

# **KALPANA INDUSTRIES LIMITED**

**20<sup>th</sup> ANNUAL REPORT**

**2004-2005**

**COMPOUND GROWTH, MULTIPLIER SUCCESS.....**

**BOARD OF DIRECTORS**

Mr. D. C. Surana, Chairman  
Mr. N. Guha, Director  
Dr. P. Ghosh, Director  
Dr. R. Dasgupta, Director  
Mr. N. K. Surana, Managing Director

**COMPANY SECRETARY**

Mr. Manoj Kumar Jain

**AUDITORS**

M/s. D. C. Dharewa & Co.  
Chartered Accountants,  
41, N. S. Road  
Kolkata-700 001

**BANKERS**

Dena Bank.

**REGISTERED OFFICE**

2B, Pretoria Street,  
Kolkata-700 071.

**BRANCH OFFICE**

106, Laxmi Plaza, Laxmi Industrial Estate,  
1st Floor, New Link Road  
Andheri (West), Mumbai - 400 053

**WORKS**

Survey No. 168, Plot No. 151 - 158,  
Dabhel Industrial Co-operative Society Ltd.,  
Dabhel, Daman-396 210

Survey No. 24/3  
Demni Road, Dadra,  
Dadra & Nagar Haveli - 396230

Bhasa 14 No. D. H. Road  
24 Parganas (S)  
West Bengal - 743 503

**REGISTRAR & TRANSFER AGENTS**

S. K. Computers,  
34/1A, Sudhir Chatterjee Street,  
Kolkata - 700 006.

**NOTICE**

Notice is hereby given that the **Twentieth Annual General Meeting** of the Members of **KALPANA INDUSTRIES LIMITED** will be held at **Gyan Manch 11, Pretoria Street, Kolkata 700071** on **Friday, the 16<sup>th</sup> day of December, 2005** at **10.00 A.M** to transact the following business:

**ORDINARY BUSINESS:**

1. To consider and adopt the audited Balance Sheet as at 31<sup>st</sup> March, 2005 and the Profit & Loss Account for the year ended as on that date together with the reports of the Directors and the Auditors thereon.
2. To declare dividend on the equity shares of the Company.
3. To appoint a Director in place of Shri P. Ghosh, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Shri R. Dasgupta, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint Auditor, who shall hold office from the conclusion of the Annual General Meeting until the conclusion of the next Annual General Meeting at a remuneration to be fixed by the Board of Directors.

**SPECIAL BUSINESS:**

6. To discuss and pass the following resolution as an ordinary resolution, with or without modifications:

"RESOLVED THAT pursuant to section 97 of the Companies Act, 1956 and as directed by the Hon'ble High Court, Kolkata in its order dated September 28, 2005 approving the application for amalgamation of Kalpana Plastics Pvt. Ltd. with the Company u/s 391 and 394 of the Companies Act, 1956 the consent of the Company be and is hereby accorded to increase the Authorised Share Capital of the Company by Rs. 2,00,00,000.00. The Authorised Share Capital shall stand increased from the present limit of Rs.10,00,00,000 divided into 1,00,00,000 equity shares of Rs. 10 each to Rs. 12,00,00,000.00 divided into 1,20,00,000 equity shares of Rs. 10 each."

"RESOLVED FURTHER THAT the existing Clause V of the Memorandum of Association of the Company be substituted by new Clause V as follows:

V. The Authorised Share Capital of the Company is Rs. 12,00,00,000/- (Rupees Twelve Crores only) divided into 1,20,00,000 (One Crore Twenty Lakhs only) Equity shares of Rs. 10/- (Rupees Ten) each with the rights, privileges and conditions attaching thereto as are provided by regulations of the Company for the time being, with power to increase and reduce the Capital of the Company and to divide the shares in the capital for the time being into several classes and to attach thereto respectively such preferential Rights, privileges or conditions as may be determined by or in accordance with the regulations of the Company and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may for the time being be provided by the regulations of the Company;

7. To consider and, if thought fit, to pass the following resolution as an ordinary resolution, with or without modifications:

"RESOLVED THAT in supersession of the Resolution passed at the Extraordinary General Meeting of the Company held on 06<sup>th</sup> February, 1998 and pursuant to the provisions of Section 293 (1) (d) and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactments thereof for the time being in force), and subject to such other approvals as may be necessary, consent of the members of the Company be and is hereby accorded to the Board of Directors of the Company to borrow moneys from time to time from anyone or more of the Company's Bankers and/or from anyone or more Firms, Bodies Corporate, Financial Institutions, Mutual Funds, Foreign Bankers, Foreign Financial Institutions, Foreign Institutional Investors, Overseas Corporate Bodies, Overseas Mutual Funds, Pension Funds, Trusts or such other bodies or entities,

whether by way of cash credit, term loans, advances, deposits, loans or bill discounting, deferred payment guarantees, issue of debentures, external commercial borrowings or otherwise in any other mode or form; and whether unsecured, or secured by mortgage, charge, hypothecation, lien, or pledge of the Company's assets and properties, whether immovable or movable or stock-in-trade (including raw materials, spare parts and components in stock or in transit and work-in-progress) or by any kind of guarantees and all or any of the undertakings of the Company, notwithstanding that the moneys to be borrowed, together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business), will or may exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, so that the total amount upto which the moneys may be borrowed by the Board of Directors and outstanding at any time shall not exceed the sum of Rs. 200,00,00,000/- (Rupees Two Hundred Crores Only) exclusive of interest, and that the Board of Directors be and is hereby further authorised to execute such debenture trust deeds and or mortgage deeds, charge deeds, deeds of hypothecation, lien, promissory notes, deposit receipts, Guarantees / Assurance deeds and other deeds and instruments or writings containing such conditions and covenants, as the Board of Directors in its absolute discretion may think fit."

*By order of the Board*

Kolkata  
the 21<sup>st</sup> day of November, 2005

**Manoj Kumar Jain**  
Company Secretary

#### NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ALSO ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING. A PROXY SO APPOINTED SHALL NOT HAVE ANY RIGHT TO SPEAK AT THE MEETING. THE BLANK PROXY FORM IS ENCLOSED.
2. The Explanatory Statement pursuant to section 173 of the Companies Act, 1956 in respect of item no. 6 and item no. 7 is annexed.
3. The Register of Members and the Share Transfer Books of the company shall remain closed from Friday, 9th day of December 2005 to Friday, 16th day of December 2005 (both days inclusive).
4. The dividend, as recommended by the Board, if declared at the Annual General Meeting will be paid, subject to the provisions of Section 206A of the Companies Act, 1956 to those members or their mandatees whose names stand registered on the Company's Register of Members:
  - a) as Beneficial owners as at the end of business on 8<sup>th</sup> December, 2005 as per lists to be furnished by NSDL and CDSL (India) Ltd with respect to shares held in Electronic Form
  - b) as members in the Register of Members of the Company after giving effect to valid share transfers in physical form lodged with the Company or the Share Transfer agents: M/S S K Computers 34/1A Sudhir Chatterjee Street, Kolkata 700 006 on or before 8<sup>th</sup> December, 2005
5. Members are requested to notify immediately any change in their address to their DP in respect of their Electronic Share Accounts and to the Registrar in respect of their physical shares, as the case may be.
6. Shareholders who are interested in making nominations in respect of their shareholding in the company in physical form as permitted under Section 109-A of the Companies Act, 1956 are requested to submit the Form 2B to the Registrar & Transfer Agent of the company.
7. Queries on accounts of the company, if any, may please be send to the registered office of the company seven days in advance of the Meeting, so as the answer may be made available at the Meeting.

8. For the convenience of members and for proper conduct of the meeting entry to the place of the meeting will be regulated by attendance slip. Members are requested to affix their signature at the place provided on the attendance slip and hand it over at the entrance to the venue.
9. **Reappointment of Director:-**  
At the ensuing Annual General Meeting, Shri P. Ghosh and Shri R. Dasgupta, retire by rotation and being eligible, offer themselves for re-appointment. The information or details pertaining to them pursuant to Clause 49(VI)(A) of the Listing Agreement with the Stock Exchange(s) are furnished in the statement on Corporate Governance published in the Annual Report.
10. Members attending the Annual General Meeting are requested to bring the following with them (as applicable)
  - i. Members holding shares in dematerialised form, their DP & client ID number(s)
  - ii. Member holding shares in physical form, their folio number.
  - iii. Attendance slip.
  - iv. Copy of Annual Report 2004-05
  - v. Corporate Members intending to send their authorized representatives are requested to send a duly certified copy of the Board resolution authorizing their representatives to attend and vote at the Annual General Meeting.

**ANNEXURE TO NOTICE****EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956****Item No. 6**

In terms of the order of the Hon'ble High Court, Kolkata dated 28 September, 2005 sanctioning the Scheme of Amalgamation of Kalpana Plastics Pvt. Ltd. with your Company, it is essential that the Authorised Capital of the Company be increased by a minimum amount of Rs. 2,00,00,000.00

Section 97 of the Companies Act, 1956 makes it necessary to obtain the approval of the Company in a General Meeting for increasing the Authorised Share Capital of the Company. Hence your Directors recommend its approval.

None of the Directors are interested in the resolution.

**Item no. 7**

The business of the Company is expanding and from time to time need for further funds is felt which, owing to the strong creditworthiness of the Company the bankers are willing to extend. As you are aware the trend for the past few years has been on diversifying and expanding into newer and unexplored areas and fields. To facilitate implementation of planned initiatives and programmes the consequent financial requirements of the Company calls for further access to funds and your Board of Directors is keen to try available avenues to enable and equip the Company to make further inroads into the ever expanding markets of the country and abroad. The Company has set up new XLPE units at Daman and Bhasa and plans are afoot to start another unit at Silvassa.

For borrowing any amount in excess of paid up share capital & free reserves not being a temporary loan from the bankers of the Company, approval of the Company in General Meeting is required u/s 293 (1) (d). Accordingly your directors recommend its approval.

None of the directors are interested in the resolution.

*By order of the Board*

**Manoj Kumar Jain**  
Company Secretary

Kolkata  
the 21<sup>st</sup> day of November, 2005

## DIRECTORS' REPORT

**To**  
**THE SHAREHOLDERS**

Your Directors have pleasure in presenting their 20th Annual Report together with the Audited Accounts of your Company for the year ended 31st March, 2005.

### 1. FINANCIAL RESULTS

	For the year Ended 31-03-2005 (Rs. in Thousands)	For the Year Ended 31-03-2004 (Rs. in Thousands)
Profit before Depreciation and Interest	66988	45244
Interest	14002	12255
Profit after Interest	52986	32989
Depreciation	14480	12651
Profit before tax	38506	20338
Provision for Tax-Current	3215	1566
-Deferred	5661	922
Prior period Item/Short+/(--)	(362)	37
Profit after tax	29268	17887
Add: Balance B/F from previous years	63427	54300
Profit available for appropriation	92695	72187
Proposed Dividend	10640	--
Corporate Dividend Tax	1492	--
Amount carried to General Reserve	5000	--
Deferred Tax Provision for earlier years	--	8760
Balance carried to Balance Sheet	75563	63427

### 2. DIVIDEND

The Board of directors of the company has recommended a dividend of Re. 1.40 per share on the 76,00,000 Equity Shares of the Company of Rs. 10 each fully paid for the financial year 2004-2005 subject to approval by the shareholders of the Company at the ensuing Annual General Meeting.

### 3. OPERATIONS

The revenues and consequentially profits of the Company have been on a rise. The Company has made steady progress particularly as a result of expansion drives. Detailed discussion in relation to the operations of the Company has been done in the Management Discussion and Analysis separately annexed to the Annual report.

### 4. SCHEME OF AMALGAMATION

Your Directors communicate with pleasure that the application for Scheme of Amalgamation of Kalpana Plastics Pvt Ltd with your Company u/s 391 and 394 w.e.f 01 April, 2004 has been passed by the Hon'ble High Court, Kolkata vide order dated 28th September, 2005 and communicated on 11 November, 2005 which become effective on and from 14 November, 2005, being the date of its filing with the Registrar of Companies, West Bengal. The synergies thus obtained are expected to further strengthen your Company's prospects especially in the Eastern Region where the amalgamated Company has manufacturing facilities for PVC Compound, PVC Soles etc. and in the overseas market where Kalpana Plastics Pvt. Ltd has considerable presence. The said scheme shall vest in the Company and provide it with unfettered right to use the brand "Kalpana" The arrangement shall bring about consolidation of facilities and capabilities thereby leading to economies of scale, optimum utilisation of resources including manpower and reduction in overheads of the Company as also larger

**KALPANA INDUSTRIES LIMITED**

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market share.

**5. MARKETING**

The company continued to increase its market share in all its products in global and domestic markets. While it has taken initiative for brand building and marketing in the overseas market, the company has successfully marketed its PVC Compound and XLPE Compound to reputed clients.

**6. FUTURE PROSPECTS**

The company hopes to continue making greater inroads into the Indian and foreign markets. Although the prospect of your Company is absolutely dependent on the Indian Economy, your directors are hopeful of better financial results in future due to a number of cost cutting measures undertaken and streamlining of a number of the Company's products.

**7. HUMAN RESOURCE DEVELOPMENT**

Your Company is a learning organization and recognizes knowledge as a tool for growth. The management believes that employees' knowledge, skill and practices need to keep pace with the ever-changing environment. Providing staff with access to development opportunities suited to their potential and job requirements is primarily the responsibility of supervisors. An important factor in promoting individual development is to allow performance to have a direct impact on compensation. A growing proportion of an employee's annual compensation is linked to his or her achieving defined objective, particularly in case of managerial positions.

**8. PUBLIC DEPOSITS**

Your Company has not accepted any deposits during the year under review.

**9. INDUSTRIAL RELATIONS**

Your company has harmonious industrial relations at all levels of the organization. Your Directors wish to place on record the maximum co-operation extended by the employees in maintaining congenial working atmosphere.

**10. DIRECTORS**

Pursuant to section 256 of the Companies Act, 1956, read with Article No. 100(2) and 101 of the Articles of Association, Directors Shri P.Ghosh and Shri R. Dasgupta retire by rotation at the forthcoming Annual General Meeting but being eligible offer themselves for reappointment.

**11. DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors confirm that

1. In the preparation of Annual Accounts, applicable Accounting Standards have been followed
2. Appropriate accounting policies have been selected and applied consistently except. Judgments and estimates that are reasonable and prudent have been made so as to give a true and fair view of the state of affairs at the end of the financial year and of the profit of the Company for the financial year ended March, 31, 2005
3. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. The annual accounts have been prepared on a going concern basis.

**12. CORPORATE GOVERNANCE**

Pursuant to clause 49 of the Listing Agreement with the stock exchange(s), a Management Discussion and

**KalpANA Industries Limited**

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Analysis Report and Corporate Governance report together with a certificate from the Auditors of the company certifying compliance of the same have been made a part of the Annual Report.

**13. AUDITORS**

M/S R K Parakh and Associates, Chartered Accountants, Kolkata tendered their resignation on 15 March., 2005 and hence M/S D C Dharewa & CO, Chartered Accountants, Kolkata were appointed in their place at a duly convened Extraordinary General Meeting of the shareholders of the Company held on 28 April, 2005. M/s. D.C.Dharewa & Co., will retire at the conclusion of forthcoming Annual General Meeting and being eligible offer themselves for reappointment.

**14. AUDITORS' REPORT**

The Report of the Auditors pertaining to the Accounts in respect of the year ended 31<sup>st</sup> March, 2005 read with Notes on Accounts are self-explanatory and, therefore, do not warrant any-comments.

**15. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING AND OUTGO.**

The reports on conservation of energy, technology absorption and foreign exchange earning and outgo as required under section 217 (1)(e) of the Companies Act, 1956 as read with the companies (disclosure of particulars in respect of Board of Directors) Rules, 1988. are enclosed as Annexure-A to this report..

**16. PARTICULARS OF EMPLOYEES**

None of the employees employed throughout the year or part of the year was in receipt of remuneration the aggregate of which exceeds the limit as prescribed under section 217(2A) of the Companies Act, 1956 for disclosure in the Report of Board of Directors.

**17. ACKNOWLEDGEMENT**

Your Directors are grateful to the Company's Bankers, financial Institutions and also to the Central and State Governments for their continued support. Your Directors are particularly grateful to you for your unstinted support.

Your directors also wish to place on record their appreciation of the hard work and dedication of the employees at all levels.

By order of the Board

Registered office : 2B Pretoria Street  
Kolkata-700 071  
The 21<sup>st</sup> Day of November, 2005

**D.C.Surana**  
Chairman

## ANNEXURE 'A'

PARTICULARS REQUIRED UNDER SECTION 217(1) (e) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF DIRECTORS) RULES' 1998 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2005

**A) CONSERVATION OF ENERGY**

In its continuous effort to optimise the use of energy, the executive committee set up to study the possibilities of use of various methods by which the Company optimizes the use of energy without affecting productivity. Certain operational measures were suggested which were implemented after educating the workforce concerning their utility and manner of operation. The Company thus continues its efforts towards conservation of energy.

## i) Energy conservation measures taken

- Installation of energy efficient lighting at Daman, Dadra and Bhasa works.
- Installation and implementation of various Variable Frequency Drive (VFD) systems and AC motors in place of DC motors.
- Minimizing idle running of equipments like Air Conditioners, pumps lights, drilling machines, HF generators and welding machines.
- Ample use of Natural Lighting
- Control of leakage
- Regulation of compressor running

## ii) Additional investments and proposals being implemented for reduction of consumption of energy

- Finalisation of machinery with special attention to provide maximum energy conservation. In particular VFDs are being implemented at various works locations. The Company has decided to opt for VFDs in its entire future electric requirement.
- Fixed type DC drivers are being replaced as and when opportunity arises.
- A policy decision has been taken to opt for energy efficient machines for our future expansion.

## iii) Impact of the above measures:

- Energy consumption measures taken so far have resulted in an overall improvement in energy efficiency as detailed above.

## iv) Total energy consumption &amp; energy consumption per unit of production

- As per Form 'A' enclosed

**B. TECHNOLOGY ABSORPTION**

- As per Form 'B' Enclosed

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO**

1. Activities relating to export, initiatives taken to increase exports, development of new export markets for products and services and export plans.  
Company is making serious efforts for marketing of its products in global markets. Effective steps have been taken in this regard and Company is receiving good response to its efforts.
2. Total Foreign exchange used and earned.

	Rs. in 000's	
	Current Year	Previous Year
Total Foreign Exchange Earned	180133	24228
Total Foreign Exchange Used	238517	188913

FORM A**DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY**

<b>A.</b>	<b>POWER AND FUEL CONSUMPTION</b>	<b>Unit</b>	<b>Current Year</b>	<b>Previous Year</b>
1)	Electricity			
	a) Purchased			
	Unit	KWH	6895488	4412000
	Total Amount	Rs.	18962592	11331000
	Rate/Unit (Average)	Rs./KWH	2.75	2.57
	b) Own Generation			
	(Through Diesel Generator)			
	Total Amount	Rs.	2209678	237000
	Rate/Unit (Average)	Rs./KWH	7.85	6.74
2)	Coal		NIL	NIL
3)	Furnace Oil		NIL	NIL
4)	Other/Internal Generation		NIL	NIL

**B. CONSUMPTION PER UNIT OF GENERATION:**

Net Saleable Production

1.	PVC & XLPE Compounds	Kgs.	20828991	9996364
	Electricity	KWH/Ton	276.00	302.00
2.	Embroidery of Fabrics	Mtrs.	746762	1586167
	Electricity	KWH/Mtr.	0.90	0.90
3.	Soles & Hawaii Chappel	Pairs	6801610	---
	Electricity	KWH/Pair	0.05	---
4.	Master Batch	Kgs.	2254000	---
	Electricity	KWH/Ton	184.56	---