

**23rd
Annual Report
and Accounts
2011-12**

KALPENA PLASTIKS LIMITED

BOARD OF DIRECTORS

Mr. Jitendra Tiwari
Mr. Bhanwar Lal Bohara
Mr. Kashinath Agarwal
Mr. Mohan Kumar Tiwary
Mr. Deo Kishan Kalwani

AUDITORS

M/s Maloo & Co.
Chartered Accountants
3, Mango Lane, 2nd Floor
Kolkata – 700 001

BANKERS

Dena Bank
HDFC Bank

REGISTERED OFFICE

3, Saheed Nityananda Saha Sarani
Kolkata – 700 001
E-mail : sarlagemsltd@yahoo.com

REGISTRAR & SHARE TRANSFER AGENT

C B Management Services (P) Limited
(Unit – Kalpena Plastiks Ltd),
P-22-Bondel Road, Kolkata - 700 019
Phone : 033 22806692 / 93 / 94 / 2486 / 4011 6700
Fax : 033 22870263
E Mail : rta@cbmsl.com

NOTICE

NOTICE is hereby given that the 23rd Annual General Meeting of the Members of KALPENA PLASTIKS LIMITED will be held on Saturday, the 29th Day of September, 2012 at 10.00 a.m. at the Registered office of the Company at 3, Saheed Nityananda Saha Sarani, 2nd Floor. Kolkata 700 001, to transact the following businesses:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2012 and the Profit & Loss Account for the year ended on that date together with the Directors' and the Auditors' Reports, thereon.
2. To appoint a Director in place of Mr. Deo Kishan Kalwani, who retires by rotation and being eligible offers himself for reappointment.
3. To Appoint Auditors and to fix their Remuneration.

SPECIAL BUSINESS

4. To consider, and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 163 and other applicable provisions, if any, of the companies Act, 1956, the Register of Members and Index of Members, in respect of shares / securities issued by the Company and the copies of all Annual Returns , prepared under Section 159 and 160, together with copies of the certificates and documents required to be annexed thereto under section 160 and 161, be kept at the office of the Registrar & Share Transfer Agents of the Company viz. M/s. CB Management Services (P) Limited, at P-22, Bondel Road, Kolkata – 700 019 or at any other place of office of Registrar & Share Transfer Agent, in Kolkata."

Registered Office:

3, Saheed Nityananda Saha Sarani, 2nd Floor
Kolkata 700 001

Date : 31st August, 2012

By Order of the Board of Directors

J.Tiwari
(Chairman)

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (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 FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF MEETING. THE PROXY FORM IS APPENDED WITH THE ADMISSION SLIP.
2. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorizing their representative to attend and vote, on their behalf, at the Meeting.
3. The Register of Members and the Share Transfer Books of the Company shall remain closed from Saturday, 22nd September, 2012 to Saturday, 29th September, 2012 (both days inclusive).
4. Relevant documents referred to in the accompanying notice are open for inspection by the members at the Registered Office of the Company on all working days, except Saturdays, between 11.00 a.m. and 1.00 p.m. up to the date of Meeting.
5. Shareholders are requested to bring their Attendance Slip along with copy of Annual Report to the venue of the Meeting.
6. Members, holding shares in physical mode are requested to notify the change in their address / mandate/ bank account to M/s. CB Management Services (P) Limited, P-22, Bondel Road, Kolkata-700 019, the Registrar & Share Transfer Agent of the Company.
7. Members, holding Shares in Demat mode are requested to notify the change in their address / bank account to their respective Depository Participant(s) (DPs).
8. The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the Companies and has issued circulars stating that service of the notice/ documents including Annual Report can be send by e-mail to its member. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants.
9. Brief resume of Directors seeking appointment / re appointment including nature of their expertise in specific functional areas and names of companies in which they hold directorship and membership / chairmanship of Board Committees, as stipulated under clause 49 of the Listing Agreement with the Stock Exchanges, are as under:-

Kalpena Plastiks Limited

BRIEF RESUME OF THE DIRECTORS SEEKING APPOINTMENT / RE APPOINTMENT, NATURE OF THEIR EXPERTISE IN SPECIFIC FUNCTIONAL AREA AND NAME OF THE COMPANIES IN WHICH THEY HOLD DIRECTORSHIP AND MEMBERSHIP / CHAIRMANSHIP OF BOARD COMMITTEES, AS REQUIRED IN TERMS OF CLAUSE 49 OF THE LISTING AGREEMENT WITH STOCK EXCHANGES IN INDIA.

| Name of Director | Date of Birth | Qualification | Experience | Directorship and Membership/ Chairmanship in other Companies in which he is a director. # | Share holdings in Kalpena Plastiks Limited |
|--------------------|---------------|-----------------------------------|---|---|--|
| Deo Kishan Kalwani | 05.06.1945 | Graduate from Calcutta University | MR. KALWANI AGED ABOUT 66 YEARS HAS MORE THAN 47 YEARS EXPERIENCE IN BUSINESS AND SERVICE AND HAS HELD DISTINGUISHED POSITION IN PRESTIGIOUS COMPANIES. | NIL | NIL |

Note: Excludes Directorships in Private Limited Companies, Foreign Companies and Government Companies

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 7 days in advance of the meeting to the Company Secretary at the office address so as the same may be attended appropriately.

Registered Office:

3, Saheed Nityananda Saha Sarani, 2nd Floor
Kolkata 700 001

Date : 31st August, 2012

By Order of the Board of Directors

J.Tiwari
(Chairman)

Kalpena Plastiks Limited

Explanatory Statement pursuant to Section 173(2) of The Companies Act, 1956

Item No. 4

The Company had earlier obtained approval of members for keeping the Register of Members, Index of members and copies of Annual Return etc. at the office of the then Registrar & Share Transfer Agents of the Company viz. M/s. S.K.Computers, 34/1A, Sudhir Chatterjee Street, Kolkata – 700 006.

The Board of Directors at its meeting held on 05.01.2012 , have appointed M/s. CB Management Services (P) Ltd, as Registrar & Share Transfer Agents , having office at P-22, Bondel Road, Kolkata – 700 019 , both for Physical as well as de mat mode with effect from 1st March, 2012.

In view of this, fresh approval of the members is desirable / required for maintaining the Register of Members, Index of members and copies of Annual Return etc. at the new address of Registrar & Share Transfer Agent of the Company.

The Board of Directors accordingly recommends the resolution set out in item No.4 of the accompanying notice, for approval of the members.

None of the directors is, in any way interested or concerned in the resolution, except as members of the Company.

Registered Office:

3, Saheed Nityananda Saha Sarani, 2nd Floor
Kolkata 700 001

Date : 31st August, 2012

By Order of the Board of Directors

J.Tiwari
(Chairman)

DIRECTORS' REPORT

Dear Shareowners
Kalpena Plastiks Limited

Your Directors are pleased to present the 23rd Annual Report together with the audited accounts for the year ended 31st March 2012.

Financial Performance**(Rs. In Lacs)**

| Particulars | 2011-2012 | 2010-2011 |
|--|------------------|------------------|
| Sales & other Income | 4119.61 | 1910.25 |
| Profit before Depreciation, Interest & Tax | (5.72) | 10.53 |
| Less : Depreciation | 0.11 | 0.57 |
| Interest | 0.09 | 0.03 |
| Profit before Tax | (6.97) | 9.93 |
| Less : Provision for Tax | 0 | 2.68 |
| Profit After Tax | (6.97) | 7.25 |
| Add : Profit brought forward from previous year. | 30.81 | 23.56 |
| Balance Carried to B/S | 23.84 | 30.81 |

Operations

During the year 2011-12, the company has achieved a sales turnover of Rs. 41 Crore, against Rs. 19 Crore in the previous year. However, the company suffers a loss of Rs. 6.97 lacs as against profit of Rs. 7.25 lacs in the previous year. This is mainly due to high raw material cost.

Dividend

Your Directors feel that there is a need to conserve resources for future plans and regret their inability to recommend any dividend for the current year.

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

Mr. Deo Kishan Kalwani, Director of the company, liable to retire by rotation at the forthcoming Annual General Meeting and being eligible, offer himself for reappointment.

Appropriate resolution for his reappointment is being placed before you for your approval at the ensuing Annual General Meeting. The brief resume and other information of the eligible directors in terms of the provisions of clause 49 of the Listing Agreement with Stock Exchanges have been detailed elsewhere in the notice. Your Directors recommends his reappointment as Director of your Company.

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, 2012 and its loss 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 and Auditors' Report

The Statutory Auditors of the Company, M/s Maloo & Co., Chartered Accountants, Kolkata, retire at the conclusion of the ensuing Annual General Meeting of the Company and confirmed their willingness and eligibility for re-appointment, if made, will be within the limits under section 224(1B) of the Companies Act, 1956 and that they are not disqualified for 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.

Cost Audit

M/s. D. Sabyasachi & Co., Cost Accountants, Kolkata have been appointed as Cost Auditors of the Company for the Financial Year 2012-13 commencing 1st April, 2012, subject to approval of the Central Government. Compliance Audit relating to 'PVC Compound' for the year ended 31st March, 2012, has been conducted by the said cost auditors and related report will be submitted to the Ministry of Corporate Affairs, Government of India within the prescribed time.

Particulars of Employees

None of the employees employed throughout the year or part of the year who was in receipt of salary of Rs. 5,00,000 /- or more per month or Rs. 60,00,000 /- 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

In accordance with Clause – 49 of the Listing Agreement with the Stock Exchanges in India , the Management's Discussion and Analysis Report for the year under review, is presented in a separate section forming part of the Annual Report and marked as **Annexure – 'A'**.

Corporate Governance

A separate section on Corporate Governance, as stipulated under Clause – 49 of the Listing Agreement with the Stock Exchanges in India, forming part of the Annual Report and marked as **Annexure – ‘B’**.

A certificate from the Auditors of the Company M/s Maloo & Co., Chartered Accountants, Kolkata, confirming compliance of 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 convey their sincere appreciation to all of the Company's employees and workers at all level for their enormous personal efforts as well as their collective contribution to the Company's performance.

Your Directors also wish to thank to all the shareholders, customers, dealers, suppliers, bankers, financial institutions, Govt. authorities and all the other business associates for the continued support given by them to the Company and their confidence in its management.

Registered Office:

3, Saheed Nityananda Saha Sarani, 2nd Floor
Kolkata 700 001

Date : 31st August, 2012

By Order of the Board of Directors

J.Tiwari
(Chairman)

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

ECONOMIC OVERVIEW:

The world economy is moving into a slower growth phase principally due to the problems faced by the European economy and bleak prospects of US economy. This has also slowed down Chinese and Indian Economy. In this situation, it was expected that the commodity prices may remain at lower level for longer period. Commodity prices came down to some extent. But, recently, Company is seeing reverse trend especially in the price of Crude Oil and Commodity Plastics.

From the low level reached in the market, fluctuation in the prices of Commodity plastics was between USD 50 to 100 per ton in the last 2 to 3 weeks. Indian economy is further adversely affected due to non – decisiveness of Centre and State Governments on various pending issues which may push the GDP growth to a lower level of around 6.5% during the year 2012-13.

Indian Economy & Industry Scenario

Indian economy continued its growth story and performed well on all the fronts. The Growth estimates and measures to achieve it by the Government are also with positive frame of mind and are with business friendly attitude. However, the current year does not seem to be encouraging for your company, mainly due to high inflation and series of interest rates hike. Moreover, the question of price stability in polymer market across India is uncertain.

Industry's structure and developments

Plastics are fast growing Industry in India with a vast export potential. The Industry contributes significantly to the direct and indirect taxes to the Government of India. It also has a vast potential to generate employment in the country. It is expected that the Industry will continue to grow in future and contribute to the over all development of the country.

The company's polymer compounds business is directly related to the fortunes of cable industry/ packaging industry / footwear industry. If there is demand push in these segments of Indian economy, the top line and bottom line of the Company will significantly increase.

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.

Future Outlook of the Company

The performance of the Company in the financial year 2011-12 is not satisfactory enough. 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

Based on the operations of the Company, new risks, if any, are identified and steps are taken to mitigate the same. At Kalpena Plastiks Ltd, management ensures that risks are adequately measured, estimated and controlled to enhance shareholders value.

Internal Control System and their adequacy

The Company believes that its internal control system and procedures are commensurate with its size and provides, among others, a reasonable assurance that transactions are executed with Management