

KALPANA INDUSTRIES LIMITED

22ND ANNUAL REPORT
2006-2007

WHAT YOU DREAM WE COMPOUND INTO REALITY

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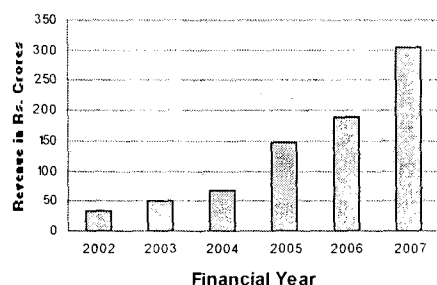
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KALPANA INDUSTRIES LIMITED

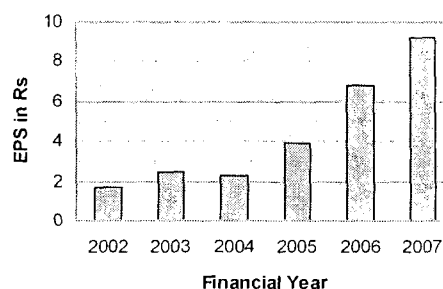
FINANCIAL OVERVIEW 2002-2007

Rs. In Crores	2002	2003	2004	2005	2006	2007
Nett Revenue	35.01	51.53	67.32	147.71	188.46	305.56
PAT	1.32	1.81	1.78	2.92	5.15	9.80
EPS	1.74	2.44	2.35	3.90	6.80	9.27

Nett Revenue



Earning Per Share

**OUR PRODUCTS**

Cable Compounds

Moisture curable Sailane Grafted XLPE

Peroxide XLPE

Semicon for both types of XLPE

PE Compound for Ariel Bunched Cable

Fire Retardant Compounds based on PVC, HFFR, Zero Halogen

Black Jacketing Compounds for telecom

Master Batches & Specialty Compounds

Wide range based on PE and PP. Application include Raffia Tape, films, moulded and extruded plastic products.

Pipe Compounds

Wide range based on PVC, PP-R and moisture curable XLPE- Application include irrigation pipes, hot and cold water distribution pipes.

Footwear Compounds

Wide range, based on PVC, TPR, EVA for foamed/compact shoe soles and uppers.

BOARD OF DIRECTORS

Mr. D.C. Surana- Mr. Surana, aged around 72 years has rich profile of experience in the plastic industry of the country. He has got total 30 years of experience out of which he has been closely associated with the Plastic industry from 1985. He has contributed his life long experience to promote this Company. Currently he is holding the position of Chairman.

Dr. P. Ghosh- Dr. Ghosh aged around 70 years, is associated with this Company since 1993. He has been an outstanding scholar and done his B.Sc.(Hons), M.Sc. (Tech) and PhD from Calcutta University. He has held senior positions in Plastic and Polymer producing Industries and possesses more than 35 years of experience in the Corporate world. Currently he is holding the position of Independent Director.

Mr. N. Guha- Mr. N. Guha, aged around 74 years, an engineer by profession, has been associated with the Company as a capacity of Independent Director. Mr. Guha has received his engineering education from India and U.K. His qualification include M. Tech (P. Eng & Mgt.), C. Eng, FIE (India), FI Plant E (UK), Hon FIPE, MMFI. Mr. Guha has wide experience in the Corporate world and has held distinguished positions in prestigious companies. He has remained Vice Chairman and Managing Director of IFB Agro Industries and Chief Executive-MD and CM of Tea Trading Corporation of India.

Dr. R. Dasgupta- Dr. Dasgupta, aged around 63 years, has been associated with the Company since 2003 as Independent Director. He has done M.Sc. from Jadavpur University and PhD from Calcutta University. He has held senior positions in Plastic and Polymer Industry and possesses more than 35 years of rich experience in the Corporate arena.

Mr. N.K. Surana- Mr. N.K. Surana, aged around 45 years, is B.Com (Hons.), and L.L.B. from Calcutta University. He also holds a MBA degree from Harvard University (Correspondence course). Currently he is holding the position of Managing Director of the Company. He has been associated with the Company since inception. He has got start up experience in various projects, particularly in Plastic Industry. Due to his able leadership the Company has reached its present height.

KALPANA INDUSTRIES LIMITED

NOTICE

Notice is hereby given that the Twenty Second Annual General Meeting of the Members of KALPANA INDUSTRIES LIMITED will be held at **Gyan Manch 11, Pretoria Street, Kolkata 700071** on **Saturday, 22nd September, 2007** at **10.30 a.m** to transact the following business :

ORDINARY BUSINESS :

1. To consider and adopt the Audited Balance Sheet as at 31st March 2007 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 Dr. P. Ghosh who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Dr. R. Dasgupta who retires by rotation, and being eligible, offers himself for re-appointment.
5. To appoint Auditor in place of M/s. D.C Dharewa & Co. Chartered Accountants, Kolkata, who retire by rotation, and being eligible, offer themselves for re-appointment, who shall hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting, at a remuneration fixed by the Board of Directors

SPECIAL BUSINESS

6. To consider and if thought fit, pass with or without modification the following Ordinary Resolution-

"RESOLVED THAT pursuant to Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII of the Act, the Company hereby approves the appointment and payment of remuneration of Mr. N. K. Surana as Managing Director of the Company for a period of five years with effect from 1st August 2007 upon terms and conditions set out in the draft Agreement to be entered into between the Company and Mr. N.K. Surana, a copy whereof initialed by the Chairman for the purpose of identification has been placed before the meeting, which draft Agreement is hereby specifically approved.

RESOLVED FURTHER THAT the Remuneration Committee of the Company be and is hereby authorized to vary and increase remuneration and perquisites thereof as specified in the said draft Agreement to the extent the Remuneration Committee may consider appropriate, as may be permitted or authorized in accordance with any provisions under the said Act for the time being in force provided, however, that the remuneration and perquisites to be provided to Mr. N.K. Surana shall be within the limits set out in the said Act including the said Schedule XIII to the Act or any amendments thereto or any modification or statutory re-enactments thereof and/or any rules or regulations framed there under and for the time being in force and the terms of this aforesaid Agreement between the Company and Mr. N.K Surana shall be suitably modified to give effect to such variation or increase as the case may be, without further reference to Shareholders in the General Meeting.

RESOLVED FURTHER THAT notwithstanding anything to the contrary herein contained in the event of loss or inadequacy of profits in any financial year of the Company during the tenure of office of Mr. N.K. Surana as "Managing Director" the remuneration and perquisites set out in the aforesaid draft agreement be paid or granted to Mr. N.K. Surana as minimum remuneration and perquisites subject to the ceiling provided in Section II of Part II of the Schedule XIII of the said Act."

By Order of the Board

Kolkata
The 28th August 2007

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 with this Annual Report.
2. The Register of members and the Share Transfer Books of the company shall remain closed from Tuesday, 18th September, 2007 to Saturday 22nd September, 2007 (both days inclusive).
3. 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 member or their mandates whose names stand registered on the Company's Register of Members.
 - a) as Beneficial owners as at the end of business on 17th September, 2007 as prelist to be furnished by NSDL and CDSL 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 17th September, 2007.
4. 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 cases may be.
5. The dividend shall be distributed vide ECS or direct credit to the Members bank account. Members are requested to furnish details of ECS Mandate as per details attached at the end of the Annual Report 2006-07.
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 sent 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 Dr. P. Ghosh and Dr. R. Dasgupta, retire by rotation and being eligible, offer themselves for re-appointment. Mr. N.K. Surana has been reappointed as Managing Director of the Company with effect from 1st August 2007 by the Board of Directors. His reappointment is subject to the approval of the Shareholders in this annual general meeting. The information or details pertaining to them pursuant to Clause 49 (IV) (E) & (G) 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)
 - ❖ Members holding shares in dematerialized form, their DP & client ID number(s).
 - ❖ Member holding shares in physical form, their folio number.
 - ❖ Attendance slip.
 - ❖ Copy of Annual Report 2006-07.
 - ❖ 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**

The Board of Directors reappointed Mr. N.K. Surana as Managing Director of the Company with effect from 1st August 2007 vide its meeting held on 28th August 2007 for a period of 5 (Five) years i.e. from 1.08.2007 to 31.07.2012 after his initial tenure terminated on 31st July 2007. The terms of appointment of Mr. N.K. Surana as Managing Director of the Company including remuneration payable thereto was approved by the remuneration committee of directors at its meeting held on 28th August 2007 and contained in the draft agreement to be entered between the Company and Mr. N.K. Surana and is subject to the approval of the Shareholders in the ensuing Annual General Meeting. The said draft agreement inter-alia contains the following terms and conditions-

1. Mr. N.K. Surana will hold office as a Managing Director of the Company with effect from 1st August 2007 for a period of five years. i.e. from 1.08.2007 to 31.07.2012.
2. Mr. N.K. Surana will not be liable to retire by rotation while he continues as a Managing Director of the Company.
3. Gross Salary and perquisites : Rs. 1,00,000 (Rupees One lac only) per month in the scale (1,00,000-10,000-1,50,000).

The Annual increments will be effective 1st April each year and will be decided by the Remuneration Committee and will be merit based.

4. Perquisites and Allowances:
 - (i) Provision for use of the Company's car for official duties and telephone at residence (including payment for local and long distance official calls) and mobile telephone shall not be included in the computation of perquisites for the purpose of calculating the above ceiling.
 - (ii) Provision for use of Credit Card for official duties shall not be included in the computation of limits for the remuneration or perquisites aforesaid.
 - (iii) Company's contribution to Provident Fund and Superannuation Fund or Annuity Fund, to the extent these either singly or together are not taxable under the Income Tax Act, gratuity payable as per the rules of the Company and encashment of leave at the end of the tenure, shall not be included in the computation of limits for the remuneration and perquisites aforesaid.
5. Minimum Remuneration: Notwithstanding anything to the contrary herein contained where in any financial year during the currency of the tenure of the Managing Director, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary and perquisites and allowances as specified above as minimum remuneration subject to the ceiling specified in part II of section II of Schedule XIII of the Companies Act' 1956 or any amendments thereto.
6. The terms and conditions of said appointment and/or Agreement may be altered and varied from time to time by the Remuneration Committee as it may, in its discretion deem fit, within the maximum amount payable to Whole Time Director/Managing Director in accordance with Schedule XIII of the Companies Act, 1956 or any amendments made hereafter in this regard.
7. In the event of any statutory amendment, modification and/or relaxation by the Central Government to Schedule XIII to the Companies Act, 1956, the Remuneration Committee shall have the authority to vary or increase the remuneration including salary, commission, perquisites, allowances etc and acceptable to Managing Director, within such prescribed limit or ceiling and accordingly this Agreement may be suitably amended to give effect to such modification, relaxation or variation without further reference to the shareholders of the Company in General Meeting. The Agreement may be terminated by either party giving the other party three months notice or the Company paying three months salary in lieu thereof.

KalpANA INDUSTRIES LIMITED

The draft Agreement to be entered into between the Company and Mr. N.K. Surana is available for inspection at the Registered Office of the Company on any working day up to the date of the Twenty Second Annual General Meeting between 11.00 A.M. and 1.00 P.M. and also during the meeting.

The above may be treated as an abstract of the terms of contract/appointment between the Company and Mr. N.K. Surana under section 302 of the Companies Act' 1956.

Mr. N.K. Surana is deemed to be concerned or interested in this resolution, which pertains to his appointment and remuneration payable to him. Mr. D.C. Surana, Director of the Company may also be considered interested in the resolution being father of Mr. N.K. Surana. No other Directors of the Company are, in any way, concerned or interested in the resolution.

A brief resume, expertise and shareholding in the Company of Mr. N.K. Surana, required to be disclosed, pursuant to clause 49 of the Listing Agreement(s) with the Stock Exchanges is published in the Corporate Governance Report.

The Directors recommend the resolution set out at Item no. 6 of the accompanying notice for approval of the Shareholders.

By order of the Board

Kolkata
28th August 2007

Manoj Kumar Jain
Company Secretary



KALPANA INDUSTRIES LIMITED

DIRECTORS' REPORT

To the Members,

Your Directors are pleased to present the Twenty Second Annual Report together with the audited accounts of the Company for the year ended March 31, 2007.

FINANCIAL RESULTS

Particulars	2006-07 (Rs in thousands)	2005-06 (Rs in thousands)
Profit before Depreciation And Interest	207846	108477
Less: Interest	66048	29777
Profit after Interest	141798	78700
Less: Depreciation	28199	18246
Profit before tax	113599	60454
Less: Provision for Tax		
Current Tax	12745	5100
Deferred Tax	2000	3000
Fringe Benefit Tax	875	700
Prior period Item/Short +/-	22	(152)
Profit After Tax	98001	51502
Add: Balance B/f from Previous Year	99986	75563
Profit available for appropriation	197987	127065
APPROPRIATIONS		
Proposed Dividend	23107	18486
Corporate Dividend Tax	3927	2593
Amount carried to General Reserve	12000	6000
Balance carried to Balance Sheet	158953	99986

PERFORMANCE

Your company achieved revenue of Rs. 305.56 cr. this year which is 62% higher than the revenues for the previous year. The profits of your Company after providing for tax increased to Rs. 9.8 cr. as compared to the profit after tax of Rs. 5.15 cr. in the last year. Income from exports increased by 146%, from Rs. 20.57 cr. in the last year to Rs. 50.78 cr. in the year under review. Your Company is planning to set additional facilities in India and plans to set-up liaison offices at strategic international locations in Middle East and other parts of South East Asia to augment its growth-plan.

The detailed analysis of your Company's operations and segment-wise performance is covered under 'Management Discussion & Analysis Report'.

KalpANA INDUSTRIES Limited

DIVIDEND

Your Board of Directors is pleased to recommend a dividend of 20% for the financial year 2006-07. The distribution of dividend will result in payout of Rs. 2.31 Crores excluding tax on dividend.

FUTURE PROSPECTS

Your Company operates in single segment and performs in the following four sectors-

Power Cable Industries, Compound for packaging, compound for pipe industries and footwear industries.

In the power cable sector we expect robust demand in the Power Generation and Transmission, distribution and steel and petro-chemical sector. In the packaging sector rapid and sustainable growth is expected. In the footwear sector much growth is not expected as it is an unorganized sector and in house capacity utilization is available. In piping sector the market is currently dominated by imports, the company is engaged in import substitution and developing inroads in this market.

HUMAN RESOURCES

Our success is fundamental on our ability to recruit and retain highly qualified and motivated people in all areas of the Company. Our entire talent pool of employees has college degrees and some of them has advanced degrees including, PhD., MBA, Chartered Accountants and Engineers. Our goal is to recruit and retain people who are the best at what they do, people who are motivated to achieve results, have high standards of quality and integrity, possess a flexible, entrepreneurial spirit and are committed to develop to their full potential.

FIXED DEPOSITS

During the year under review, your Company has not accepted any deposits from the public in terms of Section 58A of the Companies Act, 1956 read with Companies (Acceptance of Deposit) Rules, 1975.

RESEARCH & DEVELOPMENT

Your Management recognizes that Research & Development plays a critical role in supporting current operations as well as creating future growth. Your Company has focused its attention towards development of products that have wide industrial application particularly in cable, piping and footwear industry.

AUDITORS REPORT

The Report of the Auditors pertaining to the Accounts in respect of the year ended 31st March, 2007 read with Notes on Accounts are self explanatory and therefore, do not require any further clarification.

DIRECTORS

By virtue of Section 255 of the Companies Act, 1956 and the Articles of Association of the Company, Dr. P. Ghosh and Dr. R. Dasgupta retire by rotation at the ensuing Annual General Meeting and being eligible offers themselves for reappointment. In its meeting held on 28th August 2007 the Board of Directors have reappointed Mr. N.K. Surana as Managing Director of the Company with effect from 1st August 2007 for a period of five years. A brief resume, expertise, shareholding in your Company and details of other directorship of these directors are given in the Corporate Governance Report. Suitable resolutions for the approval of shareholders are incorporated in the notice convening the Annual General Meeting.

MANAGEMENT DISCUSSION AND ANALYSIS

The Report on Management Discussion & Analysis has been attached and forms part of the Annual Report.

CORPORATE GOVERNANCE

The Report on Corporate Governance along with the Certificate from the Statutory Auditors certifying the compliance of Corporate Governance enumerated in Clause 49 of the Listing Agreement with the Stock Exchanges is included in the Annual Report.