.66</b>	22990.83	
Contribution to E.S.I.and Provident Fund, G. I. Scheme &Gratuity	<b>2622.06</b>	2164.67	
Employees Welfare Expenses	<b>2484.31</b>	2184.11	27339.61
Stores,Spare Parts and Packing Materials Consumed	<b>18183.41</b>		9152.75
Power,Light and Fuel	<b>7690.05</b>		6641.04
Rent	<b>6597.14</b>		6139.39
Repairs and Maintenance Expenses	<b>968.08</b>		1144.33
Vehicle Running and Maintenance Expenses	<b>603.98</b>		726.75
Travelling and Conveyance Expenses	<b>2500.93</b>		2371.81
Insurance Charges	<b>623.66</b>		598.59
Bank Charges	<b>2964.54</b>		1011.61
Printing and Stationery	<b>479.56</b>		481.35
Security Charges	<b>405.76</b>		281.26
Telephone, Telegram and Postage	<b>1123.56</b>		1112.31
Sales Promotion Expenses	<b>444.08</b>		759.76
Commission & Brokerage	<b>4789.94</b>		3172.55
Professional Fees	<b>433.71</b>		1687.75
Freight and Handling Charges	<b>11426.40</b>		8486.11
Rates and Taxes	<b>408.15</b>		150.40
Auditors'Remuneration :			
Audit Fees	<b>113.61</b>	101.56	
Tax Audit Fees	<b>34.19</b>	34.19	
Other Services	<b>132.55</b>	83.46	219.21
Job Work Charges	<b>685.38</b>		731.76
Directors' Fees, Remuneration	<b>612.00</b>		616.50
Managerial Remuneration	<b>2400.00</b>		2400.00
Miscellaneous Expenses	<b>4384.18</b>		4203.63
Claim & Discount Allowed	<b>1861.91</b>		-
Foreign Exchange Fluctuations	<b>125.06</b>		67.57
Pre Operative Expenses	-		4473.99
	<b><u>104384.86</u></b>		<b><u>83970.03</u></b>

## **//// KRYPTON INDUSTRIES LIMITED**

### **SCHEDULE FORMING PART OF THE CONSOLIDATED STATEMENT OF ACCOUNTS AS AT AND FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2010**

#### **16. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

##### **1. BASIS OF ACCOUNTING**

The consolidated financial statements relate to Krypton Industries Limited and its subsidiaries (together referred to as "the Group"). The consolidated financial statements are prepared under the Historical Cost Convention, on accrual basis of accounting to comply in all material respects, with the mandatory Accounting Standards as notified by Companies (Accounting Standards) Rules, 2006 as amended and the relevant provisions of the Companies Act, 1956. The accounting policies have been consistently applied by the Group; and the accounting policies not referred to otherwise, are in conformity with the Indian Generally accepted Accounting Principles (Indian GAAP).

##### **2. PRINCIPLES OF CONSOLIDATION**

The consolidated financial statements represent consolidation of Financial Statement of Krypton Industries Limited and its subsidiary companies M/s. Eco Wheels Private Limited, M/S Krypton Developers Limited & M/S Krypton Industries (Suzhou) Co. Ltd. The consolidated financial statements have been prepared on the following basis:

- i) The financial statements of the Parent Company and its subsidiary companies have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra – group balances and intra – group transactions resulting in unrealised profits or losses in accordance with Accounting Standard (AS) 21 – "Consolidated Financial Statements" as notified by Companies (Accounting Standards) Rules, 2006 as amended and the relevant provisions of the Companies Act, 1956.
- ii) Minority Interest's share of net assets of subsidiaries is identified and presented in the consolidated balance sheet separate from liabilities and the equity of the company's shareholders.
- iii) The Accounts of Indian Subsidiaries have been prepared in compliance with the Accounting Standards specified in the Companies (Accounting Standards) Rules, 2006 prescribed by the Central Government and those of foreign subsidiaries have been prepared in the compliance with the local laws of the foreign Countries. However wherever necessary, the figures have been reclassified/regrouped to bring the same, in line with the Parent Company's Financial Statements.
- iv) There is no excess / shortfall of Cost to the Company of its Investments in the subsidiary Company compared to Parent's portion of equity in the subsidiary companies.
- v) The subsidiary companies considered in the consolidated financial statements is as follows:

Name	Country of Incorporation	% of Ownership/ Voting Power as on 31.03.2010
Eco Wheels Private Limited	India	75.19
Krypton Developers Limited	India	98.80
Krypton Industries (Suzhou) Co. Ltd.	China	100.00

## **//// KRYPTON INDUSTRIES LIMITED**

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### **16. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Contd.)**

- vi) In terms of Accounting Standards (AS) – 21, the Minority Interest has been computed in respect of M/s. Eco Wheels Private Limited, & M/S Krypton Developers Limited a non-fully owned subsidiary, from the date when this Company became a subsidiary of M/s. Krypton Industries Limited.
- vii) Investments other than in subsidiaries have been accounted for as per AS 13 on “Accounting for Investments”.
- viii) **FIXED ASSETS**  
All fixed assets are valued at Cost less accumulated Depreciation.
- ix) **INVESTMENT**  
Long Term Investment are stated at cost less provision, if any, for diminution, which is other than temporary in nature.
- x) **INVENTORIES**
  - i) Finished Goods and trading Goods- At cost or net realisable value, whichever is lower.
  - ii) Raw Materials- stores, Spare parts, Packing Materials & Components- At cost.
  - iii) The value of Finished Goods includes Excise Duty.
  - iv) Produced Raw Material – at cost.
- xi) **DEPRECIATION- Indian Companies**
  - a) Depreciation on Fixed Assets have been provided on Straight Line Method at the rates prescribed in the Schedule XIV of the Companies Act, 1956.
  - b) In the case of Moulds the cost of Moulds is being amortised over the estimated life of Moulds.

DEPRECIATION- Foreign Companies

  - a) Depreciation has been provided by the Foreign Subsidiary on the methods and at the rates required/ permissible by the local laws of the country of its incorporation.
- xii) **FOREIGN CURRENCY**
  - i) Foreign currency transactions are recorded at the exchange rate prevailing on the date of transaction.
  - ii) At each Balance sheet date, monetary foreign currency items are reported using closing rates.
  - iii) Exchange differences arising on the settlement of monetary items are recognized as income or expense in the period in which they arise.
  - vi) Financial statements of Foreign Subsidiary has been translated as under:-
    - a) Assets & Liabilities at the rate prevailing at the end of the year. Depreciation is accounted at the same rate at which assets are converted. Revenues and expenses have been converted at yearly average exchanges rates prevailing during the year.
    - b) Exchange differences arising on translation of financial statements of the Foreign Subsidiary are shown in the Foreign Currency Translation Reserve.
- xiii) **RECOGNITION OF INCOME AND EXPENDITURE**  
Sales are recognized when goods are supplied and are recorded net of trade discount and taxes. Other Income and expenses are accounted for on accrual basis and provisions is made for all known losses and expenses.



## **//// KRYPTON INDUSTRIES LIMITED**

### **16. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)**

(xiv) PROVISIONS FOR RETIREMENT BENEFITS

In respect of Gratuity, the Company's contribution to the Group Gratuity - cum - Life Insurance Scheme under Cash accumulation System of Life Insurance Corporation of India is charged against the revenue.

(xv) SEGMENT ACCOUNTING

To identify segment based on the dominant source and nature of risk and returns and the internal organization and management structure.

To include under "Unallocated Corporate Expenses" revenue and expenses which relate to the enterprise as a whole and are not attributable to segments

(xvi) TAXATION

a) Indian Companies

Provision for Tax is made for both current and deferred taxes. Current Tax is provided on the taxable income using the applicable tax rates and tax laws. Deferred tax assets and liabilities arising on account for timing differences, which are capable of reversal in subsequent periods are recognized using tax rates and tax laws, which have been enacted or substantively enacted.

b) Foreign company

The foreign subsidiary has recognized tax liabilities and assets in accordance with the applicable local laws.

(xvii) The current year opening balance (of Foreign Subsidiary, Krypton Industries (Suzhou) Co. Limited) of Deferred Expenditure and Accumulated Depreciation has been reduced by Rs. 627.36 (in ' 000) and Rs. 66.38 (in ' 000) respectively and correspondingly the opening balance of Profit & Loss a/c has been reduced by Rs. 554.39 (in ' 000) and remaining balance of Rs. 6.59 (in ' 000) arising on account of conversion has been taken to the Foreign Currency Translation Reserve (FCTR) as certified by the Chinese CPA (Statutory Auditor of the aforesaid foreign subsidiary).

3. OTHER SIGNIFICANT ACCOUNTING POLICIES:

These are set out under 'Accounting Policies' as given in the separate financial statements of Krypton Industries Ltd and its subsidiaries.

4. Contingent Liabilities not provided in respect of :-

(a) Bank Guarantee **Rs. 1953596/-** (Previous year Rs. 15,82,914/-)

(b) Export Bills discounted with bank **Rs. 23240115/-** (Previous year Rs. 1,02,73,918/-)

(c) Letter of Credit **Rs.10325748 /-** (Previous year Rs. 13,70,040 /-)

5. The break-up of Deferred Tax Assets and Liabilities are as given below :

	<b>March 31, 2010</b> <b>(Rs. in ,000)</b>	March 31, 2009 (Rs. in ,000)
Opening Balance	<b>(6983.71)</b>	(5865.54)
Deferred Tax Liabilities:-		
Depreciation differences till date	<b>(16.19)</b>	(1118.17)
Deferred Tax Assets: -	-	-
Net Deferred Tax Assets/ (Liabilities)	<u><b>(6999.90)</b></u>	<u>(6983.71)</u>

## **IIII KRYPTON INDUSTRIES LIMITED**

### **16. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)**

6. In the case of Parent Company the allotment of 3,24,000/- Equity Shares, to the Foreign Collaborator for the Technical Know how fees is subject to the approval of Reserve Bank of India.
7. No Provision has been made for Interest of Rs.18.75 Lacs for the year ended 31<sup>st</sup> March, 2010 by Parent Company (Previous year Rs. 18.75 (Lacs) on old outstanding Unsecured Loans.

#### **8. EARNING PER SHARE**

Earning Per Share has been computed as under	<b>31.03.2010</b>	<b>31.03.2009</b>
a) Profit after Taxation (Rs. In '000)	<b>Rs. 6779.22</b>	Rs.(17040.14)
b) Number of Equity Shares	<b>43, 00,400</b>	43,00,400
c) Earning Per Share in Rs.(a/b)	<b>Rs. 1.58</b>	Rs. (3.96)

[Face Value Rs.10/- Per Share, (basic & diluted)]

#### **9. RELATED PARTY DISCLOSURES**

- a) Name of key managerial personnel**
- a) Sri Jay Singh Bardia
  - b) Sri Tansukh Gulgulia
  - c) Sri Punam Chand Daga
  - d) Sri T.C. Bachhawat
  - e) Sri P.L.Bardia
  - f) Sri Binod Kumar Sipani
  - g) Sri Sunil Jain

#### **b) Details of transactions with related Parties**

<u>Particulars</u>	<u>Nature</u>	<u>Amount (Rs)</u>
Managing Director	Salary	<b>2400000</b> (2400000)
Non-Executive Director	Directors' Fees	<b>12000</b> (16,500)
Chief Executive Officer	Salary & Allowances	<b>4,80,000</b> (4,80,000)
Whole Time Director	Salary	<b>600000</b> (600000 )

## IIII KRYPTON INDUSTRIES LIMITED

### 16. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

#### 10. SEGMENT REPORTING

##### 1) **BUSINESS SEGMENT** Segment – Wise Revenue, Result and Other Information (Rs. in ' 000)

Particulars	2009-2010			2008-2009		
	Tyre, Rims, Metal Parts, Wheel Chairs & Others	Footwear	Total	Tyre, Rims, Metal Parts, Wheel Chairs & Others	Footwear	Total
<b>REVENUE</b>						
External Sales	200875.31	112545.88	313421.19	115181.74	95115.11	210296.85
Less:- Inter Segment Adjustment	-	-	-	-	-	-
<b>Total Revenue</b>	<b>200875.31</b>	<b>112545.88</b>	<b>313421.19</b>	<b>115181.74</b>	<b>95115.11</b>	<b>210296.85</b>
<b>RESULTS</b>						
Segment / Operating Results	17363.96	8958.96	26322.92	(10884.74)	9906.95	(977.79)
Interest Expenses			15167.36			13918.18
Provision for Tax (Including Deferred Tax)			3667.85			4137.72
<b>Net Profit</b>			<b>7487.71</b>			<b>(19033.69)</b>
<b>OTHER INFORMATION</b>						
Segment Assets	228042.66	122670.50	350713.16	219617.23	96887.39	316504.62
Un-Allocable Assets			2566.21			2528.17
<b>Total Assets</b>			<b>353279.37</b>			<b>319032.79</b>
Segment Liabilities	30839.15	29992.65	60831.80	30506.84	22069.75	52576.59
Un-Allocable Liabilities & Provision			3933.36			4330.66
<b>Total Liabilities</b>			<b>64765.16</b>			<b>56907.25</b>
Depreciation	8796.82	2327.47	11124.29	8580.30	4807.09	13387.39
<b>Total Depreciation</b>			<b>11124.29</b>			<b>13387.39</b>
Non-Cash Expenditure other than depreciation	895.35	-	895.35	56.84	-	56.84
<b>Total Non Cash Expenditure</b>			<b>895.35</b>			<b>56.84</b>
Capital Expenditure(including CWIP)	8170.10	4539.42	12709.52	3632.41	8669.33	12301.74

## **//// KRYPTON INDUSTRIES LIMITED**

### **16. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)**

- 2) GEOGRAPHICAL SEGMENTS  
Secondary Segment (Geographical Segment) :

(Rs. In '000)

	<u>Domestic</u>		<u>Overseas</u>	
	<u>31.03.2010</u>	<u>31.03.2009</u>	<u>31.03.2010</u>	<u>31.03.2009</u>
Revenues-Sales	<b>159257.56</b>	122890.02	<b>154163.63</b>	87406.83
Carrying Amount of Segment Assets by location of assets	<b>322501.72</b>	290544.62	<b>30777.65</b>	28488.17
Cost incurred on acquisition of fixed assets(including CWIP)	<b>9346.12</b>	11504.71	<b>3363.40</b>	797.03

11. Previous year's figures have been regrouped and/or rearranged and reclassified wherever considered necessary.

Note : Signatories to all Schedules from 1 to 16

For **JAGDISH AGARWAL & ASSOCIATES**  
**CHARTERED ACCOUNTANTS**  
Firm Registration No. 320253E

Place : Kolkata  
Dated : The 16th day of August, 2010

**J. P. AGARWAL**  
**PARTNER**  
Membership No.055436

## **//// KRYPTON INDUSTRIES LIMITED**

### **Statement Pursuant to Section 212 of the Companies Act, 1956 relating to Company's interest in Subsidiary Companies**

1. Name of the Subsidiary Companies : a) Eco Wheels Private Limited b) Krypton Developers Limited c) Krypton Industries (Suzhou) Co. Ltd.
2. Financial year of the Subsidiary Companies ended on : 31<sup>st</sup> March, 2010
3. a) No. of Shares held by Krypton Industries Limited in the Subsidiaries at the end of the Financial year of the Subsidiaries Company. : 8,27,100 Equity Shares of Eco Wheels Pvt. Ltd. and 49,400 Equity Shares of Krypton Developers Limited having face value of Rs. 10/- each fully paid up. 100% Investment in Paid in-Capital worth Rs. 27239.38 (in ' 000) in Krypton Industries (Suzhou) Co. Ltd.
- b) Extent of Holding at the end of the financial Financial year of the Subsidiaries company. : 75.19% of Eco Wheels Pvt. Ltd, 98.80 % of Krypton Developers Limited & 100% of Krypton Industries (Suzhou) Co. Ltd.
4. Net Aggregate of Subsidiary's Profit / Loss so far as it concerns the members of Krypton Industries Ltd. :
  - a) Not dealt with in the Accounts of Krypton Industries Ltd.
    - i) For the subsidiary's financial year ended 31<sup>st</sup> March, 2010. : Rs. 21,48,570/-
    - ii) For the previous financial years of the Subsidiaries since it became subsidiary of Krypton Industries Ltd : Rs. 3,34,22,405/-
  - b) Dealt with in the Accounts of Krypton Industries Ltd.
    - i) For the subsidiary's financial year ended 31<sup>st</sup> March, 2010. : Nil
    - ii) For the previous financial years of the Subsidiaries since it became subsidiary of Krypton Industries Ltd. : Nil

## **//// KRYPTON INDUSTRIES LIMITED**

*(Rs. In 000')*

### **DETAILS OF SUBSIDIARIES OF KRYPTON INDUSTRIES LIMITED**

SL.NO.	PARTICULARS	ECO WHEELS PVT. LTD.	KRYPTON DEVELOPERS LTD.	KRYPTON INDUSTRIES (SUZHOU) CO.LTD.
1	REPORTING CURRENCY	INR	INR	INR
2	CAPITAL	11000.00	500.00	31686.50
3	RESERVES	47059.21	-	-
4	TOTAL ASSETS	82805.32	500.00	31686.50
5	TOTAL LIABILITIES	82805.32	500.00	31686.50
6	DETAILS OF INVESTMENT (OTHER THAN INVESTMENT IN SUBSIDIARIES)	1950.00	-	-
7	TURNOVER	87839.65	-	48949.14
8	PROFIT BEFORE TAX	3773.96	1.49	(3951.47)
9	PROVISION FOR TAXATION (INCL. DEFERRED TAX)	918.39	-	-
10	PROFIT AFTER TAX	2855.57	1.49	(3951.47)
11	PROPOSED DIVIDEND	-	-	-
12	PROFIT & LOSS A/C (Dr. BALANCE)	-	10.13	16953.20

**NOTE:**

1. The figures stated above have been reclassified whenever necessary to confirm that the classification in the financial statements for the year ended March 31, 2010.

***//// KRYPTON INDUSTRIES LIMITED***

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**//// KRYPTON INDUSTRIES LIMITED**

**ATTENDANCE SLIP**

(To be presented at the entrance)

20TH ANNUAL GENERAL MEETING ON WEDNESDAY, 29TH SEPTEMBER, 2010  
at Krypton Industries Ltd., Falta Special Economic Zone, Sector - 1, Plot No. 31 & 32  
P.S Diamond Harbour, 24 Parganas, Pin - 743 504.

Folio No. \_\_\_\_\_ DP ID No. \_\_\_\_\_ Client A/c No. \_\_\_\_\_

Name of Shareholder \_\_\_\_\_

Signature of the Shareholder \_\_\_\_\_

(only shareholders / proxies are allowed to attend the meeting)

**//// KRYPTON INDUSTRIES LIMITED**

**PROXY FORM**

I/We \_\_\_\_\_ of \_\_\_\_\_ being a member(s) of Krypton Industries Ltd.  
hereby appoint \_\_\_\_\_ of \_\_\_\_\_ in the district of \_\_\_\_\_  
\_\_\_\_\_ in the state of \_\_\_\_\_

as my/our proxy to attend and vote for me/us and on my/our behalf at the 20th Annual General Meeting of Krypton Industries Ltd. to be held on 29th September, 2010 and at any adjournment thereof.

Folio No. \_\_\_\_\_

DP ID No. \_\_\_\_\_ Client A/c. No. \_\_\_\_\_

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2010

Affix  
Revenue  
Stamp

Signature across Revenue Stamp

**BANK ACCOUNT PARTICULARS/ECS MANDATE FORM**

I/We \_\_\_\_\_ do hereby authorise Krypton Industries Limited to

- \* print the following details on my/our dividend warrant.
- \* credit my dividend directly to my Bank Account by ECS.

(\* Strike out whichever is not applicable)

My/our Folio No. :.....

Particulars of Bank Account :

DP ID No. .... Client A/c. No. ....

A. Branch Name : .....

B. Branch Name : .....

Address (For Mandate only) : .....

C. 9 Digit Code number of the Bank & Branch as appearing on the MICR cheque : .....

D. Account type (Savings / Current / Overdraft) : .....

E. Account No. as appearing on the cheque Book : .....

F. STD Code & Telephone NO. : .....

I/We shall not hold the Bank responsible if the ECS could not be implemented or the Bank discontinue(s) the ECS, for any reason.

**Mail to :**  
**Maheshwari Datamatics (P) Ltd.**  
**6, Mangoe Lane, 2nd Floor**  
**Kolkata-700 001**

.....  
Signature of the Shareholders

Please attach the photocopy of a cheque or a bank cancelled cheque issued by your Bank relating to your above account for verifying the accuracy of the 9 digit code number.

In case you are holding shares in demat form, kindly advise your Depository Participant to take note of your Bank account particulars/ECS mandate.



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