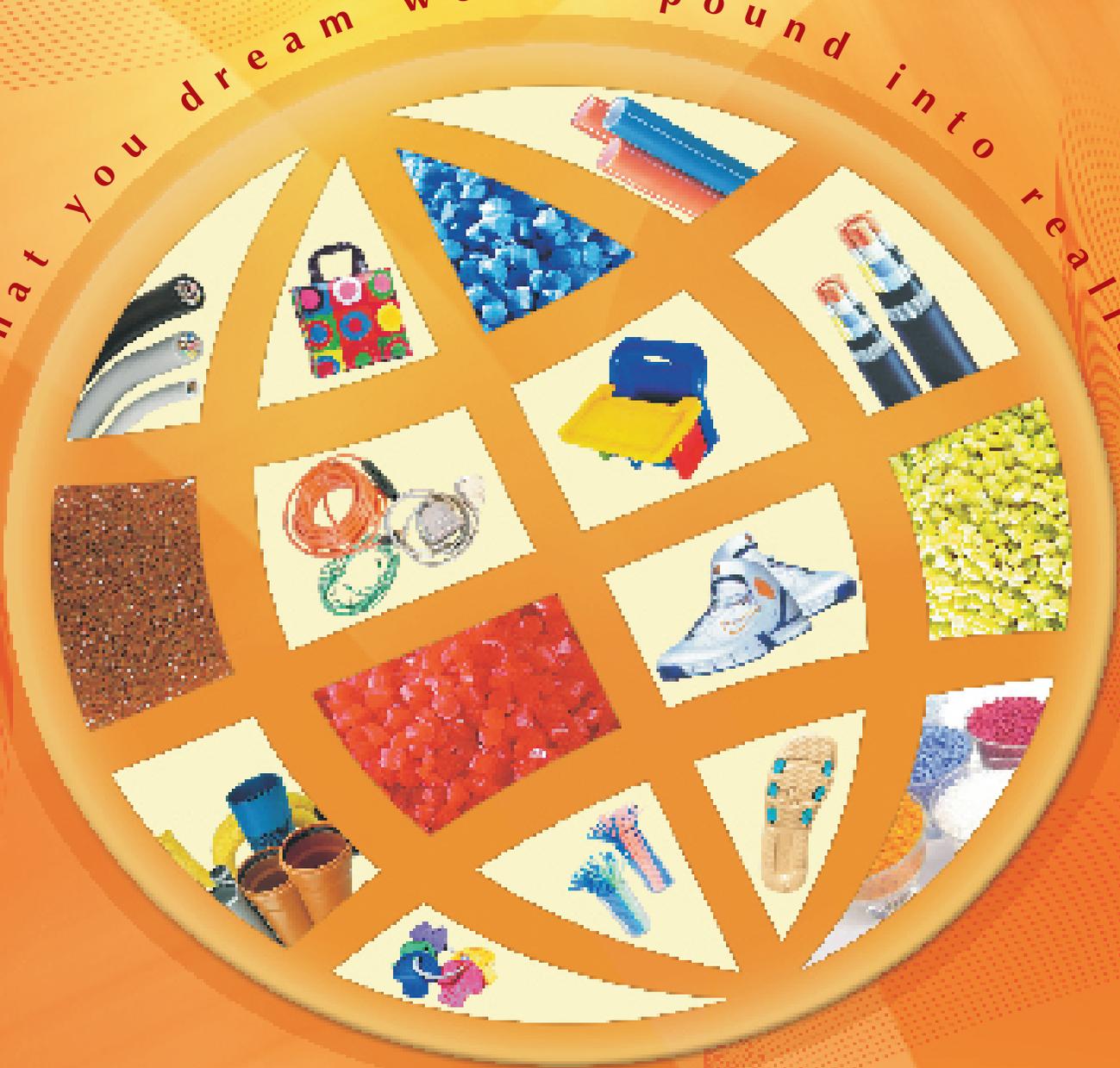




What you dream we compound into reality



Kalpena Industries Limited
An ISO 9001 Company

Corporate Information

Board of Directors

Chairman

Mr. D. C. Surana

Vice - Chairman and Managing Director

Mr. Narendra S. Surana

Non- Executive Directors

Mr. Nirmalendu Guha

Dr. Premomoy Ghosh

Dr. Rupak Dasgupta

Senior President

Mr. Jitendra Tiwari

Mr. Rajesh Kumar Kothari

Chief Financial Officer

Mr. I. C. Dakalia

Company Secretary

Mr. Manoj Kumar Jain

Auditors

M/s. D. C. Dharewa & Co.
Chartered Accountants

Bankers

Dena Bank
State Bank of India
Standard Chartered Bank
HSBC Bank
DBS Bank

Plant Location

Bhasa, Diamond Harbour Road (W.B.)
Bhiwadi (Rajasthan)
Daman (Union Territory)
Dadra I &II (Union Territory)

Registered Office

2B, Pretoria Street,
Kolkata - 700 071
Tel: 91 - 33- 2282 3744 / 3745
Fax: 91 - 33 - 2282 3739
www.kalpenagroup.com

Registrar & Share Transfer Agent

S. K. Computers
(Unit Kalpena Industries),
34/1A, Sudhir Chatterjee Street
Kolkata - 700 006
Tel: 91-33-2219-4815 / 6797





Vision

Vision without action is just a dream;

Action without vision merely passes the time;

Vision with action can change the world.

Narendra S. Surana, Vice Chairman & Managing Director



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Chairman's Message

D. C. Surana, Chairman

Dear Shareholders,
Warm greetings to you all;

This is the silver jubilee year of your company. Your company continues to move forward on its vision of the leading manufacturer of Polymer Compounds in India. During the year Alkom Speciality Compounds Limited engaged in the manufacturer of XLPE compounds having installed capacity of 16000 MT per annum was merged with your company. Further, the company is setting up a new unit at Dullagarh, Satragachhi, West Bengal with an installed capacity of 60,000 MT per annum.

Indian economy has shown resilience and regained its growth momentum. The growth is expected to reach double digit in near future, after relative slowdown in the previous year. Your Company, to take advantage of this opportunity, has made further progress in capacity expansion, better operational efficiency and superior all round performance. We, all at Kalpena Industries Limited, are justifiably proud to register best ever performance this year.

Today, Kalpena has one of the strongest operating matrix in the Plastics Industry in India. With its cost competitiveness, quality products, a robust marketing distribution system and extensive network, it has reinforced its formidable brand position amongst wide ranging and far flung customer base.

The Company has taken well timed and adequate steps in the area of its financials, not only to ensure healthy leveraging but also availability of financial resources to meet its ever growing aspirations.

I am happy that the Directors have recommended a dividend of 22% which is the highest ever dividend paid by the Company.

I thank the dedicated Management team and employees at all levels. I would also like to thank and solicit continuous support from the stakeholders, distributors, vendors and financial institutions, to meet the future challenges.

Warm regards,

D.C.Surana





BOARD OF DIRECTORS

Mr. D.C.Surana
Chairman

He is the Founder – Chairman of Kalpena Group aged about 74 Years, has rich profile of experience in the field of plastic industry. He has got total 40 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. He is the Chairman of this Company.

Mr. Narendra S. Surana,
Vice Chairman and Managing Director

Mr. Narendra S. Surana, aged around 48 years, is a B.Com (Hons.), and L.L.B from Calcutta University. He has also done his MBA from Harvard University (correspondence course). Currently he is holding the position of Vice-Chairman & 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 heights.

Mr. N. Guha
Independent Director

Mr. N.Guha, aged about 77 years, an engineer by profession, has been associated with the Company in the capacity of Independent Director. Mr. Guha has received his engineering degree from India and UK. 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. P.Ghosh
Independent Director

Dr. Premomoy Ghosh is aged about 73 years, is associated with the Company since 1993. He has been an outstanding scholar and done his B.Sc.(Hons), M.Sc.(Tech) and Phd from Calcutta University. He owns a commendable position in the field of plastic and polymers producing industries and possesses 38 years of experience in the corporate world. He is an Independent Non Executive Director of the Company.

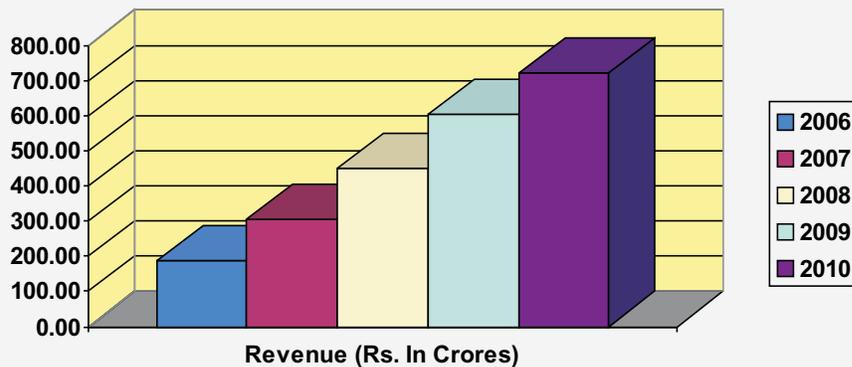
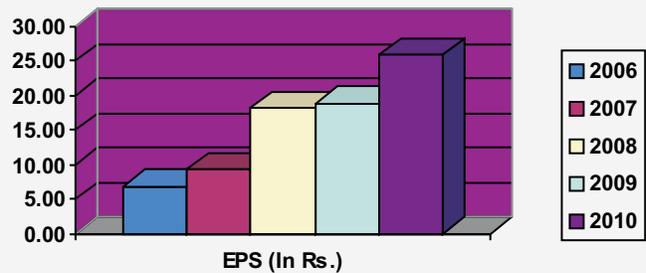
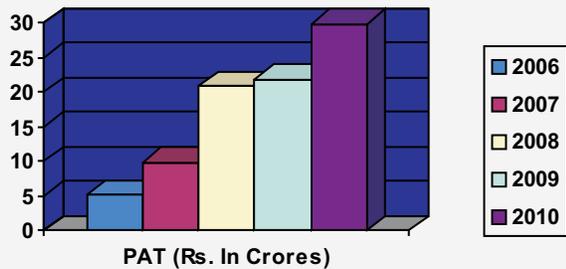
Dr. R. Dasgupta
Independent Director

Dr. R. Dasgupta, aged about 66 years, has been associated with the Company since 2003 as an Independent Director. He has done his M.Sc.form Jadavpur University and PhD from Calcutta University. He has held senior positions in Plastic and Polymer Industries and possesses more than 38 years of experience in the corporate arena.

Five Years at a Glance



Rs. In Crores:	2006	2007	2008	2009	2010
Net Revenue	188.46	305.56	451.60	602.96	718.80
PAT	5.15	9.80	20.87	21.85	29.90
EPS (Rs.)	6.80	9.27	18.06	18.91	25.88



PRODUCT RANGE

PVC Compounds	Application
Insulation Sheathing	Insulation and Sheathing for Flexible Cables. Thin Cables, Flat Cables, Heat Resistant Cables, Flame Retardent & Low Smoke Cables, Oil Resistant Cables.
PE Compounds	
<ul style="list-style-type: none"> Silane Grafted XLPE Compounds (LT / LTABC / FR / SELF CURE / MV) XLPE Compounds for Vulcanization line PE Jacketing Zero Halogen FRLS Compounds 	<ul style="list-style-type: none"> Cable Insulation (upto 36 KV). Cable Insulation (upto 36 KV). Telephone Cables. Flame Retardent & Low Smoke Cables.
<ul style="list-style-type: none"> Semi- Conductive Compounds <ul style="list-style-type: none"> Thermoplastic Thermoset 	<ul style="list-style-type: none"> Medium Voltage Cables (33 KV). Strippable & Non Strippable application

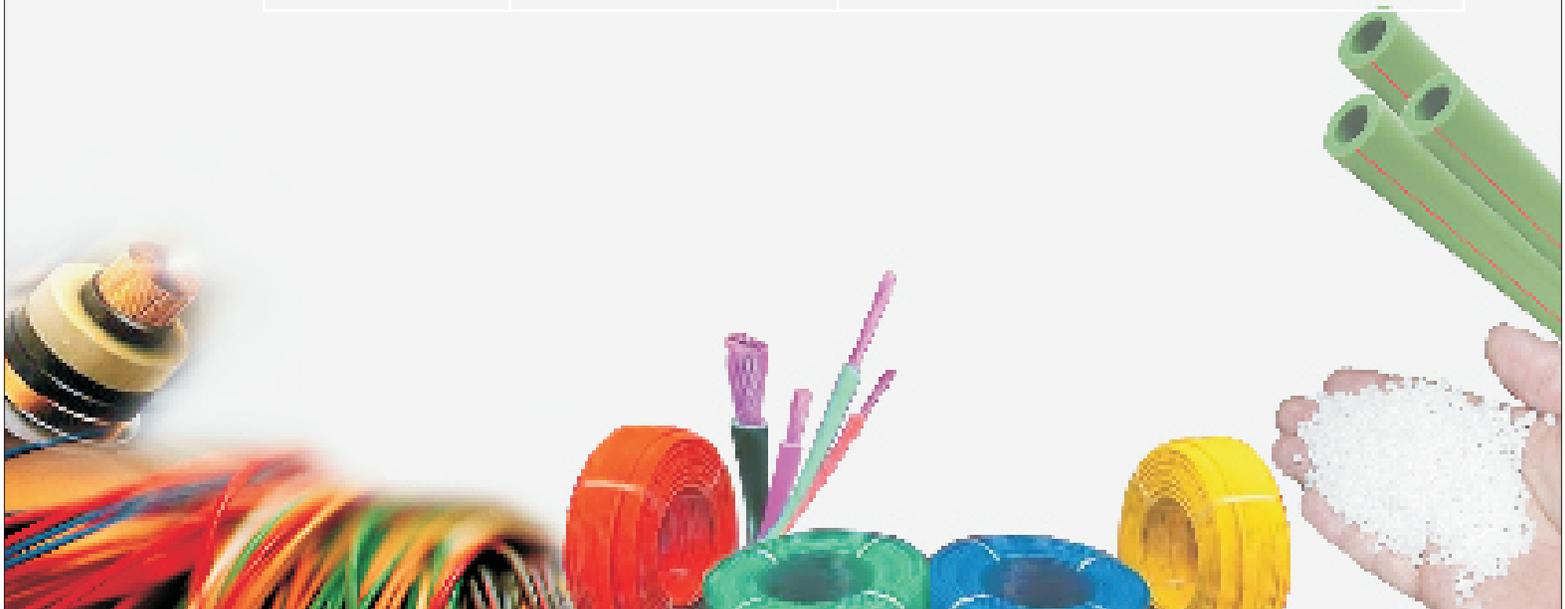


Five Years at a Glance



PRODUCT RANGE

Filled Compound & Master Batches		Application
<ul style="list-style-type: none"> Calcium Carbonat / Talc filled in PE and PP 		PP Woven Sacks, Strapping Band, Twine PP, Thermoforming, BOPP Films, HM HD Film, PE Pipes & Profiles, Blow & Roto Moulding, Injection moulded Products.
Speciality Master Batches		
<ul style="list-style-type: none"> Additives 	UV, Antioxidant Processing Aid Optical Brightner, Lubricant	<ul style="list-style-type: none"> All types of Moulded & Extruded Plastic Products.
Footware Compound		
<ul style="list-style-type: none"> PVC TPR PVC / NBR EVA 	Compact & Micro cellular Glossy, Matt, Semi - matt Transparent & colour Compact & Micro-cellular Cross linked Foam	<ul style="list-style-type: none"> Shoe sole, Complete Shoe, Slipper / Sandal. Unit sole, Heel, Mid sole. Shoe sole, Complete Shoe. Slipper / Sandal.
Pipe Compounds		
<ul style="list-style-type: none"> PPR PEX 	(PEX a, PEX b)	PPR based Pipe Compounds ready with UV resistant additive and colour pigments suitable for pipe extrusion and injection moulding of fittings.. <ul style="list-style-type: none"> For hot water pipes & fittings.



Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 25th (Twenty-Fifth) Annual General Meeting of the Members of KALPENA INDUSTRIES LIMITED will be held at Gyan Manch, 11, Pretoria Street, Kolkata – 700 071 on Thursday, the 30th day of September, 2010, at 10.00 A.M. to transact the following Businesses :

ORDINARY BUSINESS :

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 together with the Directors' and the Auditors' Report thereon.
2. To declare dividend on equity shares for the financial year ended 31st March, 2010.
3. To appoint a director in place of Dr. Rupak Dasgupta , who retires by rotation and being eligible, offers himself for re-appointment.
4. To Appoint Statutory Auditors of the Company 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:
2B, Pretoria Street,
Kolkata-700071

On behalf of the Board of Director of
Kalpna Industries Limited

Manoj Kumar Jain
Company Secretary

Date: 1st Day of September, 2010
Place: Kolkata

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, 23th September, 2010 to Thursday, 30th September, 2010 (both days inclusive).
- 3) The dividend, as recommended by the Board of Directors, if declared at the Annual General Meeting, will be paid :
 - a) to those members whose name appear in the register of members of the company, after giving effect to all valid share transfers in physical form lodged with the company and its Registrars on or before 22nd September, 2010.
 - b) In respect of shares held in electronic form to those “deemed members” whose name appear on the statement of beneficial ownership furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL), at the end of business hours on 22nd September, 2010.

- 4) The Dividend shall be distributed through ECS /NECS/ Warrants or direct credit to the Members' Bank Account. As per RBI's notification, w.e.f.1st October, 2009, the remittance of money through ECS has been replaced by National Electronic Clearing Services (NECS). NECS operates on the new and unique bank account number allotted by banks post implementation of Core Banking Solutions (CBS). Pursuant to implementation of CBS, your bank account number may have undergone a change, which is required to be communicated by you to your DP or RTA as the case may be, in which case, the communication may be made in the Mandate Form separately enclosed in this Annual Report.
- 5) Shareholders are requested to bring their copy of the Annual Report 2009-10 at the venue of the Meeting.
- 6) Corporate Members are requested to send a duly certified copy of the Board Resolution, pursuant to Section 187 of the Companies Act, 1956, authorizing their representative to attend and vote at the AGM.
- 7) Members, holding shares in physical mode are requested to notify the changes in their address / mandate/ bank account to M/s. S.K.Computers, 34/1A, Sudhir Chatterjee Street, Kolkata - 700 006, the Registrar & Share Transfer Agent of the Company.
- 8) Members, holding Shares in Demat mode are requested to notify the change in their address / bank account to their respective Depository Participant(s) (DPs).
- 9) Re appointment of Director: Pursuant to the provisions of Articles of Association, Dr. Rupak Dasgupta, Director retires by rotation and being eligible, offer himself for re-appointment. The brief resume of the director and other information as per Clause 49 of the Listing Agreement with the Stock Exchanges is 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.

Registered Office:
2B, Pretoria Street,
Kolkata-700 071

Date: 1st Day of September, 2010
Place: Kolkata

On behalf of the Board of Director of
Kalpna Industries Limited

Manoj Kumar Jain
Company Secretary

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

Name : Dr. Rupak Dasgupta

Age : 66 years

Qualification : B.Sc. (Hons), M.Sc. (Tech), Phd. From Calcutta University

Experience : More than 38 years of experience in the field of plastic and polymers producing industries and Corporate arena.

Position in the Company : Independent Non-Executive Director and Member of Audit Committee.

Shareholding in Kalpena Industries Ltd. : Nil

Directors' Report

Your Directors are pleased to present the 25th Annual Report and the Audited Accounts for the financial year ended 31st March, 2010.

Amalgamation of Alkom Speciality Compounds Limited with the Company

Alkom Speciality Compounds Limited (ASCL) has been amalgamated with the Company. The Scheme of Amalgamation was sanctioned by the Hon'ble High Court at Calcutta vide order dated 3rd August, 2010. Certified copy of the same was received on 26th August, 2010. The scheme became effective on 27th August, 2010 and the appointed date of the scheme being 1st April, 2009.

The Amalgamation follows the Company's philosophy of creating enduring value of all its stakeholders. The amalgamation creates a platform for value enhancing growth and reinforces the Company's position as market leader.

Financial Results

The Assets and Liabilities of ASCL and its operating results have been incorporated in the Company's books with effect from April 1st, 2009 (Appointed Date). The financial performance of the Company, for the year ended March 31, 2010 is summarized below:

Particulars	(Rs. in Thousand)	
	2009-2010	2008-2009
Net Turnover and other Income	7,244,087	6,041,097
Profit before Depreciation, Interest & Tax	5,60,977	4,04,636
Less : Depreciation	56,737	42,941
Interest	1,09,570	96,283
Profit before Tax	3,94,670	2,65,412
Less : Provision for Tax	93,491	46,532
Profit After Tax	3,01,179	2,18,880
Less : Prior Period Expenses	2,116	365
Net Profit for the year	2,99,063	2,18,515
Add: Profit brought forward from previous year.	4,80,138	3,14,656
Balance B/F from Amalgamating Company	(3,164)	0
Amount Available for Appropriation	7,76,037	5,33,171
Appropriation		
Proposed final dividend on Equity Shares	25,418	23,107
Corporate Dividend Tax	4,222	3,927
Transfer to General Reserve	80,000	26,000
Surplus carried to Balance Sheet	6,66,397	4,80,137

(Financial Results for the year 2009-2010 include figures of ASCL and therefore to that extent are not comparable with the figures for 2008-2009)

Operations

During the year 2009-10, the company has achieved a sales turnover of Rs. 724.41 Crore, against Rs. 604.11 Crore in the previous year. The profit after tax for the current year is Rs. 29.91 Crore in comparison to Rs. 21.85 Crore in the previous year. The current year figures include the figure of Alkom Speciality Compounds Limited.

The Company's Production and Sales have recorded a significant growth over the previous year. Capacity utilization was also higher as compared to industry's average. Your Company has consciously been following a policy of steady growth in production for last several years.

The Company is commissioning a new production unit at Dulagarh, near Kolkata, West Bengal having

installed capacity of 60,000 MT per annum. The new unit will produce various grade of Compounds which includes XLPE, Filled PP for furniture & appliances, Filled PE Compounds for antifab used for Woven Sack, white and black Master Batches, Rigid and Flexible PVC Compound used for Cable Insulation, Footwear & Pipe Jointing and other value added composition like Zero Halogen Fire Retardant Compound and Engineering Plastics. The Company continued its on-going effort to increase all-round efficiency and reduced cost.

It is heartening that the Company has achieved highest ever operating profit (PBIDT) at Rs. 56 Crore as compared to Rs. 40 Crore in the previous year, a growth of 40%

Dividend

Based on the Company's performance, the Directors are pleased to recommend for approval of the members a dividend of Rs. 2.20/- per equity share i.e. 22% for the financial year ended March 31st, 2010, which if approved by the members, will be paid within the specified period. The total cash outflow of dividend including dividend tax on Equity Shares of the Company would be aggregate of Rs. 296.40 Lacs resulting in a payout of 9.91% of the profits of the Company.

Transfer to Reserves

The Company proposes to transfer Rs. 800 Lacs to the General Reserve out of the amount available for appropriations.

Preferential Issue of Convertible Warrants.

In order to meet the funding requirements of normal capital expenditure, new acquisitions, to improve manufacturing facilities, repayment of high cost loans and other corporate purposes of the Company, your company has issued and allotted 60,00,000 warrants convertible into equity shares of the Company to promoters and strategic investors at a price of Rs. 80 /- per warrant including premium of Rs. 70/- per warrant on preferential basis on 27th November, 2009. The warrants shall be converted into equity shares within 18 months from the date of allotment.

Fixed 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.

Research and Development

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

Insurance

The Company's plants & machineries, factories and other movables are adequately insured against various risks

Directors

The office of Dr. Rupak Dasgupta, Director is due to retire by rotation at the conclusion of the forthcoming Annual General Meeting and being eligible, offer himself for re-appointment.

Appropriate resolution for his re-appointment is being placed before you for your approval at the ensuing Annual General Meeting. The brief resume and other information in terms of the provisions of clause 49 of the Listing Agreement with Stock Exchanges have been detailed elsewhere in the notice. Your Directors recommend his re-appointment 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, 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

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 D.C. Dharewa & 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 hold a valid certificate issued by 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.

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

Our Company has directed its efforts to reduce energy costs by focusing on energy savings through the best optimization of operations on a day to day basis. The Company has used fuels in appropriate mix to attain maximum savings.

As required to be disclosed in terms of Section 217(1) (e) of the Companies, Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules 1988, the relevant data pertaining to conservation of energy, technology absorption and foreign exchange earnings and outgo is given in the prescribed format as an Annexure to the Report and marked as **Annexure - 'A'**.

Management's Discussion and Analysis Report

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

Corporate Governance

Our Company has complied with the applicable provisions of Corporate Governance under clause 49 of the Listing Agreement with the stock exchanges. A separate report on Corporate Governance, as stipulated under Clause - 49 of the Listing Agreement with the Stock Exchanges in India, is included in a separate section forming part of the Annual Report and marked as **Annexure - 'C'**.

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

Acknowledgement

Your Directors place on record their sincere appreciation for significant contribution made by the employees and workers at all level through their dedication, hard work and commitment.

Your Directors also placed on record their appreciation for the continued support from the Shareholders, Suppliers, Customers, Government Departments and Authorities, Bankers, other Business Associates and its Employees.

On behalf of the Board of Director of
Kalpna Industries Limited

D. C. Surana
Chairman

Date: 1st Day of September, 2010
Place: Kolkata

ANNEXURE 'A'

Particulars of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo as per section 217 (1) (a) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the report of Directors) Rules, 1988 for the year ended 31st March, 2010.

1. CONSERVATION OF ENERGY.

A) ENERGY CONSERVATION MEASURES TAKEN:

In addition to the existing measures being practiced, the following steps were taken.

- i. Education of workforce at the Head Office regarding use of various office equipments, especially computers in a manner that use less energy.
- ii. Installation of energy efficient equipments, such as Compact Fluorescent Light Bulbs (CFLs) and Battery Charging Systems at all offices.
- iii. Adoption of policy of having our heating and cooling equipment serviced regularly.

B) ADDITIONAL INVESTMENTS AND PROPOSALS, IF ANY, BEING IMPLEMENTED FOR REDUCTION OF CONSUMPTION OF ENERGY.

- i. Rationalization of Plants to save and optimize use of energy.
- ii. Means of conservation of energy currently being utilized in process plants is being studied.

C) IMPACT OF MEASURES AT (A) AND (B) ABOVE.

Energy usage has been controlled due to above mentioned efforts being undertaken by the company.

D) TOTAL ENERGY CONSUMPTION AND ENERGY CONSUMPTION PER UNIT OF PRODUCTION.

The particulars are furnished in prescribed Form -A annexed hereto.

2. TECHNOLOGY ABSORPTION

Efforts made in technology absorption are furnished in prescribed Form-B annexed hereto.

3. FOREIGN EXCHANGE EARNINGS AND OUTGO.

A) 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 for in global markets. With India's growing importance as a low cost manufacturing base with good health, safety and environment practices, your company sees a great export potential in many of its products. Effective steps have been taken in this regards and the company is receiving good responses to its efforts.

B) TOTAL FOREIGN EXCHANGE USED AND EARNED

(Rs. in Thousands)

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
Total Foreign Exchange earned	297612.00	243581.00
Total Foreign Exchange used	2106475.00	1189735.00

FORM - A

Disclosure of particulars with respect to conservation of energy			
A. Power and Fuel Consumption	Unit	FY 2009-10	FY 2008-09
1. Electricity			
a) Purchased			
KWH		19,428,416	18,008,290
Unit	Rs.	76,387,165	62,115,342
Total amount	Rs./KWH	3.93	3.45
Rate/Unit			
b) Own Generation (through diesel generator)			
Units	KWH	267,675	1,88,335
Total amount	Rs.	3,433,823	3,663,856
Rate/Unit (Average)	Rs./KWH	12.83	19.45
2. Coal		-	-
3. Furnace Oil		-	-
4. Other/Internal Generation		-	-
B. Consumption per Unit of Generation	Unit	FY 2009-10	FY 2008-09
1. PVC, XLPE compounds & Master batches			
Net saleable production	Kgs	99,823,000	88,073,778
Electricity	KWH/Ton	194.66	202.43
2. Sole and Hawaii Chappals			
Net saleable production	Pairs	5,298,796	7,355,500
Electricity	KWH/Pair	0.05	0.05

FORM - B

DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION.

RESEARCH AND DEVELOPMENT

a) Specific areas in which R & D is carried out by your company.

- i) Horizontal and vertical expansion of Company's product profile.
- ii) New & Improved Product Development.
- iii) Up gradation of R&D lab, efforts are being made to develop state of the art R&D centre at Daman works to cater to the growing demand for Hi- Tech products.

b) Benefits derived as a result of R & D.

Efficiency and yield improvement, loss reduction and modernization program.

- i) Import Substitution
- ii) Increased Market share for various products.
- iii) Better market penetration of various products.
- iv) Developments of various grades of PVC & XLPE compounds to meet changing market needs.

c) Future Plan of Action.

The R & D Centre has undertaken development of various grades of PVC Compound to meet the changing conditions.

d) Expenditure on R&D.

(Rs. in Thousands)

Particulars	FY ended 31st March, 2010	FY ended 31st March, 2009
Capital	486.00	403.00
Recurring	506.00	584.00
Total R & D Expenditure	992.00	987.00
As a % percentage of total turnover	0.01	0.02

TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION :

- a) Efforts, in brief, made towards technology absorption, adoption and innovation as above.
- b) Benefits derived as a result of the above efforts: New Products are being developed for polymer mixing by up gradation and innovation as enumerated above.
- c) No import of technology was carried out during the last 5 years from the beginning of financial year.

On behalf of the Board of Director of
Kalpena Industries Limited

Date: 1st Day of September, 2010
Place: Kolkata

D. C. Surana
Chairman

Management Discussion And Analysis Report

The financial statements have been prepared in compliance with the requirements of the Companies Act, 1956 and Generally Accepted Accounting Principles (GAPP) in India. The Management of Kalpena Industries Limited accepts responsibility for the integrity and objectivity of these financial statements, as well as for various estimates and judgments used therein. The estimates and judgments relating to the financial statements have been made on a prudent and reasonable basis, in order that the financial statements reflect in a true and fair manner the form and substance of transactions and reasonably present the company's state of affairs and profits for the year.

The following discussion may include forward looking statements which may involve risks and uncertainties, including but not limited to the risks inherent to company's growth strategy, dependency on certain clients, dependency on availability raw materials and other factors .

Overview

- Gross - Turnover for the current year is Rs. 724.41 crore, an increase of 19.91% over Rs. 604.11 crore in 2008-09.
- PBIDT for the current year is Rs. 56 crore as against 40 crore in 2008-09, registering a growth of 40%.
- Profit after Tax for the current year is Rs. 29.91 crore against Rs. 21.85 crore in 2008-09, registering a growth of 36.89%.

Industry Overview

The strong growth in the index of country's industrial output for the year 2009-10 at 10.4% as against 2.8% in the previous year validates that the Indian economy is firmly on the growth path aided both by investments and consumption. The Indian plastic industry has taken great strides. In the last few decades, the industry has grown to the status of a leading sector in the country with a sizable base. The material is gaining notable importance in different spheres of activity and the per capita consumption is increasing at a fast pace. Continuous advancements and developments in polymer technology, processing machineries, expertise, and cost effective manufacturing is fast replacing the typical materials in different segments with plastics.

On the basis of value added, share of India's plastic products industry is about 0.7% of India's GDP.

The export of plastic products also yields about 1% of the country's exports. The sector has a large presence of small scale companies in the industry, which account for more than 50% turnover of the industry and provides employment to a large extent in the country. The Indian plastic industry has taken great strides. In the last few decades, the industry has grown to the status of a leading sector in the country with a sizable base. The material is gaining notable importance in different spheres of activity and the per capita consumption is increasing at a fast pace. Continuous advancements and developments in polymer technology, processing machineries, expertise, and cost effective manufacturing is fast replacing the typical materials in different segments with plastics. Currently, the Indian plastic industry is highly fragmented with an estimate of around 50,000 firms and with a turn over in excess of Rs. 80, 000 Crore. The top 100 players of Indian plastic industry account for just 20% of the industry turnover. Barring 10 to 15% of the firms that can be categorized as medium scale enterprises, most of the units operate on a small - scale basis. The immense potential of Indian plastic industry has motivated Indian manufacturers to acquire technical expertise, achieve superior quality standards and build capacities in different facets of the booming plastic industry. Substantial developments in the plastic machinery sector coupled with matching developments in the petrochemical sector, both of which support the plastic processing industry, have facilitated the plastic processors to develop capacities to cater both the domestic as well as overseas exports.

Future Forecast

The Indian plastic industry clearly has the potential to continue its fast growth. However, over the next few years, competition in the industry is expected to increase considerably, as a result of global trends, which will become applicable to the liberalizing economy of country. To survive the competition, both polymer manufacturers and processors will need to adopt radically new methods and approaches to reduce costs, improve market and customer service and management of performance.

The per capita consumption of plastics in India is around 5.5 KG well below the world average. However it also reflects the many years of growth ahead, as the country's economy continues to grow

and upgrade the usage of products. Translating the expected growth rate into incremental demand, it is obvious that the country will remain one of the largest sources of additional demand for almost all kinds of plastics.

Hence, it is clear that plastics will continue to be a growth industry, with boosting prospects for fresh investments in polymerization and downstream processing capacity. This is in contrast to the situation in various other countries, where growth prospects are limited, either because of stagnant demand or due to the historical over building. In such countries, the overall outlook would be far less promising, with the key imperatives being cost cutting and capacity rationalization. Demand for plastics was ever growing. Mid 1990s came with a need to organize the Indian plastics sector as much as to consolidate the global markets. The Indian plastics industry faced intense competition from companies that were globally consolidated. Indian plastic industry needed technological advancements to compete the existing players in terms of product quality, cost and quantity.

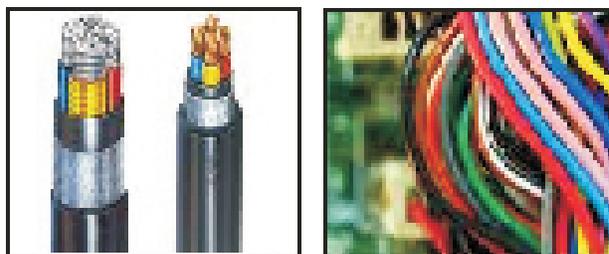
Joint ventures, foreign investments and easier access to technology from developed countries have opened up new vistas to further facilitate the growth of this industry. Phenomenal developments in the plastic machinery sector coupled with matching developments in the petrochemical sector have facilitated the plastic processors to build their global counterparts a tough competition. The small scale sector also got a platform to present themselves through our customized solutions for them.

Product wise performance Opportunities and Threats

Your Company performs in one business segment, i.e. Plastic Compound segment, with products, serving the following end users-

PVC & Power Cable Business.

In 2009, demand for PVC globally dropped by 0.9% to 32.4 MMT. Operating rate fell to 72% due to diminished demand. The demand reduction is associated with global recession. Power cable industries are growing at a reasonable pace for last couple of years. As our country's



emphasis for infrastructure development is increasing it is very clear that this segment will attract high level of investment. Our products are intermediate products and are used by cable manufacturers. Since cable is the key raw material for Power Generation and Transmission Industry and this industry will experience an unprecedented growth due to policy initiatives, we expect robust demand in the Power Generation and Transmission, distribution and steel and petrochemical sector.

Compound for packaging

This is a sunrise sector and demand is increasing at a very rapid pace. The reasons for such demands are primarily due to availability of raw material, availability of machines and marketing push by basic polymer manufacturers. Huge possibility of demand expansion lies in this sector.



Compound for pipe industries

Till now the demand for products in this sector is quite low to the size of population. This market is currently dominated by imports. Your company is engaged in import substitution and developing inroads in this market.



Footwear industries

In the footwear sector high growth is not expected as it is an unorganized sector and in house capacity is mostly available among the players. However, your company has been serving the demands of a few organized players in this sector.



The Footwear Sector is now de-licensed and de-reserved, paving the way for expansion of capacities on modern lines with state-of-the-art machinery. To further assist this process, the Government has permitted 100% Foreign Direct Investment through the automatic route for the Footwear Sector.

Product wise operational performance.

Product wise your company is engaged in manufacturing of the following products, the performance of which is discussed in the following lines-

PVC Compound and Master batches

The Production of PVC Compound & Master Batches for the current year was 39216 MT as against 30074 MT for the previous year. The turnover from PVC Compound & Master Batches was Rs. 22907 lacs this year as against Rs. 19380 lacs for the last year.

PE Compounds

The production of PE Compound for the current year under review stood at 60607 MT as against 58000 MT for the last year. Turnover was Rs. 40701.60 lacs this year as against Rs. 40926.44 lacs for the last year.

PVC Soles and Hawaii Chappals

The production for Soles & Hawaii Chappals for the year was 5298796 pairs/kg and the turnover was Rs. 5924.13 lacs. The production for Soles and Hawaii Chappals for last year was 7355500 pairs/kg and the turnover was Rs.4712.81 lacs.

Outlook

The long term outlook of your company will be encouraging because of the following reasons:-

1. Amalgamation of Alkom Speciality Compounds Limited (ALKOM) with the Company:-

ALKOM is engaged in the business of manufacturing of XLPE compounds which is related to our company's business. The amalgamation will boost efficient and economical management of the company and the company will also obtain advantage of economy at large scale.

2. Setting up of a new plant at Dulagarh, West Bengal :-

Your Company is in the process of setting up of a new plant with an installed capacity of 60000 MT per annum at Dulagarh, West Bengal.

Risk Management

Risk is an integral to virtually all business activities, though in varying degrees and forms. At Kalpena, 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:

Business risks

Lower volumes and prices in the domestic and global markets will have an impact on the Company's revenues and profits. However, the management is cautiously optimistic about the likely recovery in the global infrastructure industry with arising of supply side pressures, increased focus on sales into various overseas markets and demand recovery in domestic market. The Company's focus on cost reduction, which has yielded positive results, will be the critical factor in mitigating margin pressures. Further, new product launches and long term relationship will aid in stabilizing cash flows.

Technology risks

Product obsolescence risks are inherent in the business and the management continues to accord high priority to in-house research and development in order to ensure new product development as per evolving needs in the industry, technical enhancements and quality improvements of existing product offerings.

Financial risks

Company has established a risk management strategy that comprise reasonable use of derivative and non derivative financial instruments primarily to manage its exposure to market risks resulting from adverse fluctuations in material prices, interest rates and foreign currency rates.

Internal Control System

The Company has a well established internal control framework covering all functional areas. It includes internal audits, independent review of control system by statutory auditors, review mechanism by Audit Committee and periodic review by the management.

Currently all the operations of the company are carried out in conformity with the defined process. The Company also has policy of periodic audits and reviews of all business activities viz. purchase, stores, marketing, personnel, production, maintenance, finance and accounts, IT systems, through independent audit firm of repute. The internal auditors periodically interact with the Audit Committee of the Board to discuss the terms of reference and frequency of audit, significant audit observations and their disposals and remedies if any. Further, the Company has implemented Enterprise Resource Plan (ERP) to consolidate all its operation as well as strengthen its Internal Control System.

Financial Performance & Analysis

Capital Structure

The total shareholders funds as at March 31, 2010 aggregated Rs. 122.45 cr. of which equity capital was Rs. 11.55 cr. comprising of 1, 15, 53,600 equity share of Rs. 10 each. However, on 12th August, 2010 a total of 30,00,000 warrants were converted into equity shares and the paid up capital was increased to 14.55 Crores.

Dividend

Board of Directors have recommended an equity dividend @ 22% i.e. Rs. 2.20 per share of Rs. 10 each. The dividend outflow will aggregate to Rs. 2.96 crores (including dividend tax).

Revenue and Profits

During the year under review, the Company's net revenue aggregated Rs. 724.41 cr. compared to Rs. 604.11 cr. In the previous year, an increase of 19.91%. Profit before interest, tax and depreciation stood to Rs. 56.10 cr. compared to Rs. 40.46 cr. in the previous year, an increase of 38.64% from previous year.

Shareholders' Value

The equity shares of Kalpana Industries Limited are listed on the Bombay Stock Exchange Limited and other Stock Exchanges in the regions. The Company has consistently enhanced Shareholders' value over the years.

Human Resources

The Company recognizes the importance and contribution of its people to wards achieving the common goal. Over a period of time, we have built and nurtured a dedicated and excellent workforce who consists of engineers, CAs, CSs, MBAs, and advance degree holders like PhDs having a big business portfolio. We therefore offer our employees an excellent platform to learn, grow and excel in myriad fields of expertise.

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

Certain statements made in the Management Discussion and Analysis Report relating to the Company's objectives, projections, estimates, and expectations and others may constitute 'forward looking statements' within the meaning of applicable laws and regulations. Actual results may 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, natural calamities and so on over which the company does not have any direct control.

Report on Corporate Governance

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

Corporate Governance as a process by which Companies are directed and controlled to enhance their wealth generating capacity. Since Large Corporations employ a vast quantum of societal resources, Kalpena believes that the governance process should ensure that these resources are utilized in a manner that meets stakeholders' aspirations and societal expectations.

Corporate governance helps to serve corporate purpose by providing a framework within which stakeholders can pursue the objectives of the organization most effectively. Corporate governance signifies acceptance by management of the inalienable rights of shareholders as the true owners of the organization and of their own role as trustees on behalf of the shareholders.

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 continue focusing on its resources, strengths and strategies to achieve its vision of becoming a market leader in plastics industries, while upholding the core values of excellence, integrity, responsibility, unity and understanding, which are fundamental to Kalpena Group.

Corporate Governance is an integral part of value, ethics and best business practices followed by the Company. The core values of the Company are commitment to excellence & customer satisfaction and maximizing long term shareholder's value. In a nutshell, the philosophy can be described as observing of business practices with the ultimate aim of enhancing long term shareholder's value and commitment to high standard of business ethics.

Some of the major initiatives taken by the Company towards strengthening its corporate governance systems and practices include the following:

Secretarial Audit:

The Company has appointed an independent practicing Company Secretary to conduct Secretarial audit. The quarterly audit reports are placed before the Board.

Role of Company Secretary in overall Governance Process:

The Company Secretary plays a key role in ensuring that the Board procedures are followed and regularly reviewed. The Company Secretary ensures that all relevant information, details and documents are made available to the directors and senior management for effective decision making at the meetings. The Company Secretary is primarily responsible to ensure compliance with applicable statutory requirements.

Observance of the Secretarial Standards issued by the Institute of Company Secretaries of India:

The Institute of Company Secretaries of India (ICSI) is one of the premiere professional bodies in India. ICSI has issued Secretarial Standards on important aspects like Board Meetings, General Meetings, Payment of Dividend, Maintenance of Registers and Records, Minutes of Meetings and Transfer / Transmission of Shares. Though these standards are recommendatory in nature, the company adheres to the standards voluntarily.

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 Kalpena comprises Executive and Non-Executive Directors. The Non-Executive Directors include Independent Directors and is in conformity with Clause - 49 of the Listing Agreements entered into with the Stock Exchanges.

- a) As on March 31, 2010, the Company has five Directors with a Non-Executive Chairman. Out of the five Directors, four (i.e. 80.00%) are Non-Executive Directors. The Company has three Independent Directors.
- b) None of the Directors on the Board, are Members of more than ten Committees or Chairman of more than five Committees across all the Companies in which they are Directors. Necessary disclosures regarding Committee positions in other public Companies as on March 31, 2010 have been made by the Directors.
- c) The names and categories of the Directors on the Board and the number of Directorship and Committee Chairmanships/ Memberships held by them in other Companies are given herein below. Chairmanships / Memberships of the Board Committees include only Audit and Shareholders/ Investors Grievance Committees.

Name	Designation	Category	Outside Directorships & Committee Position		
			Directorships*	Committee Memberships#	Committee Chairmanships#
Mr. D. C. Surana	Chairman	Non Executive	-	-	-
Mr. Narendra S. Surana	Vice Chairman and Managing Director	Executive	-	-	-
Dr. P. Ghosh	Director	Non Executive & Independent	-	-	-
Dr. R. Dasgupta	Director	Non Executive & Independent	-	-	-
Mr. N. Guha	Director	Non Executive & Independent	1	-	-

* Directorship includes only Public Companies.

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

The Managing Director is re - appointed for a period of five years from the period of taking over the charge i.e. from 01.08.2007 to 31.07.2012. All other directors are liable to retire by rotation and at every AGM 1/3rd of them shall be retire.

Independent Director is defined as one, who apart from receiving sitting fee as a director does not have any other material pecuniary relationship or transactions in his personal capacity with the Company.

As required under the Accounting Standard 18 transaction with related parties are furnished under note 18 of Schedule 'T' of Notes to the Accounts. There was no transactions of material nature with Promoter Directors or their relatives, etc. that may have potential conflict with the interest of the company. With regards to disclosure received from Directors and senior management there was no transaction with the company which might have potential conflict with the interest of the company at a large.

3. BOARD AGENDA

Scheduling and Selection

Meetings are governed by a structured agenda. The Board members, in consultation with the Chairman, may bring up any matter for the consideration of the Board. All departments of the Company schedule their work plans in advance, particularly with regard to matters requiring consideration at 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/ Committee Meetings.

Post Meeting follow up System:

The Governance processes in the Company include an effective post meeting follow-up, review and reporting process for action taken / pending on decisions of the Board. Decisions are promptly communicated to the concerned departments. Action taken report on decisions / minutes of previous meetings is placed at the succeeding meetings of the Board / Committee for noting.

4. DETAILS OF BOARD MEETINGS DURING THE FINANCIAL YEAR:

The Meetings of the Board of Directors are normally held at the Company's Registered Office at Kolkata. During the financial year 2009-2010, nine meetings of the Board were held and the gap between two meetings did not exceed four months. The dates on which the said meetings were held are as follows:

SI. No.	Date	Board Strength	No. of Directors Present
1.	27th June, 2009	5	4
2.	30th July, 2009	5	4
3.	6th August, 2009	5	4
4.	8th August, 2009	5	4
5.	29th October, 2009	5	4
6.	27th November, 2009	5	4
	30th December, 2009	5	4
8.	30th January, 2010	5	5
	16th February, 2010	5	4

Attendance of each Director in the Board Meetings and the Last Annual General Meeting is detailed herein below :

SI. No.	Directors	No. of Board Meeting Attended	Attendance at the Last AGM held on 15.09.2009	No. of Shares held in the Company
1.	Mr. D. C. Surana	9	Yes	15000
2.	Mr. Narendra S. Surana	9	Yes	400
3.	Dr. P. Ghosh	9	Yes	0
4.	Mr. N. Guha	8	Yes	0
5.	Dr. R. Dasgupta	2	No	0

5. COMMITTEES OF THE BOARD:

Presently, there are three Board Committees- the Audit Committee, the Remuneration Committee and the Share Transfer and Investors Grievances Committee. The terms of reference of the committee(s) detailing their scope of work are determined by the Board from time to time. The Board periodically reviews the minutes of the meetings of above mentioned Committees. Composition, terms of reference, number of meetings and related attendance etc., of these committees are detailed below:-

5.1 AUDIT COMMITTEE:

In terms of Clause 49 of the Listing Agreement as well as of Section 292A of the Companies Act, 1956, the Board has constituted an Audit Committee. This Committee of the Board, inter alia, provides reassurance to the Board on the existence of an effective internal control environment that ensures:

- Efficiency and effectiveness of operations;
- Safeguarding of assets and adequacy of provisions for all liabilities;
- Reliability of financial and other management information and adequacy of disclosures;
- Compliance with all relevant statutes.

The Committee presently comprises four Non-Executive Directors, three of whom are Independent. Mr. N.Guha is the Chairman of the Committee is a Non-Executive Independent Director having adequate management expertise. Mr. M. K. Jain, Company Secretary of the Company acts as Secretary of the Committee.

All the Members of the Committee have good knowledge of finance, accounts and company law with in the meaning of clause II (A) explanation 1 of Clause 49 of the Listing Agreement. During the year under review, the committee met four times on 27.06.2009, 30.07.2009, 29.10.2009 and 30.01.2010. The Composition of the Committee and the attendance at each Committee Meetings are as follows :-

Name of Director	Category	Attendance of Directors			
		27.06.2009	30.07.2009	29.10.2009	30.01.2010
Mr. N. Guha	Non Executive Independent	Yes	No	Yes	Yes
Mr. D. C. Surana	Non-Executive	Yes	Yes	Yes	Yes
Dr. P. Ghosh	Non Executive Independent	Yes	Yes	Yes	Yes
Dr. R. Dasgupta	Non Excutive Independent	No	Yes	No	Yes

The Managing Director, Chief Financial Officer, Statutory Auditors usually attend the meeting .(being entitled to attend as per relevant provisions of applicable laws/rules and/or as and when felt necessary)

Term of reference:

Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;

Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditors and fixation of audit fees;

Approval of payment to statutory auditors for any other services rendered by them;

Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to :-

- a) Matters required being included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956;
- b) Changes, if any, in accounting policies and practices and reasons for the same;
- c) Major accounting entries involving estimates based on the exercise of judgment by management;
- d) Significant adjustments made in the financial statements arising out of audit findings;
- e) Compliance with listing and other legal requirements relating to financial statements;
- f) Disclosure of any related party transactions;

g) Qualifications in the draft audit report;

Reviewing with the management, the quarterly financial statements before submission to the Board for approval;

Reviewing with the management, performance of statutory and internal auditors and adequacy of the internal control systems;

Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

Discussion with internal auditors any significant findings and follow up thereon;

Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;

Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

To look in to the reasons for substantial defaults in the payment to the depositors, debenture holders, share holders (in case of non payment of declared dividends) and creditors;

Considering such other matters as may be required by the Board;

Reviewing any other areas which may be specified as role of the Audit Committee under the Listing Agreement, Companies Act and other Statutes, as amended from time to time.

Power of Audit Committee

The audit committee shall have powers which should include the following:

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.
3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

5.2 REMUNERATION COMMITTEE :

Composition :

The Board has constituted a Remuneration Committee which is presently comprising of :

- a. Dr. P. Ghosh – Chairman (Non Executive & Independent)
- b. Mr. D. C. Surana – Member (Non Executive Director)
- c. Mr. N. Guha - Member (Non – Executive & Independent)

Mr. M. K. Jain, Company Secretary acts as the Secretary of the Committee.

Terms of Reference:

The Broad terms of reference of the Remuneration Committee are as under :-

To review, assess and recommend the appointment of Executive and Non-Executive Directors from time to time, to periodically review the remuneration packages of the Executive Directors and recommend suitable revision to the Board, to recommend compensation to the Non-Executive Directors in accordance with the Companies Act, to consider and recommend Employee Stock Option Schemes (if any) from time to time and to administer and superintend the same.

During the Financial Year 2009-2010, the committee met on 4th April, 2009 and 27th June, 2009 to consider and determine annual increments to the Managing Director and increments in the sitting fee for attending the Board and Committees Meetings respectively. The attendance of each Member of the Committee is given below:

SI. No.	Name	Meeting held during the tenure of Directors	Meeting attended
1	Dr. P. Ghosh	2	2
2	Mr. N. Guha	2	2
3	Mr. D. C. Surana	2	2

Remuneration Policy:

Remuneration of employees largely consists of base remuneration, perquisites and performance incentives. The components of the total remuneration vary for different cadres and are governed by industry pattern, qualifications and experience, responsibilities handled by him, individual performance etc.

Details of Remuneration Paid to Executive & Non- Executive Directors :

The Non- Executive Directors of the Company are being paid a sitting fee of Rs. 3500 /- for attending each meeting of Board and Committees of Directors. Besides sitting fees, the Non Executive Directors of the company were not paid any other remuneration or commission. However, the Managing Director is being paid remuneration as approved by the shareholders. The details of the payments made to the Directors during the year are given below :-

(Rs. In Thousand)

Name	Position	Sitting Fees	Salary & Perks	Commission	Total
Mr. D. C. Surana	Non Executive Chairman	1,27,500	Nil	Nil	1,27,500
Mr. Narendra S. Surana	Vice Chairman and Managing Director	Nil	1,4,40,000	Nil	14,40,000
Dr. P. Ghosh	Non Executive Director	48,500	Nil	Nil	48,500
Mr. N. Guha	Non Executive Director	41,500	Nil	Nil	41,500
Dr. R. Dasgupta	Non Executive Director	14,000	Nil	Nil	14,000

5.3. SHARE TRANSFER & INVESTORS GRIEVANCES COMMITTEE:

The Board has constituted Share Transfer & Investors Grievance Committee to specifically look into the matters relating to shareholders complaints and also matters pertaining to Share Transfer / Transmission, de - materialization / re - materialization of shares, issue of duplicate shares, non receipt of dividend and other related matters.

Composition:

The Share Transfer & Investors Grievance Committee presently comprises of:

- Mr. D.C.Surana – Chairman (Non Executive)
- Mr. Narendra S. Surana – Member (Executive)

The Company Secretary of the Company, Mr. M.K.Jain is the Compliance Officer of the Committee.

The Terms of reference of the Committee include the following:

- To specifically look into complaints received from the shareholders of the Company.
- To oversee the performance of the Registrar and Transfer Agent of the Company.
- To recommend measurements for overall improvement in the quality of services to the investors.

The Committee met 24 times during the year 2009-2010.

The attendance of each Member of the Committee is given below:

	Name	Meeting held during the tenure of Directors	Meeting attended
1	Mr. D. C. Surana	24	24
2	Mr. Narendra S. Surana	24	24

During the year ended 31st March, 2010, 149 complaints were received and all have settled except nine complaints.

6. DETAILS OF GENERAL MEETING :

The Company held its last Three Annual General Meetings as under :

Financial Year	Date	Time	Venue	Whether Special Resolution passed if any
2008-2009	15th September, 2009	10.00 A.M.	Gyan Manch, 11 Pretoria Street, Kolkata - 700 071	Cancellation / setting aside of the resolutions passed at the EGM held on 26.04.2009 under section 94, 16 and 81 (1A) of the Companies Act, 1956.
2007-2008	23rd September, 2008	02.00 P.M.	Gyan Manch, 11 Pretoria Street, Kolkata - 700 071	Change of name from Kalpana Industries Ltd to Kalpena Industries Ltd.
2006-2007	22nd September, 2007	10.30 A.M.	Gyan Manch, 11 Pretoria Street, Kolkata - 700 071	None

6.1 Extraordinary General Meeting: During the Financial Year 2009-2010 two Extraordinary General Meetings of the members of the company was held on 26.04.2009 and 04.09.2009 for issuance of Compulsory Convertible Debentures and Convertible warrants, respectively, on preferential basis, to promoters and others.

6.2 Postal Ballot: During the year under review no Special Resolution was passed through Postal Ballot.

7. DISCLOSURES :

7.1 Disclosures on materially significant related party transactions that may have potential conflict with the interest of the company at large :-
There are no materially significant transactions made by the company with its promoters, Directors or Management or relatives etc. that may have potential conflict with the interest of the Company at large.

However, the related party relationships and transactions as required under Accounting Standard (AS) 18 on Related Party Disclosures prescribed under the Companies Act, 1956 are disclosed in Note No. 18 of Schedule T to the Accounts for the year ended 31st March, 2010 may be referred.

- 7.2 Details of Non compliance:-
No penalties / strictures have been imposed on the Company by Stock Exchanges or SEBI or any other authority, on any matter related to capital markets during last three years.
- 7.3 Whistle Blower Policy :-
The Company has adopted a “Whistle Blower Policy” which has been communicated to all employees at all level along with Code of Conduct. The Whistle Blower Policy is the mechanism to help the employees to raise their concerns about any malpractice, impropriety, abuse or wrongdoing at an early stage and in the right way, without fear of victimization, subsequent discrimination or disadvantage. No employee of the Company has been denied access to the Audit Committee of the Board of Directors.
- 7.4 Disclosure of Risk Management :-
The company has laid down procedures to inform the Board Members about the risk assessment and risk mitigation mechanism, which is periodically reviewed and reported to the Board of Directors by senior executives.
- 7.5 Compliance of Clause 49 :-
The company has complied with the entire mandatory requirement to Clause 49 of the Listing Agreement executed with the Stock Exchanges. Comments on adoption of non-mandatory requirements are given at the end of this report.
- 7.6 CEO and CFO Certificate :-
The CEO and CFO certificate as required under clause 49(V) of the Listing Agreement was laid before the Board of Directors and was taken on record by the Board. The certificate is reproduced below;

CEO / CFO CERTIFICATION

To,
The Board of Directors,
Kalpena Industries Ltd,
2B, Pretoria Street,
Kolkata - 700 071

We, Narendra S. Surana, Vice Chairman and Managing Director and I.C.Dakalia, Chief Financial Officer of Kalpena Industries Limited, to the best of our knowledge and belief, certify that :

We have reviewed the Financial Statements and Cash Flow Statement for the financial year ended on 31st March, 2010 and to the best of our knowledge and belief ;

- i) These statements do not contain any materially untrue statement or omit any material fact or contain statement that might be misleading;
- ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations;
- iii) These are to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.

Further, we accept that it is our responsibility to establish and maintain internal controls for financial reporting. Accordingly, we have evaluated the effectiveness of internal control systems of the Company pertaining to financial statements and have disclosed to the Auditors and Audit Committee, wherever applicable;

- a) Deficiencies in the design or operation of internal controls, if any, which come to our notice and steps have been taken / proposed to be taken to rectify these deficiencies;
- b) Significant changes, if any, in internal control over financial reporting during the year.

During the financial year ended on 31st March, 2010, there were no significant changes in internal control over financial reporting.

- c) Significant changes, if any, in accounting policies during the year and that the same have been disclosed in the notes to the financial statements.

During the financial year ended on 31st March, 2010, there were no significant changes in accounting policies.

- d) 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.

During the Financial Year ended on 31st March, 2010, there were no instances of the above nature.

Date: 1st Day of September, 2010
Place: Kolkata

Sd/-
Narendra S. Surana
Vice-Chairman and Managing Director

Sd/-
I.C.Dakalia
Chief Financial Officer

8. CODE OF CONDUCT FOR BOARD MEMBERS AND SENIOR MANAGEMENT.

The Company has adopted the code of conduct for its employees at all levels including Senior Management and Directors. The code has been circulated to all the members of the Board and senior management and the same has been put on the Company's website. The Board members and senior management have affirmed their compliance with the code and a declaration signed by the Managing Director of the Company appointed in terms of the Companies Act, 1956 (i.e the CEO within the meaning of clause 49-V of the Listing Agreement) is annexed separately to this report.

9. MEANS OF COMMUNICATION:

In compliance with the requirements of the Listing Agreement, the Company has intimated the financial results to the stock exchanges immediately after they are taken on record by the Board. Further coverage has been given for the benefit of the shareholders and investors by publication of the financial results in the leading national dailies like Economic Times, Financial Express and Business Standard etc., and a local vernacular newspaper circulated in the state of West Bengal. The results were also available on the company's website at www.kalpenagroup.com.

Resume and other information of the Directors seeking appointments / re - appointment at the ensuing Annual General Meeting as required under Clause 49 of the Listing Agreement are given as an annexure to the notice of ensuing Annual General Meeting.

Management Discussion and Analysis Report are given separately and forms part of Annual Report.

10. CODE OF INSIDER TRADING:

In pursuance of the SEBI (Prohibition of Insider Trading) Regulations, 1992, the Board has laid down "Code of Conduct for Prevention of Insider Trading" with objective of Preventing purchase and or sale of shares of the company by an insider on the basis of unpublished price sensitive information. Further the Trading Window has been closed for the Directors and Employees of the Company as per insider Trading Code in force in the Company.

11. GENERAL SHAREHOLDERS INFORMATION:

(i) Annual General Meeting (AGM)

Day, Date & Time : Thursday, the 30th September, 2010 at 10.00 A.M.
Venue : Gyan Manch, 11- Pretoria Street, Kolkata - 700 071

(ii) Date of Book Closure : 23rd September, 2010 to 30th September, 2010
(both days inclusive)

(iii) Dividend Payment Date : On or after 5th October, 2010, if declared at the AGM.

(iv) Financial Calendar for Year 2010-2011 (tentative)

The Company follows the financial year from April to March.

For the quarter ending	30 th June, 2010	}	Within 45 days of the end of the quarter.
For the quarter & half year ending	30 th September, 2010		
For the quarter ending	31 st December, 2010		
For the quarter & year ending	31 st March, 2011 (Audited)	}	Within 60 days of the end of the quarter.

- (v) **Listing on Stock Exchanges :** The Share of the Company is listed in the following Exchanges.

Name of the Stock Exchanges	Stock Code
The Bombay Stock Exchange Ltd.(BSE)	526409
The Calcutta Stock Exchange Association Ltd. (CSE)	10021028
The Delhi Stock Exchange Association Ltd.(DSE)	11103
The Hyderabad Stock Exchange Ltd. (Derecognized by SEBI w.e.f.29.08.2007)	KALPIN\$
The Ahmedabad Stock Exchange Ltd.	29660

The Company has paid the annual listing fees for the financial year 2010-11 to all the exchanges and has paid the custodial fees to National Securities Depository Limited (NDSL) and Central Depository Services (India) Limited (CDSL) for the financial year 2010-11.

- (vii) **Dematerialisation of Shares and Liquidity:**

Trading in the Equity Shares of the Company is permitted only in dematerialised form. Shareholders may therefore, in their own interest, dematerialise their holdings in physical form, with any one of the Depositories namely National Securities Depository Ltd (NSDL) and Central Depository Services (India) Ltd (CDSL). The ISIN No. for the Equity Shares of the Company is INE301C01010. As on 31st March, 2010, 10549429 shares representing 91.31% of the Equity Shares stand dematerialised. It may be noted that in respect of shares held in demat form, all the request of shares held in demat form, all the requests for nomination, change of address, ECS, Bank Mandate and rematerialisation etc. are to be made only to the Depository Participant (DP) of the Shareholders.

- (viii) **Registrar & Transfer Agent:**

M/s. S.K.Computers (Unit Kalpena Industries Ltd.), 34/1A, Sudhir Chetterjee Street, Kolkata - 700 006, Phone : 033 2219 4815/ 6797, E mail : skcdilip@gmail.com.

- (ix) **Share Transfer System:**

Share transfers are generally registered within a maximum period of 15 days from the date of receipt provided the documents are complete in all respects. All Share transfers are approved by the "Share Transfer & Investors Grievance Committee". The Company has appointed M/s. S.K.Computers as a common agency for share registry work (both physical & electronic) in compliance of circular No. D&CC/FITTC/CIR15/2002 dated 27th December, 2002 issued by SEBI, for all matters connected with transfers and transmissions of shares and also dematerialization of shares and other related functions.

- (x) **Investor Grievance Redressal System.**

The investor grievances against the company are handled by the Company's RTA, M/s. S.K.Computers, Kolkata, in consultation with the Secretarial Department of the Company. The Registrars have adequate skilled staff with professional qualifications and advance computer systems for speedy redressal of investor's grievances. The total process of settlement of a complaint right from its receipt to disposal is fully computerized to ensure timely settlement. It normally takes 15 days from the date of receipt of complaint for disposal of investor grievances. Further, any kind of grievances which are specifically addressed to the Company Secretary are send to the registered office for speedy redressal.

A total of 149 Numbers of Investor's complaint / queries were received during the year under review and 140 were replied / resolved.

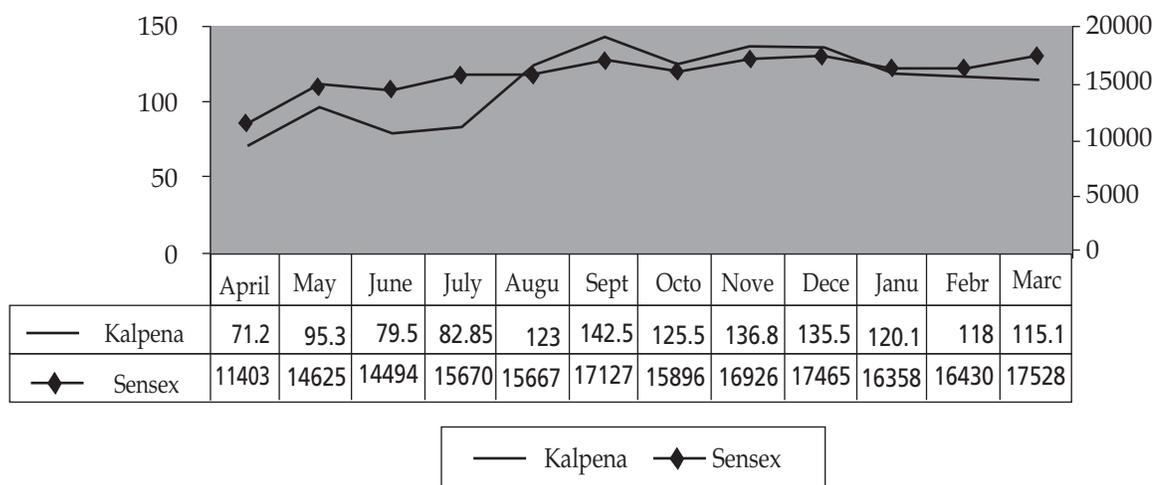
(xi) **Unpaid/Unclaimed Dividend.**

In terms of Section 205A and 205C of the Companies Act, 1956, the company is required to transfer the amount of dividend remaining unpaid for a period of seven years from the date of transfer to the Investor Education and Protection Fund (IEPF). Shareholders are requested to ensure that they claim the dividend(s) from the Company before transfer to IEPF. As on 31st March, 2010, no amount is due for transfer to IEPF.

(xii) **Market Price Data :**

The shares of the company are currently traded at BSE. The Stock Market data from 1st April, 2009 to 31st March, 2010 are given below :

Months	Bombay Stock Exchange Limited				
	Monthly High Price	Monthly Low Price	Sensex highest	Sensex lowest	Volume of share traded
Apr - 09	76.9	53.1	11492.10	9546.29	21808
May - 09	111	65.65	14930.54	11621.30	103001
Jun - 09	98.35	75.1	15600.30	14016.95	110096
Jul - 09	87.5	65.6	15732.81	13219.99	193263
Aug - 09	131	81.4	16002.46	14684.45	732758
Sep - 09	164.9	125.1	17142.52	15356.72	499607
Oct - 09	150	124	17493.17	15805.20	118780
Nov - 09	159.75	113.25	17290.48	15330.56	111648
Dec - 09	145	123.6	17530.94	16577.78	156872
Jan - 10	146.5	115.25	17790.33	15982.08	98474
Feb - 10	134	115.7	16669.25	15651.99	47978
Mar - 10	127	110	17793.01	16438.45	134150



(xiii) Distribution Schedule as on 31.03.2010

Range	Number of Shareholders		Shares held in each class	
	Number	%	Number	%
Up to 500	7205	94.72	871248	7.54
501 - 1000	160	2.10	131565	1.14
1001 - 2000	94	1.24	144705	1.25
2001 - 3000	49	0.64	123929	1.07
3001 - 4000	17	0.22	59839	0.52
4001 - 5000	17	0.22	77551	0.67
5001 - 10000	34	0.45	242131	2.1
10001 & above	31	0.41	9902632	85.71
Total	7607	100	11553600	100

(xiv) Share Holding Pattern as on 31.03.2010

Category	No. of Shareholders	No. of Shares held	% of holding
Promoter's Holding			
i) Individual / HUF	7	16300	0.14
ii) Bodies Corporate	6	8569726	74.17
Total Promoter's Holdings	13	8586026	74.31
Non Promoter's Holding			
Mutual Funds / UTI	4	9700	0.08
FII's			
Private Body Corporate	159	1191180	10.31
Indian Public	7431	1766694	15.29
Total Non Promoters Holdings	7594	2967574	25.69
Total	7607	11553600	100.00

(xv) Outstanding GDRs/ ADRs/Warrants/Convertible Instruments and likely impact on Equity :

The Company has issued and allotted 60,00,000 warrants on 27.11.2009, to Promoters & Strategic investor. The warrants will be converted into equity shares within 18 months of their allotment. Each warrant represents one underlying equity shares of the company. All the warrants are outstanding as at 31st March, 2010 and these are not included in the existing Equity share capital of the Company.

The Company has not issued any GDRs / ADRs / any other convertible instruments.

(xvi) Plant Locations :

1. Kolkata Works -
Village - Bhasa, No.14,P.O.& P.S. Bishnupur, Dimond Harbour Road,
South 24 Parganas, W.B.- 743503, India.

2. Bhiwadi Works -
A/1163, RIICO Industrial Area - IV
District - Alwar, Bhiwadi - 301 019 (Rajasthan)
3. Daman Works -
168/151-158, Dhabel Industrial Co-Operative Soceity Ltd, Dhabel, Daman - 396215, India
4. Dadra Works (I)-
Survey No.24/3, Village - Demini, Demini Road, Dadra, Dadra & Nagar
Haveli - 396230, India.
5. Dadra Works (II)
Survey No.24/5/1/2, Village - Demini, Demini Road, Dadra,
Dadra & Nagar Haveli - 396230, India.

(xvii) Address for Correspondence :

1. Kalpena Industries Limited
Secretarial Department,
2B, Pretoria Street,
Kolkata - 700 071
Phone : 033 2282 3744 / 45
Fax : 033 2282 3739
E mail : kolkata@kalpena.co.in

2. M/s. S.K.Computers,
(Unit : Kalpena Industries Limited)
34 / 1A, Sudhir Chetterjee Street
Kolkata - 700 006
Phone : 033 2219 4815 / 6797
E mail : skcdilip@gmail.com

Non Mandatory requirements of Corporate Governance.

As required under non-mandatory requirements the Company has constituted Remuneration Committee. Further, the Company has adopted Whistle - Blower mechanism, which has been discussed in this report. The Company's policies as regards adoption of other non- mandatory requirements shall be disclosed in the future Annual Report from time to time.

Declaration regarding Affirmation of Code of Conduct.

I, Narendra S. Surana, Vice Chairman and Managing Director of Kalpena Industries Limited declares that to the best of my knowledge and belief, all the members of the Board of Directors and Senior Management personnel have affirmed compliance with the Code of Conduct for the year ended 31st March, 2010.

On behalf of the Board of Director of
Kalpena Industries Limited

Narendra S. Surana
Vice-Chairman and Managing Director

Date: 1st Day of September, 2010
Place: Kolkata

AUDITORS' CERTIFICATE OF COMPLIANCES WITH THE CORPORATE GOVERNANCE REQUIREMENT UNDER CLAUSE 49 OF THE LISTING AGREEMENT

To
The Members of
Kalpena Industries Ltd.

We have examined the compliance of corporate governance by Kalpena Industries Ltd. for the year ended on 31st March, 2010 as stipulated in clause 49 of the Listing Agreement of the said company with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. 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, we certify that the Company has complied with the conditions of the Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further 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 **D.C.Dharewa & Co**
Chartered Accountants
Firm Registration No : 322617E

(**D.C.Dharewa**)
Proprietor
Membership No. 53838

Date: 1st Day of September, 2010
Place: Kolkata

Auditors' Report

To
The Members of
Kalpena Industries Ltd.

- 1) We have audited the attached Balance Sheet of Kalpena Industries Ltd. as at 31st March 2010 and 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, 2004 (as amended) 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 :
 - a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b. 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.
 - c. The Balance Sheet and Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d. In our opinion, Balance Sheet, Profit and Loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
 - e. On the basis of written representations received from the directors, as on 31st March 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2010 from being appointed as a director in terms of clause (g) of sub-section (I) of section 274 of the Companies Act, 1956.
 - f. In our opinion and to the best of our information and according to the explanations given to us, the said accounts 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;
 - i. in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2010 and
 - ii. in the case of the Profit and Loss Account, of the Profit for the year ended on that date.
 - iii. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **D.C.Dharewa & Co**
Chartered Accountants
Firm Registration No : 322617E

Date: 1st Day of September, 2010
Place: Kolkata

(D.C.Dharewa)
Proprietor
Membership No. 53838

Annexure referred to in paragraph 3 of the Auditors Report of even date to the members of Kalpena Industries Ltd. of the accounts for the year ended 31st March, 2010.

Annexure referred to in paragraph 3 of the Auditors Report of even date to the members of Kalpena Industries Ltd. on the accounts of for the year ended 31st March 2010.

- i) a) The company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.
 - b) As explained to us, all fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of those assets. No material discrepancies were noticed on such verification.
- c) There was no substantial disposal of the Fixed Assets.
- ii) a) As explained to us, inventories have been physically verified during the year by the management at reasonable internals.
 - b) In our opinion and according to the information and explanations given to us, the procedure of physical verification of inventories followed by the management is reasonable and adequate in relation to the size of the company and nature of its business.
 - c) The company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material having regard to the size of operation of the company and have been dealt with in the books of accounts.
- iii) a) According to information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the Register maintained under Section 301 of the Act.
 - b) According to information and explanations given to us, the Company has not taken any loans, secured or unsecured, from companies, firms or other parties listed in the Register maintained under Section 301 of the Act.
- iv) In our opinion and 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 inventory, fixed assets and with regard to the sale of goods. During the course of our audit, we have not observed any continuing failure to correct to major weaknesses in internal controls.
- v) In our opinion and according to the information and explanations provided by the management, we are of the opinion that there are no contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956.
- vi) According to the information and explanations given to us, the Company has not accepted any deposit from public.
- vii) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- viii) According to the information and explanations given to us the Central Government has not prescribed for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956.
- ix) a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing the undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues as applicable, with the appropriate authorities. As at 31st March' 2010, there were no arrears in respect of the aforesaid dues for a period of more than six months from the date they became payable.

- b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of income-tax, sales-tax, wealth tax, service tax, customs duty, excise duty and cess as applicable as at 31st March' 2010, which have not been deposited on account of a dispute are as follows -

Name of Statue	Nature of Dues	Amount (Rs. in Thousands)	Period of which the amount relates	Date of Payment
Excise Act	Excise Duty	2935	F. Y. 1996-97	CEGAT

- x) There are no accumulated losses of the company. The company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- xi) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution and banks as at the Balance Sheet date.
- xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) The provisions of any special statue applicable to chit fund / nidhi / mutual benefit fund / societies are not applicable to the Company.
- xiv) In our opinion the company, is not dealing in or trading in shares, securities, debentures and other investments.
- xv) In our opinion, and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
- xvi) In our opinion, and according to the information and explanations given to us, on an overall basis the term loans have been applied for the purpose for which they were obtained.
- xvii) According to the information and explanations given to us, on an overall examination of the balance sheet of the company, we report that the no funds raised on short-term basis have been used for long-term investment. No long-term funds have been used to finance short-term assets except permanent working capital.
- xviii) In our opinion and according to the information and explanations given to us, where the Company has created Share Capital Suspense Account for allotment of shares as per Scheme of Amalgamation approved by the Hon'ble High Court of Calcutta on 26th August, 2010 and filed with the Registrar of Companies on 27th August, 2010, consideration paid to the shareholders of the amalgamating transferor companies is, in our opinion, not prejudicial to the interest of the company.
- xix) There are no debentures issued and outstanding at the year end.
- ii) The Company has not raised any money by public issue during the year.
- iii) According to the information and explanations given to us and representations made by management and based upon the audit procedures performed, we report that no fraud on or by the company has been noticed or reported during the course of our audit.

For **D.C.Dharewa & Co**
Chartered Accountants
Firm Registration No : 322617E

Date: 1st Day of September, 2010
Place: Kolkata

(**D.C.Dharewa**)
Proprietor
Membership No. 53838

Balance Sheet as at 31st March, 2010

(Rupees in Thousand)

	Schedule	As at 31st March, 2010		As at 31st March, 2009	
SOURCES OF FUNDS					
Shareholder's Funds					
Share Capital	A	115,536		115,536	
Share Capital Suspense	A1	9,410		-	
Reserve and Surplus	B	979,518	1,104,464	600,283	715,819
Share Warrants (Refer Note of Schedule-T)			120,000		-
Loan Funds					
Secured Loans	C	962,939		789,543	
Unsecured Loans	D	403,672	1,366,611	426,952	1,216,495
Deferred Tax Liability			73,936		44,763
TOTAL			2,665,011		1,977,077
APPLICATION OF FUNDS					
Fixed Assets					
Gross Block	E	996,769		711,630	
Less: Depreciation		260,818		195,004	
Net Block		735,951		516,626	
Capital work in progress		47,590	783,541	32,997	549,623
Investments	F		20,911		882
Current Assets, Loans and Advances					
Inventories	G	558,779		377,724	
Sundry Debtors	H	1,281,014		1,265,307	
Cash and Bank Balances	I	122,987		107,071	
Loans and Advances	J	383,781		291,418	
TOTAL (I)		2,346,561		2,041,520	
Less : Current Liabilities and Provisions					
Current Liabilities					
Provisions	K	325,242		502,012	
TOTAL (II)	L	160,760		112,936	
TOTAL (I - II)			1,860,559		1,426,572
TOTAL			2,665,011		1,977,077
Statement of significant Accounting Policies	S				
Notes on Accounts	T				

This is the Balance Sheet referred to in our Report of even date attached

For **D. C. Dharewa & co.**

Chartered Accountants

Firm Registration No : 322617E

(**D. C. Dharewa**)

Proprietor

Membership No.53838

Date: 1st Day of September, 2010

Place: Kolkata

For and on behalf of the Board

D.C. Surana - Chairman

Narendra S. Surana - Vice-Chairman and
Managing Director

P. Ghosh - Director

N. Guha - Director

M.K. Jain - Company Secretary

Profit And Loss Account For The Year Ended 31st March, 2010

(Rupees in Thousand)

	Schedule	Year Ended 31.03.2010		Year Ended 31.03.2009	
INCOME					
Turnover (Gross)	M	7,659,295		6,666,966	
Less: Excise Duty		471,253		637,335	
Net Turnover			7,188,042		6,029,631
Other Income	N		56,045		11,466
Increase/(Decrease) in Stock	O		42,210		(15,792)
Total (I)			7,286,297		6,025,305
EXPENDITURE					
Manufacturing Expenses	P		6,332,082		5,255,334
Payment to and Provisions for Employees	Q		61,753		48,639
Administrative, Selling and Other Expenses	R		331,485		316,696
Interest			109,570		96,283
Depreciation		58,185			
Less: Depreciation on amount added on revaluation		1,448	56,737		42,941
Total (II)			6,891,627		5,759,893
Profit before Exceptional items and Taxation (I - II)			394,670		265,412
Less : Prior Period Adjustment			2,116		365
Profit before Taxation			392,554		265,047
Less : Provision for Taxation					
Current Tax		78,500		59,400	
Minimum Alternate Tax Credit		(15,100)		(29,400)	
Short Provision for Tax for earlier years		918		-	
Deffered Tax		29,173		15,382	
Fringe Benefit Tax		-	93,491	1,150	46,532
Profit After Taxation			299,063		218,515
Balance brought forward from last year			480,138		314,656
Balance Brought Forward from amalgamating Company		(3,164)		-	
Profit Available for Appropriation			776,037		533,171
Appropriation					
Proposed Dividend			25,418		23,107
Tax on Proposed Dividend			4,222		3,927
General Reserve			80,000		26,000
Balance Carried to Balance Sheet			666,397		480,137
			776,037		533,171
			Rs.		Rs.
Earning Per Share (Basic)			25.88		18.91
Earning Per Share (Diluted)			23.94		18.91
(Note 11 on Schedule - T)					
Statement of significant Accounting Policies	S				
Notes on Accounts	T				

This is the Balance Sheet referred to in our Report of even date attached

For **D. C. Dharewa & co.**

Chartered Accountants

Firm Registration No : 322617E

(**D. C. Dharewa**)

Proprietor

Membership No.53838

Date: 1st Day of September, 2010

Place: Kolkata

For and on behalf of the Board

D.C. Surana - Chairman

Narendra S. Surana - Vice-Chairman and
Managing Director

P. Ghosh - Director

N. Guha - Director

M.K. Jain - Company Secretary

Statement of Cash Flow For The Year Ended 31st March, 2010

(Rupees in Thousand)

	Year Ended 31.03.2010		Year Ended 31.03.2009	
A CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before Tax and Extra - ordinary items		394,670		265,412
Add : - Depreciation	56,737		42,941	
- Loss on sale of Fixed Assets	739		-	
- Foreignn currency fluctuation Loss	-		31,459	
- Sundry Balances written off	575		919	
- Interest Expenses	109,570	167,621	96,283	171,602
		562,291		437,014
Less : - Interest Income	18,492		8,687	
- Profit on sale of Fixed Assets	-		37	
- Foreignn currency fluctuation Gain	32,214		-	
- Sundry Balances written off	-	50,706	-	8,724
Operating Profit before Working Capital Changes		511,585		428,290
Adjustment For :				
- Trade receivable	55,338		(500,383)	
- Loans & Advances	(59,727)		(36,320)	
- Inventories	(173,756)		(3,442)	
- Provision	41,291		2,830	
- Trade & Other Payables	(277,146)	(414,000)	184,515	(352,800)
Cash Generated before Extra - ordinary items		97,585		75,490
- Prior Period Expenditure		(2,116)		(365)
Cash Generated From Operations		95,469		75,125
- Income Tax Paid		(64,318)		(33,562)
Net Cash Generated from Operations A		31,151		41,563
B CASH FLOW FROM INVESTING ACTIVITIES :				
- Purchase of Fixed Assets	(148,615)		(59,989)	
- Sale of Fixed Assets	4,590		11,302	
- Purchase of Investment	(20,029)		-	
- Interest Received	15,656		8,687	
Net Cash Generated from Investing Activities B		(148,398)		(40,000)
C CASH FLOW FROM FINANCING ACTIVITIES :				
- Long Term Borrowings	(59,178)		146,365	
- Share Warrants	120,000			
- Working Capital loan from bank	155,229		(44,127)	
- Short Term Borrowings	35,276		40,244	
- Interest Paid	(109,570)		(96,283)	
- Dividend Paid(Including Tax on Dividend)	(22,788)		(26,966)	
Net Cash Generated from Financing Activities C		118,969		19,233
Net Increase / (Decrease) in Cash & Cash Equivalents (A+B+C)		1,722		20,796
Cash & Cash Equivalents as at Begning		107,071		86,275
Cash and cash equivalents taken over consequent upon amalgamation		14,194		
Cash & Cash Equivalents as at End		122,987		107,071

NOTES :

- The above cash flow statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard - 3 on cash Flow Statements issued by the Institute of Chartered Accountants of India
- Previous Year's figures have been regrouped where necessary to conform to the current year's classification.
- Cash and Cash Equivalents comprise :

Cash in Hand	2,439	3,422
Cheques in hand	-	-
Balances with scheduled banks		
In Current Accounts	25,438	13,654
In Margin & Guarantee Deposit Accounts	91,606	86,810
In Unpaid Dividend Account	3,504	3,185
	<u>122,987</u>	<u>107,071</u>

For **D. C. Dharewa & co.**
Chartered Accountants
Firm Registration No : 322617E

(**D. C. Dharewa**)
Proprietor
Membership No.53838

Date: 1st Day of September, 2010
Place: Kolkata

For and on behalf of the Board

D.C. Surana - Chairman
Narendra S. Surana - Vice-Chairman and
Managing Director

P. Ghosh - Director
N. Guha - Director
M.K. Jain - Company Secretary

Schedule Annexed to and forming part of the Balance Sheet As At 31st March, 2010 and the Profit and Loss Account for the year ended 31st March, 2010

(Rupees in Thousand)

	As at 31st March, 2010	As at 31st March, 2009
Schedule - A		
Share Capital		
<u>Authorised</u> 3,00,00,000 (Previous Year 1,20,00,000) Equity Shares of Rs 10/-each	<u>300,000</u>	<u>120,000</u>
<u>Issued</u> 1,15,53,600 (Previous Year 1,15,53,600) Equity Shares of Rs 10/- each	<u>115,536</u>	115,536
Subscribed & Paid Up 1,15,53,600(Previous Year 1,15,53,600) Equity Shares of Rs 10/- each	<u>115,536</u>	<u>115,536</u>

Schedule - A1		
Share Capital Suspense 9,40,986 Equity shares of Rs 10/-each to be issued as fully paid up due to merger of Alkom Speciality Compounds Limited pursuant to scheme of Amalgamation. (See Note No 1 in schedule-T)		
	9,410	-
	<u>9,410</u>	<u>-</u>

	As at 31st March, 2010	As at 31st March, 2009
Schedule - B		
Reserve and Surplus		
Capital Reserve (As per last Account)	1,291	1,291
Securities Premium Account (As per last Account)	31,295	31,295
Amalgamation Reserve	82,180	-
Revaluation Reserve		
Taken over pursuant to scheme of amalgamation	25,485	-
Less: Depreciation arising out of revaluation	1,448	-
General Reserve (As per last Account)	87,560	61,560
Transfer from Profit & Loss Account	80,000	26,000
	<u>167,560</u>	
Add: Addition during the year (See Note No 2(V) in schedule-T)	6,758	-
Profit & Loss Account	666,397	480,137
	<u>979,518</u>	<u>600,283</u>

Schedule Annexed to and forming part of the Balance Sheet As At 31st March, 2010 and the Profit and Loss Account for the year ended 31st March, 2010

(Rupees in Thousand)

	As at 31st March, 2010	As at 31st March, 2009
Schedule - C		
Secured Loans (For Security and Other details refer Note No 8 in schedule-T)		
From Banks		
Cash Credit and Working Capital Demand Loan	772,941	617,712
Term Loan	62,200	119,980
Car Loan	2,139	3,537
Buyers' Import Credit	45,229	48,314
Packing Credit Loan	80,430	-
	962,939	789,543
Schedule - D		
Unsecured Loans		
From Bodies Corporate	403,672	426,952
	403,672	426,952

Schedule - E Fixed Assets

Particulars	GROSS BLOCK					DEPRECIATION					NET BLOCK	
	Cost As on 1.4.09	Taken over on amalgamation	Additions during the year	Sales	As at 31.3.10	As on 1.4.09	Taken over on amalgamation	For the Year	Adjust- ment for sales	Total as at 31.3.10	As at 31.03.10	As at 31.03.09
TANGIBLE ASSETS												
Free hold land	19,399	7,144	337	-	26,880	-	-	-	-	-	26,880	19,399
Factory Building	140,694	38,495	27,945	-	207,134	24,639	2,422	6,504	-	33,565	173,569	116,055
Plant & Machinery	442,002	49,598	124,711	4,180	612,131	135,716	6,089	41,449	1,134	182,120	430,011	306,286
Furniture & Fixture	4,036	1,627	3,311	-	8,974	1,546	150	380	-	2,076	6,898	2,490
Motor Car	16,485	1,203	5,137	1,418	21,407	3,217	57	1,856	516	4,614	16,793	13,268
Scooter, Moped & Cycle	296	41	-	2	335	207	6	19	1	231	104	89
Laboratory Equipment	13,038	708	486	-	14,232	8,268	46	1,036	-	9,350	4,882	4,770
Electrical Installation	58,305	7,731	14,822	1,917	78,941	12,881	993	5,273	545	18,602	60,339	45,424
Office Equipment	8,765	305	2,329	-	11,399	3,122	30	503	-	3,655	7,744	5,643
Airconditioner	2,404	433	336	-	3,173	650	27	145	-	822	2,351	1,754
Computer	6,206	288	1,613	34	8,073	4,758	31	1,020	26	5,783	2,290	1,448
INTANGIBLE ASSETS												
Technical Knowhow			4,090	-	4,090	-	-	-	-	-	4,090	-
TOTAL	711,630	107,573	185,117	7,551	996,769	195,004	9,851	58,185	2,222	260,818	735,951	516,626
CAPITAL WORK IN PROGRESS											47,590	32,997
Previous year	699,973	-	28,526	16,869	711,630	157,667	-	42,941	5,604	195,004	516,626	-

Schedule Annexed to and forming part of the Balance Sheet As At 31st March, 2010 and the Profit and Loss Account for the year ended 31st March, 2010

Schedule - F

(Rupees in Thousand)

Investments	Face Value Rs.	As at 31st March, 2010		As at 31st March, 2009	
		No. of Shares	Amount	No. of Shares	Amount
Long Term - Trade Quoted					
Kalpena Plastiks Limited	10/-	2,002,920	20,029	-	-
Other Than Trade Quoted					
Dena Bank	10/-	14	1	14	1
Nicco Corporation Ltd.	2/-	9,200	65	9,200	65
Unquoted					
Sterling Resorts Ltd.			131		131
Panchawati Holiday Resorts Ltd.	10/-	9,400	94	9,400	94
7 Year National Saving Certificate			10		10
5.5 Year Kisan Vikash Patra			10		10
Bavaria Associates Pvt Ltd	10/-	57,050	571	57,050	571
			20,911		882
Aggregate Book Value of Investments					
Quoted			20,095		66
Unquoted			816		816
			20,911		882
Aggregated Market Value of quoted Investments			45,413		27

	As at 31st March, 2010	As at 31st March, 2009
Schedule - G		
Inventories (As taken, valued and certified by the management)		
Raw Materials - at cost or net realisable value whichever is lower	343,391	245,002
Finished Goods - at cost or net realisable value whichever is lower	113,561	68,793
Stores & Spares - at cost	6,328	3,937
Stock in transit - At cost	95,499	59,992
	55,8779	37,7724
Schedule - H		
Sundry Debtors (Unsecured-considered good)		
Debts over six months	67,186	20,498
Other debts	1,213,828	1,244,809
	1,281,014	1,265,307
Schedule - I		
Cash and Bank Balances		
Cash in Hand (As certified by the management)	2,439	3,422
Balances with scheduled banks		
In Current Accounts	25,438	13,654
In Margin & Guarantee Deposit Accounts	91,606	86,810
In Unpaid Dividend Account	3,504	3,185
	1,22,987	1,07,071

Schedule Annexed to and forming part of the Balance Sheet As At 31st March, 2010 and the Profit and Loss Account for the year ended 31st March, 2010

(Rupees in Thousand)

	As at 31st March, 2010	As at 31st March, 2009
Schedule - J		
Loans and Advances (Unsecured -Considered good) (Recoverable in cash or kind or for value to be received)		
Advance payment of Income Tax (Including Tax Deduced at Source)	123,803	79,956
Sundry Deposits	8,657	3,369
Interest Receivables	3,342	506
Prepaid Expenses	5,187	7,395
Other Advances	157,152	120,134
Advance to Suppliers	33,888	44,753
Balance with Central Excise Authorities	51,752	35,305
	383,781	291,418
Schedule - K		
Current Liabilities		
Sundry Creditors for goods	165,501	177,072
Sundry Creditors for expenses	51,393	48,480
Taxes & other duties payable	3,012	4,431
Other Liabilities	7,638	857
Advance from customers	4,810	4,194
Overdrawn Bank balance	45	-
Creditors for Fixed Assets	14,884	15,357
Bills payable	74,455	248,436
Unclaimed Dividend*	3,504	3,185
(*Investors Education and Protection Fund shall be credited by the unclaimed amount when due pursuant to section 205A and 205C of the Companies Act,1956)		
	325,242	502,012
Schedule - L		
Provisions		
For Taxation	123,571	79,495
For Leave encashment and Gratuity	7,549	6,407
For Proposed Equity Dividend	25,418	23,107
For Tax on proposed equity dividend	4,222	3,927
	160,760	112,936
Schedule - M		
Turnover		
Gross (Sales)	7,657,165	6,658,878
Job Charges (Gross)	2,130	8,088
(Tax Deducted at Source Rs. 90,517/- , Previous Year Rs. 183,284/-)		
	7,659,295	6,666,966
Less : Excise Duty	471,253	637,335
	7,188,042	6,029,631

Schedule Annexed to and forming part of the Balance Sheet As At 31st March, 2010 and the Profit and Loss Account for the year ended 31st March, 2010

(Rupees in Thousand)

	Year Ended 31st March, 2010	Year Ended 31st March, 2009
Schedule - N		
Other Income		
Interest (Gross) (Tax Deducted at Source Rs. 24,88,346/- Previous Year Rs. 11,05,384/-)	18,492	8,687
Miscellaneous Receipts	5,333	2,736
Foreign Currency Fluctuation Gain (Net)	32,214	-
Profit on sale of fixed Assets	-	37
Rent	6	6
	56,045	11,466
Schedule - O		
Increase/ (Decrease) In Stocks		
Closing Stock of Finished Goods	113,561	68,793
Less : Opening Stock of Finished Goods	68,793	84,585
Less :Stock Taken over pursuant to scheme of amalgamation	2,558	-
Increase/ (Decrease)	42,210	(15,792)
Schedule - P		
Manufacturing Expenses:		
Raw Material Consumed	6,139,921	5,117,208
Repairs to Machineries	6,512	5,060
Stores & Consumables	20,914	10,280
Carriage Inward	54,836	43,346
Production Overhead	13,589	11,353
Power & Fuel	94,567	65,779
Security Charges	1,286	973
Job Work Charges	457	1,335
	6,332,082	5,255,334
Schedule - Q		
Payment to and Provisions for Employees:		
Salaries Wages & Bonus	53,395	43,966
Staff Welfare Expenses	4,811	3,006
Contribution to Providend and other Funds	1,597	1,103
Gratuity	1,950	564
	61,753	48,639

Schedule Annexed to and forming part of the Balance Sheet As At 31st March, 2010 and the Profit and Loss Account for the year ended 31st March, 2010

(Rupees in Thousand)

	Year Ended 31st March, 2010	Year Ended 31st March, 2009
Schedule - R		
Administrative, Selling and other Expenses		
Advertisement	623	1,256
Auditors Remuneration	325	175
Bank Charges	19,266	17,690
Bill Discounting charges	20,442	23,663
Book and Periodicals	75	163
Brokerage & Commission	3,028	2,702
Carriage Outwards	103,101	118,286
Charity & Donation	214	92
Clearing and Forwarding charges	43,273	16,480
Computer Processing charges	709	498
Consultancy Charges	11,387	6,305
Coolie & Cartage	10,288	7,084
Directors sitting Fees	232	188
Discount	53,489	34,710
Electrical Maintenance	1995	1,878
Electricity Charges	719	943
Filing fees	413	13
General Expenses	2,266	930
Insurance Charges	5,962	8,030
Internal Auditors Remuneration	200	50
L/C Charges	10,770	7,436
Laboratory Expenses	506	584
Legal Expenses	794	95
License Fees	872	1,262
Listing Fees	237	162
Membership & Subscription	397	174
Motorcar Expenses	3,581	2,095
Postage & Telegraph	872	909
Printing & Stationery	2,489	2,032
Rates & Taxes	994	597
Rent	7,704	3,961
Repair & Maintenance - Building	2,210	1,609
Repair & Maintenance - Others	3,797	2,137
Sales Promotion Expenses	3,942	6,151
Share Holders Service Charges	266	95
Telephone & Telex	3,737	2,319
Travelling & Conveyance Expenses	8,996	11,564
Foreign Currency Fluctuation Loss (Net)	-	31,459
Loss on Sale of Fixed Assets	739	-
Sundry Balances Written off (Net)	575	919
	331,485	316,696

SCHEDULES FORMING PART OF THE ACCOUNTS

Schedule -S: Significant Accounting Policies.

A Statement of Significant Accounting Policies

1 Basis of Preparation Of Financial Statements

The Financial Statements have been prepared to comply in all material aspects with the notified Accounting Standards issued by the Companies (Accounting Standard) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The Financial Statements are prepared under historical cost convention and on an accrual basis. The accounting policies have been consistently applied by the company and are consistent with those applied in the previous year.

2 Use Of Estimates

The preparation of Financial Statements in conformity with the Generally Accepted Accounting Principles (GAAP) requires Management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of the Financial Statement and the result of the operations during the reporting year end. Although these assumptions are made as per the Management 's best knowledge of current events and actions, actual result may differ from these estimates.

3 Fixed Assets:

- i All Fixed assets have been stated at historical cost less accumulated depreciation and impairment loss, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.
- ii Technical Know How will be amortised over a period of five years beginning from the financial year 2010-11.
- iii Foreign currency exchange differences to the extent covered under AS-11 (amended vide MCA notification no. G.S.R. 225 (E) dated 31 March 2009) on amounts borrowed for acquisition of fixed assets are adjusted to the carrying cost of the fixed asset.

4 Depreciation:

Depreciation on Fixed Assets has been provided on the Straight Line Method at the rates prescribed under Schedule XIV of the Companies Act, 1956 on prorata basis with reference to the date of addition.

5 Investment :

Investments are stated at cost of acquisition and treated as long term investments.

6 Borrowing Cost :

Borrowing cost that are directly attributable to acquisition and construction of qualifying asset are capitalised as part of the cost of such asset upto the date the asset is put to use. All other borrowing cost are charged to revenue on accrual basis unless otherwise stated.

7 Impairments:

The carrying amount of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal as well as external factors. An impairment loss is recognised when the carrying amount of the asset is more than its recoverable value.

8 Revenue Recognition:

- i Sales are recognised on despatch to customers and include jobs charges, raw material sales & remission of Central Sales Tax and Vat Amount.
- ii Other income and expenditure are recognised and accounted on accrual basis.

9 Inventories.

- i Raw materials and Stores & spareparts: Inventories are valued at cost or net realisable value whichever is lower. Cost is determined by using the Weighted average method.
- ii Finished Goods: Lower of cost and net realisable value. Finished goods include cost of conversion and other cost incurred for bringing the inventories to their present location and condition.

10 Retirement and other Employee Benefits:

- i Short-term Employee Benefits (i.e. benefits payable within one year) are recognised in the period in which employee services are rendered.
- ii Contribution towards provident funds are recognised as expenses and are made to government administered provident fund towards which the Company has no further obligations beyond its monthly contribution. Liability towards gratuity, covering eligible employees on the basis of year-end actuarial valuation is recognised as a charge.
- iii Accrued liability towards leave encashment benefits, covering eligible employees' is recognised as charge. Contribution to Central Government administered Employees' State insurance Scheme for eligible employees is recognised as charge. Super Annuation benefit scheme is not existing in the company at present.

11 Taxation:

- i Provision for current tax is made and retained in the accounts on the basis of estimated tax liability as per the applicable provision of the Income-tax Act, 1961.
- ii Deferred Tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such Deferred Tax Assets can be realised.

12 Contingent liability:

Disclosure for contingent liabilities are considered to the extent of notices or demands received by the company.

13 Earnings per Share:

The earnings considered in ascertaining the EPS of the Company comprises the Net Profit after providing for Provisions stipulated as per Accounting Standard 20(AS-20). The number of shares used in computing basic EPS is the weighted average number of shares outstanding during the period. The diluted EPS is calculated on the same basis as basic EPS after adjusting for the effects of the potential dilutive equity shares.

14 Foreign currency Transaction:

- i Transactions in the Foreign Currency are being converted into Indian currency by applying the rate prevailing on the date of occurrence.
- ii Outstanding balances of foreign currency monetary items are reported using the period end rates.

Schedule 'T' : Notes to the Accounts.

- 1 As per resolution passed by the members at the Extraordinary General Meeting held on 4th September, 2009, the company has allotted 60,00,000 (Sixty Lacs) Warrants convertible into equal number of Equity Shares at a price of Rs. 80/- per warrant including a premium of Rs. 70/- per warrant, on 27th November, 2009, on preferential basis. The Warrants shall be converted into equity shares within 18 months from the date of allotment as per SEBI Guidelines. KIL has received 25% as upfront deposit amounting to Rs.1,20,000 Thousands which is shown under 'Share Warrant' Account.
- 2 **Amalgamation:**
 - i Pursuant to the Scheme of Arrangement (the Scheme) approved by the shareholders and sanctioned by the Hon'ble High Court at Calcutta on 3rd August' 2010. Certified copy of the same was received on 26th August, 2010. The scheme became effective on 27th August, 2010. Under the provisions of the Companies Act, 1956 ('the Act'), the undertakings of Alkom Speciality Compounds Limited , the transferor companies was transferred to and vested in the company as a going concern with effect from 1st April'2009 (the Appointed Date) and accordingly the Scheme had been given effect to in these accounts. According to the said Scheme, with effect from the Appointed Date, Alkom speciality Compounds Limited has carried out all their business and activities in trust for the Company till the Scheme becomes effective.
 - ii In accordance with the scheme 940,986 number of Equity Shares of Rs. 10/- each fully paid up and ranking pari passu with the existing equity shares are to be issued by the company to the ordinary shareholders of Alkom Speciality Compounds Limited in the ratio of 1 (one) equity share of Rs. 10/- each of the company for every 10 (Ten) equity shares of Rs. 10/- each fully paid up held in Alkom Speciality Compounds Limited.
 - iii The Amalgamation has been accounted for in the books of account of 'KIL' according to the pooling of interests method under Accounting Standard (AS) 14, 'Accounting for Amalgamations' issued by the Institute of Chartered Accountants of India.
 - iv Accordingly on and from the Appointed Date all assets, liabilities and reserves of Alkom Speciality Compounds Limited transferred to 'KIL' under the Scheme and recorded in the books of accounts of KIL at their respective book value and in the same form and manner as recorded in the books of accounts of Alkom Speciality Compounds Limited.
 - v Due to differences in accounting policy between Alkom Speciality Compounds Limited and KIL for providing depreciation on certain assets, the amount of Rs.6758 thousands has been adjusted in the General Reserves of KIL to ensure that the financial statements of KIL reflect the financial position on the basis of consistent accounting policy.
 - vi Pending completion of relevant formalities of transfer of certain assets and liabilities acquired/transferred pursuant to the Scheme of Arrangement, such assets and liabilities remain included in the books of the company under the name of the transferor/transferee companies.

3 Information required by para 3 and 4 of part II of Schedule VI of the Companies Act, 1956.

i Particulars in respect of Goods manufactured :

Particulars	Unit	*Installed Capacity		Production	
		2009-10	2008-09	2009-10	2008-09
PVC Compound	MT	40,000	32,000	39,216	30,074
**PE Compound	MT	87,000	60,000	60,607	58,000
PVC Sole & Hawai Chappal	Pairs/kg	8,500,000	8,500,000	5,298,796	7,355,500
Scrap	MT	N.A.	N.A.	1,576	1,209

*Installed Capacity is certified by the Management and not verified by Auditors being technical matter.

**Includes the Installed capacity of transferor Company.

ii Particulars in respect of sales of Goods manufactured :

Particulars	Unit	2009-10		2008-09	
		Quantity	Value	Quantity	Value
PVC Compound	MT	39,366	2,290,772	30,281	1,938,011
**PE Compound	MT	59,960	4,070,160	58,034	4,092,644
PVC Sole & Hawai Chappal	Pairs/kg	5,322,296	592,413	7,334,110	471,281
Scrap	MT	1,593	12,796	1,093	7,650
Others	MT	-	693,154	-	157,380
Total			7,659,295		6,666,966

iii Particulars in respect of Closing Stock:

Particulars	Unit	2009-10		2008-09	
		Quantity	Value	Quantity	Value
PVC Compound	MT	104	5,854	254	11,622
PE Compound	MT	1,670	106,231	989	55,022
PVC Sole & Hawai Chappal	Pairs/kg	-	-	23,500	681
Scrap	MT	223	1,476	237	1,468
Total			113,561		68,793

iv Particulars in respect of Opening Stock:

Particulars	Unit	2009-10		2008-09	
		Quantity	Value	Quantity	Value
PVC Compound	MT	254	11,622	462	26,221
PE Compound	MT	1,023	57,563	1,023	57,631
PVC Sole & Hawai Chappal	Pairs/kg	23,500	681	2,110	285
*Scrap	MT	240	1,485	120	448
Total			71,351		84,585

v Particulars in respect of Consumption of Raw Materials:

Particulars	Unit	2009-10		2008-09	
		Quantity	Value	Quantity	Value
PVC Resin	MT	20,678	941,325	18,773.618	669,338
LLDPE & LDPE	MT	46,904	3,024,622	40,011	2,634,647
Others	MT	-	2,173,974	-	1,813,223
Total		67,582	6,139,921		5,117,208

4 Value of Imported and Indegenous Raw Materials, Stores and Spare Parts consumed.

Particulars	2009-10		2008-09	
	Rs.	% of Total Consumption	Rs.	% of Total Consumption
Stores				
i Imported	754	4%	500	5%
ii Indegenous	20,160	96%	9,780	95%
	20,914	100%	10,280	100%
Raw Materials				
i Imported	1,984	32%	969,147	19%
ii Indegenous	4,155,550	68%	4,148,061	81%
Total	6,139,921	100%	5,117,208	100%

5 Value of Imports Calculated on CIF basis.

particulars	2009-10	2008-09
Raw Materials	2,036,183	1,163,909
Capital Goods	69,731	17,362
Stores and Spares	561	305
Total	2,106,475	1,181,576

6 Capital Work in Progress Including Expenditure During Construction Period.

particulars	2009-10	2008-09
Plant & Machinery	31,648	13,620
Building	15,942	12,820
Expenditure During the Construction Period	-	6,557
Total	47,590	32,997

7 Capital Commitment:

Estimated amount of contracts remaining to be executed on capital account and not provided for is amounting to Rs.32188/- Thousands. (Net of advances)

8 Secured Loans.

i Term Loan From Banks:

These Loans are secured by first charge created by way of mortgage of company's Land and Building and other fixed assets located at D-403, Dharam Palace, CHS limited, Shantivana, Borivalli (E), Mumbai-400066, on first Pari-passu basis.

ii **Cash Credits and working capital demand from Banks:**

- a Is secured by way of hypothecation of stocks of raw materials, work-in-progress, finished goods, stores & spares and book debts of the Company.
- b Mortgage of Land and Building Plant and Machinery located at D-403, Dharam Palce, CHS limited, Shantvaan, Borivalli (E), Mumbai-400066, on First Pari-passu basis.
- c These loans are further secured by a second charge over the residual value on the Fixed assets of the units both present and future located at the Dabhel Industrial area, Daman and others.

iii **Car Loan**

Car Loan is secured by Hypothecation against Motor Car (BMW).

9 **Interest includes interest on Term Loan Rs.9326 thousands. (Previous year Rs.16626/- thousands)**

10 **Contingent Liability not Provided in the books:**

particulars	2009-10	2008-09
Letter of Credit	213,408	220,481
Bank Guarantee	23,083	26,220
Excise Duty demands pending in appeal with CEGAT	1,330	1,330
Penalty levied by Excise Authorities	1,605	1,605
Income Tax Demand under appeal not provided for	-	121
Total	239,426	249,757

11 **Sundry Debtors/Creditors:**

Closing Balances of Sundry Debtors, Advances, other Receivables and Creditors are subject to confirmation to be obtained from parties. The company has initiated procedures for obtaining confirmation from such parties.

12 **Sundry Creditors:**

The Company had sought confirmation from its vendors on their status under Micro, Small and Medium Enterprises Development Act, 2006. Based on the confirmations received till date, there are some vendors who have confirmed that they are covered under the Micro, Small and Medium Enterprises Development Act, 2006. Disclosures as required by section 22 of the 'The Micro, Small and Medium Enterprises

particulars	2009-10	2008-09
The principal amount and the interest due thereon remaining unpaid to any supplier is as given below		
Principal amount	5,571	2,149
Interest thereon	-	-
Total	5,571	2,149

13 **Expenditure in foreign currency (accrual basis)**

particulars	2009-10	2008-09
Travelling	1,972	3,554
Total	1,972	3,554

14 Earning in foreign currency (accrual basis)

particulars	2009-10	2008-09
Exports at F.O.B. Value	265,452	275,040
Exchange Fluctuation	32,160	(31,459)
Total	297,612	243,581

15 Segment reporting:

- i Primary Segment (Business Segment): The Company operates in a single reportable segment (i.e. Manufacturing and sale of PVC and XLPE compound, which have similar risk and returns for the purpose of AS 17 on 'Segment Reporting' issued by ICAI.
- ii Secondary segment (by Geographical demarcation):

Particulars	2009-10	2008-09
Segment Revenue:		
Domestic	6,922,590	6,391,926
Overseas	265,452	275,040
Segment Debtors:		
Domestic	1,241,322	1,231,210
Overseas	39,692	34,097

Note: The Company has common assets for producing goods for domestic market and overseas markets. Hence, separate figures for other assets / additions to other assets has not been furnished.

16 Salary, Wages & Bonus includes Directors Remuneration:

Account Head	2009-10	2008-09
Salary	960	840
Allowances	480	480
Total	1,440	1,320

17 Employee Benefits:

- i Provision for defined contribution plan viz. Provident and Other Fund amounting to Rs.1597. thousands has been charged to the Profit and Loss Account during the year.
- ii Description of type of employee benefits: The Company offers to its employees defined benefits plans in the form of Gratuity and leave encashment. No fund is created for payment of gratuity and leave wages and the Company would pay the same out of its own funds as and when the same becomes payable.

Particular	Year Ended 31st March 2010	Year Ended 31st March 2009
Changes in present value of obligation		
Present value of obligation as at beginning of the year	4,071	3,577
Add: Present obligation of transferor company	44	-
Interest cost	332	283
Current service cost	985	649

Particular	Year Ended 31st March 2010	Year Ended 31st March 2009
Plan Amendments	260	-
Benefits paid	(401)	(70)
Actuarial (gain) / loss on obligation	374	(368)
Present value of obligation as at end of the year	5,665	4,071
Changes in fair value of plan assets		
Fair value of plan assets at the beginning of the year	-	-
Expected return on plan assets	-	-
Contributions	401	-
Benefits paid	(401)	-
Actuarial (loss) / gain	-	-
Fair value of plan assets at the end of the year	-	-

iii Para 132 of AS-15 (Revised 2005) does not require any specific disclosure except where expenses resulting from compensated absence is of such size, nature or incidence that disclosure is relevant under Accounting Standard 5 or Accounting Standard 18 and accordingly the expenses resulting from compensated absence is not significant and hence no disclosures are given under various paragraphs of AS-15.

iv Expenses recognised in the profit and loss account

Particular	Year Ended 31st March 2010	Year Ended 31st March 2009
Current service cost	984	649
Past Service Cost	260	
Interest cost on benefit obligation	332	283
Net actuarial (gain) / loss recognised in the year	374	(368)
Expenses recognised in the profit and loss account	1,950	564

v The principal assumptions used in determining gratuity and leave encashment for the Company's plans are shown below:

Particular	Year Ended 31st March 2010	Year Ended 31st March 2009
Discount Rate	8.30%	8.20%
Expected Rate of return on Asset	0.00%	0.00%
Future Salary Escalation Rate	7.00%	7.00%
Mortality Rate	LIC - 1994-96	LIC - 1994-96

*The estimates of future salary increases considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

18 Related Party Transactions:

As per Accounting Standard 18 (AS-18) on related party disclosure issued by the Institute of Chartered Accountants of India, the transaction with related parties of the company are as follows.

A : List of Related Parties

Name	Nature of Relationship	Nature of Transaction	Transaction during the Year 31.03.2010	Outstanding as on 31.03.2010
Narendra S. Surana	Vice Chairman and Managing Director	Remuneration	1,440	-

19 Earnings Per Share:

Sl. No.	Particular	Year Ended 31st March 2010	Year Ended 31st March 2009
a	Net Profit after Tax for basic earnings per Share (Fully Attributable to Equity Share Holders)	299,063	218,515
	Adjustments for the purpose of Diluted earnings per Share	-	-
	Net Profit after Tax for Diluted earnings per Share.	299,063	218,515
b	Weighted average number of equity Shares for Earning per Share Computation		
	i Number of equity Shares at the beginning of the Year	11,553	11,553
	ii a) Number of equity Shares allotted during the Year	-	-
	b) Number of Equity Shares to be allotted on amalgamation.	941	-
	iii weighted average Number of Equity Shares allotted/ to be allotted during the year.	-	-
	iv Number of Potential Equity Shares	-	-
	v Weighted average for:		
	a) Basic Earning per Share	11,553	11,553
	b) Diluted Earning per Share	12,494	11,553
c	Earning Per Share		
	i Basic	25.88	18.91
	ii Diluted	23.94	18.91
d	Face Value Per Share	Rs.10	Rs.10

20 Deferred Tax Liability :

Components of net deferred tax liability:

Particular	Year Ended 31st March 2010	Year Ended 31st March 2009
Deferred tax liability		
Differences between written down value in block of fixed assets as per tax books and financial books.	79,357	46,378
Deferred tax asset		
Carry forward Losses as per Income Tax Act	(2,856)	-
Effect of expenditure debited to profit and loss account in the current / earlier years but allowable for tax purposes in following years	(2,565)	1,615
Net Deferred tax liability	73,936	44,763

21 Auditors' Remuneration:

This Includes

Year Ended	31st March 2010	31st March 2009
a) Statutory Audit Fees	270	140
b) Tax Audit Fees	55	35
Total	325	175

22 National Saving Certificates, Kishan Vikas Patra and Fixed Deposits are disclosed as deposit under the head Cash and Bank Balances have been lodged with various authorities as margin deposit and security money.

23 There was no impairment loss on Fixed Assets on the basis of review carried out by management in accordance with Accounting Standard issued by the Institute of Chartered Accountants of India.

24 There are no amount due and outstanding to be credited to Investor Education and Protection Fund.

25 Foreign Currency Exposure:

Particulars	As at 31st March 2010		
	Amount in Foreign Currency (US \$)	Exchange Rate	Rs. in '000'
Trade Receivables	871,142	44.43	38,704
Trade Paybles	2,513,893	45.59	114,608

26 Previous Year's figures are regrouped or rearranged wherever necessary to conform to this year's classification.

27 Figures in the Schedules have been rounded off to the nearest Thousand.

As per our Report of even date annexed herewith

For **D.C.Dharewa & co.**
Chartered Accountants
Firm Registration No:322617E

(D.C.Dharewa)
Proprietor
Membership No.53838

Date: 1st Day of September, 2010
Place: Kolkata

For and on behalf of the Board

D.C. Surana -- Chairman
N..S. Surana -- Vice Chairman and
Managing Director
P. Ghosh -- Director
N. Guha -- Director
M.K. Jain -- Company Secretary

PART - IV

BALANCE SHEET ABSTRACT AND COMPANIES BUSINESS PROFILE FOR THE YEAR ENDED 31.03.2010

- I) Registration details :
Registration No. : L19202 WB 1985 PLC 039431
State Code : 21

Balance Sheet As on 31st March, 2010

ii) **Capital Raised During the Year (Amount in Rs.'000')**

Public Issue	NIL
Bonus Issue	NIL
Right Issue	NIL
Private Issue	NIL

iii) **Position of mobilisation of Fund (Amount in Rs. '000')**

Total Liabilities	2,665,011	Total Assets	2,665,011
<u>Sources of Funds :</u>			
Paid up Capital	115,536	Reserve & Surplus	979,518
Share Capital Suspense	9,410	Unsecured Loan	403,672
Share warrant	120,000		
Secured Loans	962,939		
Deferred Tax Liabilities	73,936		

Application of Fund :

Net Fixed Assets	783,541	Investment	20,911
Net Current Assets	1,860,559	Misc.Expenditure	-

iv) **Performance of Company (Amount in Rs.'000')**

Turnover	7,244,087	Total Expenditure	6,851,533
Profit before tax	392,554	Profit after tax	299,063
Earning Per Share (Basic)	25.88	Dividend Rate (%)	22
Earning Per Share (Diluted)	23.94	Dividend Rs. per share	2.20

v) **Generic Names of Products/Services of Company**

(As per monetary terms)

Item Code No. (ITC Code)	3904-2290
Product Description	Manufacturing of PVC Compound
Item Code No. (ITC Code)	3901-9090
Product Description	Manufacturing of XLPE Compound
Item Code No. (ITC Code)	6401-1090
Product Description	Hawai Chappal
Item Code No. (ITC Code)	6406-9990
Product Description	PVC Sole (Part of Hawai Chappal)

For and on behalf of the Board

D.C. Surana -- Chairman
Narendra .S. Surana -- Vice Chairman and
Managing Director
P. Ghosh -- Director
N. Guha -- Director
M.K. Jain -- Company Secretary

ECS MANDATE FORM

To
S. K. Computers
(Unit : Kalpena Industries Ltd.)
34/1A, Sudhir Chatterjee Street
Kolkata - 700 006
Phone : (033) 22194815/6797

Re : Payment of dividend

PLEASE TICK ONE ()

- I wish to participate in the Electronic Clearing Service (ECS) introduced by Reserve Bank of India.
 I do not wish to participate in the ECS. However, kindly print the bank particulars given below on the dividend warrant being send to me.

1. Name of the Holder (IN BLOCK LETTER) :

2. Ref. Folio No. :

3. Particulars of Bank :

a. Bank Name :

b. Branch & Address :

c. 9 digit MICR Code as appearing in the
Cheque book issued by the Bank.

--	--	--	--	--	--	--	--	--

(Please attach a photocopy or blank

cancelled cheque issued by your bank relating to your above account for verifying accuracy of the code no.)

d. Account type (please tick) :

Savings

Current

Cash Credit

e. Ledger Folio No. (If any) :
of your bank

f. Account No. :

I hereby declare that the particulars above given are correct and complete. I undertake to inform any subsequent changes in my above particulars before the relevant book closure dates. If the payment is delayed or not effected at all for any reason (s) beyond the control of the Company, I would not hold the Company responsible.

Place : _____

Date : _____

Signature of the first holder

Notes:

1. Please ensure that the details submitted by you are correct as any error therein could result in the dividend payment to be credited to wrong account.
2. Attach a Xerox copy of cheque or blank cancelled cheque of your bank for ensuring accuracy of the banks name, branch and code number.
3. The Nine digit code number of your bank and branch is mentioned on the MICR band next to the cheque number.
4. Members desirous to participate in ECS / to get bank particulars printed in the dividend warrant are requested to complete this form and send to Registrar at the above mentioned address on or before 22nd September, 2010.
5. Member should note that ECS instructions will supersede the instructions regarding Bank details given by the members earlier.

KALPENA INDUSTRIES LIMITED
Registered Office : 2B, Pretoria Street, Kolkata - 700 071

ATTENDANCE SLIP

Shareholder	DP ID*	Client ID*	Folio	No. of Share held
Proxy				

I/We hereby record my/our presence at the 25th Annual General Meeting of the company to be held at Gyan Manch Auditorium, 11, Pretoria Street, Kolkata - 700 071 on Thursday, the 30th September, 2010 at 10:00 a.m. and at any adjournment thereof.

Member's/ Proxy's Name

Member's/Proxy's Signature

Notes:-

1. Please sign this attendance slip and hand it over at the attendance counter at the entrance of the Meeting Hall. Joint holders may obtain additional attendance slip on request.
2. This attendance is valid only in case shares are held on the date of the meeting.
* Applicable for Investors holding shares in Electronic form.

KALPENA INDUSTRIES LIMITED
Registered Office : 2B, Pretoria Street, Kolkata - 700 071

PROXY FORM

DP ID*	Client ID*	Folio	No. of Share held

I/We _____ of _____ being a member / members of KALPENA INDUSTRIES LIMITED hereby appoint _____ of _____ or failing him _____ as my/our proxy to attend and vote for me / us and on my/our behalf at the 25th Annual general meeting of the company, to be held on Thursday, 30th September, 2010, at 10.00 a.m. at Gyan Manch Auditorium, 11, Pretoria Street, Kolkata - 700 071 and at any adjournment thereof.

As witness my/our hand (s) this Day of 2010.

Signature by the said _____

Affix
Revenue
Stamp
of Rs. 1/-.

Notes:-

1. The Proxy need not be a member.
2. The proxy must be returned so as to reach the registered office of the Company not less than 48 hours before the time for holding the aforesaid meeting.
3. Proxy cannot speak at the meeting or vote on a show of hands.

* Applicable for Investors holding shares in Electronic form.

TEAR HERE



KALPENA GROUP OF INDUSTRIES

www.kalpenagroup.com

Regd. Office

2B, Pretoria Street, Kolkata - 700 071, Tel. : +91-33-2282 3744/45/3671/99, Fax : +91-33-2282 3739

E-mail : kolkata@kalpena.co.in