

**21st
Annual Report
and Accounts
2009-10**

KALPENA PLASTIKS LIMITED

NOTICE

NOTICE is hereby given that the 21st (Twenty First) Annual General Meeting of the Members of KALPENA PLASTIKS LIMITED will be held on Thursday, the 30th day of September, 2010 at 10.30 A.M., at 3, Saheed Nityananda Saha Sarani, Kolkata – 700 001 to transact the following businesses :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2010 and the Profit & Loss Account for the year ended on that date and Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri Jitendra Tiwari, who retires by rotation and being eligible offers himself for re-appointment.
3. To Appoint Statutory Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their Remuneration .

Registered Office :
3, Saheed Nityananda Saha Sarani
Kolkata-700 001

By Order of the Board of Directors

A.B.Chakrabartty
Company Secretary

04th September, 2010

Notes:

- 1) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF / HERSELF AND THE PROXY NEED NOT TO BE A MEMBER OF THE COMPANY. A PROXY SHALL NOT HAVE ANY RIGHT TO SPEAK AT THE MEETING. THE INSTRUMENT APPOINTING PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THEN 48 HOURS BEFORE THE COMMENCEMENT OF MEETING.
- 2) The Register of Members and the Share Transfer Books of the Company shall remain closed from Thursday, 23rd September, 2010 to Thursday, 30th September, 2010 (both days inclusive).
- 3) Corporate members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of the Board Resolution, pursuant to Section 187 of the Companies Act, 1956, authorizing their representative to attend and vote on their behalf at the Meeting.
- 4) Shareholders are requested to bring their Attendance Slip along with copy of Annual Report to the venue of the Meeting.
- 5) Members, holding shares in physical mode are requested to notify the change in their address to M/s. S.K.Computers, 34/1A, Sudhir Chatterjee Street, Kolkata – 700 006, the Registrar & Share Transfer Agent of the Company.
- 6) Members, holding Shares in Demat mode are requested to notify the change in their address / bank account to their respective Depository Participant(s) (DPs).

- 7) Additional Information relating to Directors appointed / re-appointed: Pursuant to the provisions of Articles of Association and as per Clause 49 of the Listing Agreement, the brief resume of the Directors and other information are provided elsewhere in the notice.

REQUEST TO MEMBERS

Members desirous of getting Information / Clarification on the Accounts and Operations of the company or intending to raise any query are requested to forward the same at least 10 days in advance of the meeting to the Company Secretary at the office address so as the same may be attended appropriately.

BRIEF PROFILE OF DIRECTORS PROPOSED TO BE APPOINTED / RE APPOINTED AS REQUIRED IN TERMS OF CLAUSE 49 OF THE LISTING AGREEMENT.

Shri Jitendra Tiwari

Mr. J. Tiwari is aged about 58 years, is a fellow Member of the Institute of Company Secretaries of India. He started his career as a Company Secretary .He has been an outstanding scholar and associated with various companies as an advisor. He owns a commendable position in the field of plastic and polymers producing industries and possesses 36 years of experience in the corporate world. Mr. Tiwari is an Independent Non Executive Director of the Company.

Mr. Tiwari is not holding any shares in the company. He is the Chairman of the Audit Committee of the Company. He is not holding any of the Directorship in other Public Company.

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3, Saheed Nityananda Saha Sarani
Kolkata-700 001

By Order of the Board of Directors

A.B.Chakrabartty
Company Secretary

04th September, 2010

DIRECTORS' REPORT

Dear Shareowners
Kalpena Plastiks Limited

Your Directors are pleased to present the 21st (Twenty First) Annual Report together with the audited accounts for the year ended 31st March 2010.

Financial Performance

(Rs. In Lacs)

Particulars	2009-2010	2008-2009
Sales & other Income	9847.60	11087.65
Profit before Depreciation , Interest & Tax	11.20	15.18
Less : Depreciation	0.99	0.91
Interest	0.01	0.08
Profit before Tax	10.19	14.19
Less : Provision for Tax	1.70	01.78
Profit After Tax	8.48	12.41
Add : Profit brought forward from previous year.	15.07	2.66
Balance Carried to B/S	23.56	15.07

Operations

During the year 2009-10, the company has a sales turnover of Rs. 98 Crore, against Rs. 110 Crore in the previous year.

The Company's Sales have declined to a little extent comparing to the previous year.

Dividend

Since the company is currently at revival stage, the directors of the company consider it prudent to conserve resources and therefore do not recommend any dividend on equity shares for the financial year under review.

Preferential Issue of Shares

In order to meet the growth objectives and to strengthen the financial position i.e. to raise resources for long term working capital requirements and for general corporate purpose, the company has issued and allotted 32,60,035 equity shares of Rs.10/- each of the company at par on 06th January, 2010 , to the promoters/ promoter groups on preferential basis.

Consequent to the aforesaid allotment the paid up capital of the Company has gone up from 22, 68,500 equity shares of Rs. 10/- each to 55, 28,535 equity shares of Rs. 10/- each. The aforesaid shares are yet to be listed on the exchange(s).

Diversification of Business & Change of main objects in the Memorandum of Association of the Company

The Directors of your Company have been considering various proposals to diversify into certain new business ventures. For last couple of years, the company was engaged in the business related to Plastic Compounds, Granules, PVC and related Products. Currently these sectors promise a bright future and the Company will also enlarge the area of operation of the Company. The Company has discontinued the business of Gems & Jewellery and diversified into the Business of Plastics, Granules and PVC and consequently changed its main objects in the Memorandum & Association by substituting the objects related to Plastics, Granules and PVC.

Change of Name

In order to facilitate the diversification of business, the company has changed its name from **SARLA GEMS LIMITED to KALPENA PLASTIKS LIMITED** with effect from 09th October, 2009. Necessary certificate from the Registrar of Companies, West Bengal has been obtained and due compliances in this regards has been completed.

Connectivity with Depositories

In order to offer the shareholders the opportunity to hold the shares in de mat mode and to facilitate the trading of shares in nationwide terminal of stock exchanges , the company has obtained the connectivity of both the depositories i.e. National Securities Depository Limited (NSDL) & Central Depository Services (India) Limited (CDSL). The ISIN No of the Company is INE 465K01016.

Revocation of Trading of Shares

The suspension of trading of company's shares was revoked by Bombay Stock Exchange vide their letter dated 9th October, 2009 w.e.f 16th October, 2009. Now the shares of your company are traded in BSE's online terminal.

Public Deposits

Your Company has not accepted any fixed deposit during the year under review in terms of Section 58A of the Companies Act, 1956 read with Companies (Acceptance of Deposit) Rules, 1975 and hence no amount of principal or interest was outstanding as at the Balance Sheet date.

Directors

In term of Articles 130 & 131 of Articles of Association of the Company Shri Jitendra Tiwari, Director retires by rotation and being eligible, offers himself for re-appointment at the ensuing Annual General Meeting.

A brief resume of the Directors proposed to be appointed / re- appointed nature of their expertise in specific functional areas etc. as stipulated under clause 49 of the listing agreements with stock exchanges, are provided elsewhere in the notice.

Directors' Responsibility Statement

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

- in preparation of the annual accounts, the appropriate accounting standards have been followed. There are no material departures from these applicable accounting standards.
- the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at 31st March, 2010 and its profit for the year ended on that date.

- the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- the directors have prepared the annual accounts on a going concern basis.

Auditors

M/s Maloo & Co., Chartered Accountants, Auditors of the Company, retire at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

The Company has received letter from the auditor to the effect that their re-appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956 and that they are not disqualified for such re-appointment within the meaning of Section 226 of the Companies Act, 1956. Further, the Auditors have confirmed that they have undergone the peer review process of the Institute of Chartered Accountants of India (ICAI) and yet to receive the certificate from the 'Peer Review Board' of ICAI. The observations of the Auditors in the Report on Accounts read with the relevant notes are self – explanatory.

Particulars of Employees

None of the employees employed throughout the year or part of the year who was in receipt of salary of Rs. 2,00,000 /- or more per month or Rs. 24,00,000 /- or more per annum, therefore, no details have been provided or required under section 217 (2A) of the Companies Act, 1956 read with the Company (Particulars of Employees) Rules, 1975.

Industrial Relations

The Company continued to attract and retain qualified and diligent employees. Various senior and junior employees were recruited to add to the existing strength. During the year, your company maintained harmonious and cordial Industrial Relations.

Management Discussion and Analysis

A Management Discussion and Analysis Report as required under the Listing Agreement with the Stock Exchanges is annexed hereto and marked as **Annexure – 'A'**.

Corporate Governance

The report on Corporate Governance as stipulated under clause 49 of the listing agreement with the Stock Exchange(s), forms part of Annual Report and marked as **Annexure – 'B'**.

A certificate from the Auditors of the Company M/s Maloo & Co., Chartered Accountants, confirming compliance with conditions of Corporate Governance as stipulated under the aforesaid Clause 49, is annexed to this Report.

Particulars of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo.

Particulars required to be furnished under Section 217(1) (e) of The Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rule, 1988.

- i. Part A and Part B of the Rules, pertaining to conservation of Energy and technology absorption, are not applicable to the Company.

ii. Foreign Exchange earning and outgo

Earning Nil

Outgo Nil

Acknowledgement

Your Directors wish to thank and acknowledge the Banks, Government Authorities, Dealers, Suppliers, Business Associates, and the Company's valued customers, for their Assistance and Co-Operation and the esteemed Shareholders for their continued trust and support.

The Directors also wish to acknowledge the committed and dedicated team of Kalpena Plastiks Limited, whose unstinted hard work, efforts and ideas has taken the Company on a path of growth and development.

3, Saheed Nityananda Saha Sarani
Kolkata-700 001

For and on behalf of the Board

J. Tiwari
Chairman

Date : 4th Day of September, 2010

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Industry's structure and developments

The Plastics Industry in India has made significant achievements ever since it made a modest but promising beginning by commencing production of Polystyrene in 1957. The chronology of manufacture of polymers in India is summarized as under:-1957-Polystyrene -1959-LDPE -1961-PVC -1968-HDPE -1978-Polypropylene The potential Indian market has motivated Indian entrepreneurs to acquire technical expertise, achieve high quality standards and build capacities in various facets of the booming plastic industry. Phenomenal developments in the plastic machinery sector coupled with matching developments in the petrochemical sector, both of which support the plastic processing sector, have facilitated the plastic processors to build capacities to service both the domestic market and the markets in the overseas.

The plastic processing sector comprises of over 30,000 units involved in producing a variety of items through injection moulding, blow moulding, extrusion and calendaring. The capacities built in most segments of this industry coupled with inherent capabilities has made us capable of servicing the overseas markets.

The economic reforms launched in India since 1991, have added further fillip to the Indian plastic industry. Joint ventures, foreign investments, easier access to technology from developed countries etc have opened up new vistas to further facilitate the growth of this industry.

Opportunities and Threats

The Board of the Directors is considering several action plans to grab the opportunities in order to augment a revival plan of the Company. The Management has undertaken a detailed SWOT analysis to find out appropriate growth plans to identify the weaknesses and threats.

Out look of the Company

During the year under review the following major initiatives are taken by the directors to revive the Company.

1. The Company has discontinued the business of Gems & Jewellery and diversified into the Business of Plastics, Granules and PVC.
2. **The Company has made preferential issue of Shares to promoters for meeting the long term working capital requirements of the company.**
3. The company has changed its name from **SARLA GEMS LIMITED to KALPENA PLASTIKS LIMITED.**
4. The company has obtained the connectivity of both the depositories i.e. National Securities Depository Limited (NSDL) & Central Depository Services (India) Limited (CDSL).
5. The suspension of trading of company's shares was revoked by Bombay Stock Exchange.

Now, the directors are planning to undertake setting up of new projects and consequent arrangement of finance from banks / financial institutions to make the company viable.

Risk Management

Risk is integral to virtually all business activities, though in varying degrees and forms. At Kalpena Plastiks Ltd., risk management ensures that risks are adequately measured, estimated and controlled to enhance shareholders value. Irrespective of the type of risk or the activity that creates it, the Company's fundamental approach to risk management remains the same:

Internal Control System and their adequacy

Internal Control system (ICS) continues to be prime focus area for the company. ICS ensures adequate audit and periodic internal / management audit. The audit is undertaken with more ascents on business processes rather than the transaction oriented and is subject to review at divisional head level as well as the top management level.

Human Resources

The Company recognizes the importance and contribution of its people towards achieving the common goal. Over a period of time, we have built and nurtured a dedicated and excellent workforce and also recruiting new people in order to meet the revival plans of the company.

Company is committed to the welfare of its people and their families and to improve the quality of their life by providing the required facilities.

Cautionary Statement

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, and expectations may be 'forward looking statements' within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting demand/supply and price conditions in the domestic and overseas markets in which the Company operates, changes in the Government regulations, tax laws, certain resumptons on which estimates are based and other incidental factors.

REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE :

The Philosophy of the Company in relation to Corporate Governance is to ensure transparent disclosures and reporting that conforms to laws, regulations and guidelines and to promote ethical conduct through the organization with primary objective of enhancing shareholders value. Your Company perceives good corporate governance practices as key driver of sustainable corporate growth and long term shareholder value creation. The five core values that drive the Company's business are:

Excellence : Strive relentlessly and constantly improve ourselves in our offerings.

Creativity : Allow minds to reach beyond conventional and predictable solution.

Integrity : Conduct our business fairly, with honesty and transparency.

Responsibility : For our words and actions.

Respect : For our employees, business partners and stakeholders.

The Company has three tier governance structures;

- **Strategic Supervision:** The Board of Directors occupies the topmost tier in the governance structure. The Board lays down strategic goals and exercises control to ensure that the company is progressing to fulfill stakeholders' aspirations.
- **Strategic Management:** The Management Committee is composed of the senior management of the Company and operates upon the direction of the Board.
- **Executive Management:** The Function of Executive Management is to execute and realize the goals laid down by the Board and the Management Committee.

Hope, by the way of transparency in corporate management and reporting practices, this will make a value addition.

2. BOARD OF DIRECTORS :

The Board of Directors presently consists of 4 Directors all of them are Non – Executive Directors. The Chairman of the Company is Non-Executive. The Composition of Board of the Company is as detailed below:

Name	Designation	Category	Outside Directorships & Committee Position		
			Directorships*	Committee Memberships#	Committee Chairmanships#
Mr. B.L.Bohara	Director	Non Executive & Independent	–	–	–
Mr. K.N.Agarwal	Director	Non Executive & Independent	–	–	–
Mr. M.K.Tiwary	Director	Non Executive & Independent	–	–	–
Mr. J.Tiwari	Chairman	Non Executive & Independent	–	–	–

* Directorship includes only Public Companies.

Committees includes Audit Committee, Shareholders Grievance Committee and Remuneration Committee.