LETTER OF OFFER

This Document is important and requires your immediate attention

This Letter of Offer is sent to you as a shareholder(s) of Kalpena Plastiks Limited (formerly SARLA GEMS LIMITED). If you require any clarifications about the action to be taken, you may consult your Stock Broker or investment consultant or Manager/Registrar to the Offer. In case you have recently sold your shares in the Target Company, please hand over this Letter of Offer and the accompanying Form of Acceptance cum Acknowledgement and Transfer Deed to the Member of Stock Exchange through whom the said sale was effected.

OPEN OFFER
By
Tara Holdings Private Limited ("THPL")
having its registered office at 16B, Shakespeare Sarani, 1st Floor, Kolkata – 700 071
Ph : (033) 4006-1278. Fax No. (033) 4006-1281. E-mail : tara_eou@yahoo.co.in.
and
Kalpena Industries Limited ("KIL")
having its registered office at 2B, Pretoria Street, Kolkata – 700 071.
Ph : (033) 2282 3744/3745/3699. Fax No. (033) 2282 3739. E-mail : kolkata@kalpena.co.in
to the shareholders of
KALPENA PLASTIKS LIMITED ("KPL")
(formerly Sarla Gems Limited)
having its registered office at 3, Saheed Nityananda Saha Sarani, Kolkata – 700 001
Ph : (033) 2221 5440, 6522 1673; Fax No. (033) 2455 3193, E-mail : sarlagemsltd@yahoo.com

For the acquisition of 11,05,707 (Eleven Lacs Five Thousand Seven Hundred Seven Only) fully paid-up equity shares of Rs.10/- each, representing 20.00 % of the Emerging Voting Capital at a price of Rs. 10/- per share ("Offer Price") payable in cash, in accordance with regulation 20(2)(a) of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereof ("the Regulations"), from the equity shareholders of KPL.

Please Note:

1. This Offer is being made in compliance with Regulation 10, 11(1) & 12 of the Regulations.
2. The Offer is subject to receiving the necessary approval(s), if any, from the Reserve Bank of India, under the Foreign Exchange Management Act, 1999 and subsequent amendments thereto, for acquiring shares tendered by non-resident shareholders. In case of acceptances from Non-Resident shareholders, the Acquirers would after the closure of the Offer, make the requisite applications to RBI to obtain its approval for transfer of such shares of KPL to the Acquirers. There are no other statutory approvals required to acquire equity shares that are tendered pursuant to this Offer. However, the offer would be subject to all-statutory approvals as may be required and/or may subsequently become necessary to acquire at any later date.
3. If there is any upward revision in the Offer Price/Size at any time up to seven working days prior to the date of closure of the Offer viz. 03.12.2009 or withdrawal of the Offer in terms of the regulation, the same would also be informed by way of a Public Announcement in the same newspapers where the original Public Announcement dated 12.08.2009 had appeared. Such revised Offer Price would be payable for all the shares tendered any time during the Offer & accepted under the Offer.
4. As the Offer price can not be revised during 7 working days prior to the closing date of the Offers / bids, it would, therefore, be in the interest of the shareholders to wait till the commencement of that period to know the final Offer Price of each bid and tender their acceptance accordingly.
5. Shareholders, who have accepted the Offer by tendering the requisite documents in terms of the Public Announcement / Letter of Offer, can withdraw the same upto 09.12.2009 i.e. three working days prior to the closure of the Offer.
6. The offer is not subject to a minimum level of acceptance by the shareholders of KPL and thus it is not a conditional offer.
7. There is no competitive bid.
8. The Procedure for acceptance is set out in Para 8 of this Letter of Offer. A Form of Acceptance and a Form of Withdrawal is enclosed with this Letter of Offer.
9. The Public Announcement and Letter of Offer (including Form of Acceptance cum Acknowledgement and Form of Withdrawal) would also be available at SEBI website www.sebi.gov.in.

	MANAGER TO THE OFFER:		REGISTRAR TO THE OFFER
	VC CORPORATE ADVISORS PRIVATE LIMITED SEBI REGN NO: INM000011096 (Contact Person: Mr. Anup Kumar Sharma) 31, Ganesh Chandra Avenue, 2nd Floor, Suite No. 2C, Kolkata – 700 013 Tel: - (033) 2225 3940 / 3941/ 4116, Fax: (033) 2225 3941 Email: mail@vccorporate.com		ABS CONSULTANT PRIVATE LIMITED SEBI REGN NO: INR000001286 (Contact Person: Mr. Vijay Sharma) Stephen House, Room No. – 99, 6th Floor, 4, B.B.D. Bag (East), Kolkata-700 001 Phone No: (033) 2230 1043/ 2243 0153 Fax : (033) 2243 0153 E-mail: absconsultant@vsnl.net
OFFER OPENS ON : WEDNESDAY, 25.11.2009		OFFER CLOSES ON : MONDAY, 14.12.2009	

A SCHEDULE OF SOME OF THE MAJOR ACTIVITIES RELATING TO THE OFFER IS GIVEN BELOW:

Activities	Original Date	Original Day	Revised Date	Revised Day
Date of Public Announcement	12.08.2009	Wednesday	12.08.2009	Wednesday
Specified Date (for the purpose of determining the name of shareholders to whom the Letter of Offer will be sent)	28.08.2009	Friday	28.08.2009	Friday
Last Date for a Competitive Bid, if any	02.09.2009	Wednesday	02.09.2009	Wednesday
Date by which the Letter Of Offer will be Dispatched to the shareholders	23.09.2009	Wednesday	19.11.2009	Thursday
Date of Opening of the Offer	30.09.2009	Wednesday	25.11.2009	Wednesday
Last date for revising the Offer Price/ Number of Shares	08.10.2009	Thursday	03.12.2009	Thursday
Last date for Withdrawal of Acceptance by shareholders who have accepted the Offer	14.10.2009	Wednesday	09.12.2009	Wednesday
Date of Closing of the Offer	19.10.2009	Monday	14.12.2009	Monday
Date by which the acceptance/rejection would be intimated and the corresponding payment for the acquired shares and/or the share certificate for the rejected shares will be dispatched.	03.11.2009	Tuesday	29.12.2009	Tuesday

Risk Factors relating to the transaction, the proposed offer and probable risks involved in associating with the Acquirers: -

1. The offer involves an offer to acquire 20.00% of the Emerging Voting Capital of KPL from the eligible persons for the Offer. In the case of over subscription in the offer, as per the Regulations, acceptance would be determined on a proportionate basis in accordance with Regulation 21(6) of the Regulations and hence there is no certainty that all the shares tendered by the shareholders in the Offer will be accepted.

2. In the event that either (a) a regulatory approval is not received in a timely manner, (b) there is any litigation leading to stay on the Offer, or (c) SEBI instructs the Acquirers not to proceed with the Offer, then the Offer process may be delayed beyond the schedule of activities indicated in this LO. Consequently, the payment of consideration to the public shareholders of KPL whose shares have been accepted in the Offer as well as the return of Shares not accepted by the Acquirers may be delayed. In case of the delay, due to non-receipt of the statutory approvals, as per Regulation 22(12) of the Regulations, SEBI, may, if satisfied that the non-receipt of approval was not due to the willful default or negligence or failure to diligently pursue on the part of the Acquirers, grant an extension for the purpose of completion of the Offer subject to the Acquirers paying interest to the shareholders, as may be specified by the SEBI. Further, shareholders should note that after the last date of withdrawal i.e. 09.12.2009, the shareholders who have lodged the shares would not be able to withdraw them even if the acceptance of the Shares under the Offer and dispatch of consideration gets delayed. The tendered shares and documents would be held by the Registrar to the Offer, till such time as the process of acceptance of tenders and the payment of consideration is completed.

   The Offer is subject to the receipt of statutory and regulatory approvals by the Acquirers under the Offer. The Acquirers may not be able to proceed with the Offer in the event the approvals are not received in terms of the Regulation 27 of the Regulations. Delay, if any, in the receipt of these approvals may delay completion of the offer.

3. The Acquirers intend to acquire 11,05,707 (Eleven Lacs Five Thousand Seven Hundred Seven Only) fully paid-up equity shares of Rs.10/- each, representing 20.00% of the Emerging Voting Capital at a price of Rs. 10/- per share under the Regulations. The equity shares and documents tendered in the Offer will be held in trust by the Registrar to the Offer until the completion of the Offer formalities, and the shareholders will not be able to trade such equity shares.

   The Acquirers and the Manager to the Offer accept no responsibility for the statements made otherwise than in the Public Announcement or this Letter of Offer or in the advertisement or any materials issued by or at the instance of the Acquirers and the Manger of the Offer, and any person placing reliance on any other source of information would be doing so at its own risk.

   The risk factor set forth above pertains to the acquisition and the Offer and not in relation to the present or future business operations of the Target Company or other related matters, and are neither exhaustive nor intended to constitute a complete analysis of the risks involved in participation or otherwise by a shareholder in the Offer. Shareholders of the Target Company are advised to consult their stockbroker or investment consultant, if any, for further risk with respect to their respective participation in the Offer.

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DEFINITIONS/ABBREVIATIONS

Acquirers	Tara Holdings Private Limited ("THPL") and Kalpena Industries Limited ("KIL").
Board	The Board of Directors of the Target Company
BSE	Bombay Stock Exchange Limited
CSE	Calcutta Stock Exchange Limited
Corrigendum to PA	Corrigendum to PA Dated 18.11.2009
DSE	Delhi Stock Exchange Association Limited
ECS	Electronic Clearing Service
Emerging Voting Capital	55,28,535 Equity Shares of Rs. 10/- each
FOA or Form of Acceptance	Form of Acceptance – cum - Acknowledgment accompanying this Letter of Offer
FOW or Form of Withdrawal	Form of Withdrawal accompanying this Letter of Offer
HSE	Hyderabad Stock Exchange
LO	Letter of Offer
Manager to the Offer	VC Corporate Advisors Private Limited
NRI(s)	Non- Resident Indians
NSDL	National Securities Depository Limited
CDSL	Central Depositories Services Limited
Offer Period	12.08.2009 to 29.12.2009
Offer Price	Rs.10/- payable in cash
Offer/Open Offer/public Offer	Cash Offer being made by the Acquirers to 11,05,707 (Eleven Lacs Five Thousand Seven Hundred Seven Only) fully paid-up equity shares of Rs.10/- each, representing 20.00% of the Emerging Voting Capital at a price of Rs. 10/- per share.
PA	Public Announcement dt. 12.08.2009
Persons eligible to participate in the Offer	All owners (registered and unregistered) of shares of KPL except the Acquirers
Preferential Issue	The issue of 12,60,035 equity shares to THPL and 20,00,000 equity shares to KIL, aggregating to 32,60,035 equity shares of the face value of Rs. 10/- each, at par on preferential basis
Promoter	Existing Promoter of the Target Company i.e., Tara Holdings Private Limited
RBI	Reserve Bank of India
Registrar to the Offer	ABS Consultant Private Limited
Regulations	Securities & Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent Amendments thereof.
ROC	Registrar of Companies
SEBI	Securities & Exchange Board of India
SEBI (ICDR)Regulations	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
SEBI DIP Guidelines or Erstwhile Guidelines	The Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 and subsequent amendments thereto
Specified date	Date for the purpose of determining the names of Shareholders, as appearing in the Register of Members of KPL, to whom the Letter of Offer should be sent, i.e. 28.08.2009.
Target Company / KPL	Kalpena Plastiks Limited (formerly Sarla Jems Limited)

1. DISCLAIMER CLAUSE

IT IS TO BE DISTINCTLY UNDERSTOOD THAT FILING OF DRAFT LETTER OF OFFER WITH SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED, VETTED OR APPROVED BY SEBI. THE DRAFT LETTER OF OFFER HAS BEEN SUBMITTED TO SEBI FOR A LIMITED PURPOSE OF OVERSEEING WHETHER THE DISLOSURES CONTAINED THEREIN ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE REGULATIONS. THIS REQUIREMENT IS TO FACILITATE EQUITY SHAREHOLDERS OF KPL TO TAKE AN INFORMED DECISION WITH REGARD TO THE OFFER. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR FINANCIAL SOUNDNESS OF THE ACQUIRERS OR THE COMPANY WHO'S SHARES/CONTROL IS PROPOSED TO BE ACQUIRED OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT LETTER OF OFFER. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE ACQUIRERS ARE PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS DRAFT LETTER OF OFFER, THE MANAGER TO THE OFFER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ACQUIRERS DULY DISCHARGE THEIR RESPONSIBILITY ADEQUATELY. IN THIS BEHALF, AND TOWARDS THIS PURPOSE, THE MANAGER TO THE OFFER VC CORPORATE ADVISORS PRIVATE LIMITED HAS SUBMITTED A DUE DILIGENCE CERTIFICATE DATED 25.08.2009 TO SEBI IN ACCORDANCE WITH THE SEBI (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVERS) REGULATIONS, 1997 AND SUBSEQUENT AMENDMENT (S) THEREOF. THE FILLING OF THIS DRAFT LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ACQUIRERS FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED OFFER.

2. DETAILS OF THE OFFER:

2.1 Background of the Offer:

2.1.1 This Offer is being made by the Tara Holdings Private Limited ("THPL") and & Kalpena Industries Limited ("KIL") (herein referred to as the "Acquirers") in compliance with Regulation 10 (in so far as it may apply to KIL on acquisition of 36.18% of the Emerging Voting Capital of the Target Company), Regulation 11(1) (insofar applicable to the THPL on acquisition of 22.79% of the Emerging Voting Capital of the Target Company) read with Regulation 12 (insofar as it may apply to KIL for being inducted as a co-promoter of the Target Company. The prime object of the Offer by the Acquirers is acquisition of shares and voting rights to consolidate equity shareholding accompanied with effective management control of KPL. THPL is the existing promoter of the Target Company as per filing made by the Target Company to the Stock Exchanges as per clause – 35 of the Listing Agreement.

2.1.2 The present paid up and voting share capital of the Target Company consist of 22,68,500 equity shares of Rs. 10/- each, of which the promoter i.e., THPL holds 7,39,965 equity shares representing 32.62% of the present paid up equity and voting share capital of KPL. The Board of Directors of the Target Company ("Board") at their meeting held on 6th August 2009 approved, amongst others, to issue and allot subject to the approval of the Shareholders of the Target Company at the Extra-Ordinary General Meeting to be held on 5th September 2009 ("EGM"), and of the Stock Exchanges where the shares of the Target Company are listed, the issue of 12,60,035 equity shares to THPL and 20,00,000 equity shares to KIL, aggregating to 32,60,035 equity shares of the face value of Rs. 10/- each, at par on preferential basis ("Preferential Issue") in accordance with the provisions of Section 81 (1A) of the Companies Act, 1956 and the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 and subsequent amendments thereto ("Erstwhile Guidelines"). At its EGM held on 5th September 2009 the shareholders of KPL amongst others approved the aforesaid Preferential Issue. KIL is proposed to be designated as a co-promoter of the Target Company and will form the part of the Promoter Group of the Target Company.

2.1.3 Post Preferential Issue, the total equity and voting share capital of the Target Company will be 55,28,535 equity shares of Rs. 10/- each, of which the Acquirers shall be holding in aggregate 40,00,000 equity shares representing 72.36% of the Emerging Voting Capital of the Target Company, the details of which are as follows :

Particulars	Pre- Preferential Issue		Shares to be allotted pursuant to the Preferential Issue		Post- Preferential Issue	
	No. of Shares held	%age of share holding	No. of Shares held	%age of share holding #	No. of Shares held	%age of share holding #
(i) THPL	7,39,965	32.62	12,60,035	22.79	20,00,000	36.18
(ii) KIL	Nil	Nil	20,00,000	36.18	20,00,000	36.18
Total	7,39,965	32.62	32,60,035	58.97	40,00,000	72.36

(# Calculated as a %age of Emerging Voting Capital of the Target Company)

2.1.4 As on the date of this PA, THPL holds 7,39,965 equity shares in KPL representing 32.62% of the present Equity Capital of KPL. The Acquirers have not acquired any equity shares of the Target Company during twelve months preceding the date of this PA except those agreed to be acquired through the Preferential Issue the details of which are mentioned in Para 2.1.2 above.

2.1.5 As on the date of PA, the Manager to the Offer does not hold any equity share in the Target Company. They declare and undertake not to deal in the shares of KPL during the period commencing from the date of their appointment as Manager to the Offer till the expiry of 15 days from the date of closure of the Offer.

2.1.6 The Offer is not as a result of global acquisition resulting in indirect acquisition of KPL.

2.1.7 The Acquirers, its directors, the Sellers and the Target Company have not been prohibited by SEBI from dealing in securities, in terms of the direction issued u/s 11B of the SEBI Act or under any other regulations made under the SEBI Act.

2.1.8 Consequent upon the completion of the Offer formalities, the single control of KPL by THPL will change into joint control by the Acquirers. The Acquirers intend to appoint its nominees on the Board of Directors of the Target Company in order have effective control over the management and operations of the Target Company..

2.2. Details of the proposed Offer:

2.2.1 The Public Announcement dated 12.08.2009 of the Offer was made in all editions of Business Standard (English Daily), all editions of Business Standard (Hindi Daily), Kalantar (Bengali Daily) and Mumbai Lakshadeep (Marathi Daily) in compliance with Regulation 15(1) of the Regulations. The Public Announcement made on 12.08.2009 is available on the SEBI web site at www.sebi.gov.in.

2.2.2 The Acquirers propose to acquire from the existing equity shareholders of KPL, 11,05,707 (Eleven Lacs Five Thousand Seven Hundred Seven Only) fully paid-up equity shares of Rs.10/- each, representing 20.00% of the Emerging Voting Capital at a price of Rs. 10/- per share payable in cash. KPL doesn't have any partly paid up shares as on date of this PA.

2.2.3 The shares will be acquired by the Acquirers, free from all liens, charges and encumbrances and together with all the rights attached thereto, including the right to all dividends, bonus and rights declared hereafter.

2.2.4 The Offer is not subject to any minimum level of acceptances. The Acquirers will accept all equity shares of KPL in terms of this Offer upto a maximum of 11,05,707 fully paid-up equity shares of Rs.10/- each, representing 20.00% of the Emerging Voting Capital of the Target Company.

2.2.5 Since the date of the PA to the date of this LO, the Acquirers have not acquired any shares of KPL.

2.2.6 No competitive bid has been received as on date of LO.

2.3. Object of the Offer:

2.3.1 The Offer has been made pursuant to regulation 10, 11(1), 12 and other provisions of the Chapter III and in compliance with the Regulations.

2.3.2 In order to raise resources to meet the long term working capital requirements and general corporate purpose of the Target Company and thereby to improve its operational performance, the Acquirers are subscribing to 32,60,035 equity shares of the Target Company at a price of Rs. 10/- per share aggregating to Rs. 3,26,00,350/-.

3. BACKGROUND OF THE ACQUIRERS:

3.1. TARA holdings Private Limited ("THPL")

3.1.1 THPL was incorporated on 17th December 1992 as a Private Limited Company. The CIN of the Company is U65921WB1992PTC057192. The registered & corporate office of the Company is situated at 16B, Shakespeare Sarani, 1st Floor, Kolkata – 700 071. Tel No. (033) 4006-1278. Fax No. (033) 4006-1281. E-mail: tara_eou@yahoo.co.in.

3.1.2 THPL has been promoted by Mr. Surendra Surana and Mrs. Sarla Surana. They along with their relatives and associate companies are presently holding the entire equity share capital of THPL. The present Board of Directors of THPL are Mr. Tara Chand Jain & Mr. Sukumar Das.

3.1.3 THPL is primarily engaged in the business of manufacturing of PVC COMPOUND having installed capacity of 8,000 M.T. per annum, PE COMPOUND having installed capacity of 5,000 M.T. per annum and HAWAI CHAPPAL having installed capacity of producing 60,00,000 pairs per annum. The manufacturing plant of THPL is located at Minerva Garden Complex, Shed No. 4 (4A, 4A/1, 4B, 4B/1) Diamond Harbour Road, Joka, 24 Parganas (S) – 700 104. THPL is also engaged in the activities of investment in shares and securities and providing loans and advances.

3.1.4 The details of shareholding of THPL Shareholding Pattern as on 12.08.2009 i.e., date of public announcement.

Category of shareholder	Total no. of Shares	Total shareholding as a % of total no. of shares
Promoters and their Associates :		
Promoters :		
Ms. Sarla Devi Surana	7000	0.06
Mr. Surendra Surana	NIL	NIL
Relatives / Associate Companies		
Dev Krishan Surana	120000	1.01
Jaqua Industries & Sales Co. Pvt. Ltd.	4902100	41.25
Krishna Commodeal Private Limited	905000	7.62
Ms. Anita Devi Surana	600	0.01
Ms. Tara Devi Surana	7000	0.06
Shyambaba Trexim Pvt. Ltd	5941700	50.00
TOTAL (A)	11883400	100%
MF/UTI/Insurance Companies	-	-
FIIs/FIs/Banks	-	-
NRIs/OCBs	-	-
Other Public Shareholders	-	-
TOTAL (B)	NIL	NIL
TOTAL (A) + (B)	11883400	100.00%

Further the details of natural persons holding shares and control of M/s. Jaqua Industries & Sales Company Private Limited as on date, are as under:

Name of the Individual Shareholders/ Natural Persons	No. of Shares	% to total Capital
Dev Kishan Surana	15800	1.17
Suvajit Dey	100	0.01
Narendra Kumar Surana	125000	9.27
Sarla Devi Surana	757500	56.18
TOTAL	785400	66.63

3.1.5 For the purpose of this Offer, there are no persons acting in concert as per the Provisions of Regulation 2(1)(e) of the Regulations.

3.1.6 Name and residential address of the Board of directors of THPL as on the date of PA are as follows:

Names of Directors	Residential Address	DIN No	Experience	Qualifications	Designation
Mr. Tara Chand Jain	41/2 Laxminarayan Talla Road Howrah – 711 103	00081242	More than 15 years of experience in plastic industry	B. Com	Director
Mr. Sukumar Das	22, Khudiram Bose Sarani, Konnagar. Dist – Hooghly	02477428	More than 10 years of experience in accounting and finance.	B.Com	Director

None of the directors of THPL were on the Board of the Target Company as on the date of PA.

3.1.7 The shares of THPL are not listed on any Stock Exchange.

3.1.8 There has been no merger/demerger, spin off during last 3 years involving THPL except the merger of Kalpana Polycompound Private Limited, Kalpana Plastics (India) Private Limited, Sarla Collections Private Limited and Narottamka Fiscal services Private limited with the THPL approved by the Honorable High court of Calcutta vide its order dated 17th August 2006.

3.1.9 The Authorised Share Capital of THPL is Rs. 1200.00 Lacs comprising of 1,20,00,000 Equity Shares of Rs.10/- each. The Issued, Subscribed and Paid up Equity Share Capital is Rs. 1188.34 Lacs comprising of 1,18,83,400 fully paid up equity shares of Rs.10/- each.

3.1.10 Financial Information:

The financial details of THPL as per the audited accounts for the last three financial years ended 31st March 2009 are as follows:

Profit & Loss Statement (Rs. in Lacs)

For the Year Ended	31st March 2007 (Audited)	31st March 2008 (Audited)	31st March, 2009 (Audited)
Income from Operations	6439.52	9187.03	10740.97
Other Income	531.31	611.78	1186.61
Total Income	6970.83	9798.81	11927.58
Total Expenditure	6895.89	9740.16	11820.09
Profit/(Loss) before Interest, Depreciation and Tax	74.94	58.65	107.49
Depreciation	5.29	7.28	10.82
Interest	1.43	0.03	-
Profit/(Loss) before Tax	68.22	51.34	96.67
Provision for Tax	4.65	5.08	6.15
Profit/(Loss) after tax	63.57	46.26	90.52

Balance Sheet (Rs. in Lacs)

As on	31st March 2007 (Audited)	31st March 2008 (Audited)	31st March, 2009 (Audited)
Sources of funds			
Paid up share capital	983.86	983.86	1188.34
Share Capital Suspense A/c	204.48	204.48	-
Reserves & Surplus (excluding revaluation reserves)	3216.32	3262.57	3353.09
Less: Miscellaneous Expenditure not written off	1.64	0.66	-
Net Worth	4403.02	4450.25	4541.43
Secured loans	-	-	-
Unsecured loans	-	-	-
Deferred Tax Liabilities	11.85	17.19	21.18
Total	4414.87	4467.44	4562.61
Uses of funds			
Net Fixed Assets	86.27	149.23	137.22
Investments	144.11	154.11	590.12
Net Current Assets	4184.49	4164.10	3835.27
Total	4414.87	4467.44	4562.61

Other Financial Data

For the Year Ended	31st March 2007 (Audited)	31st March 2008 (Audited)	31st March, 2009 (Audited)
Dividend (%)	NIL	NIL	NIL
Earning Per Share (Rs.)	0.65	0.47	0.76
Return on Networth (%)	1.44	1.04	1.99
Book Value Per Share (Rs.)	44.75	45.23	38.22

Note:

(i) EPS = Profit after tax / number of outstanding equity shares at the close of the year

(ii) Return on Net Worth = Profit after Tax / Net Worth

(iii) Book Value per Share = Net Worth / No. of equity shares

(iv) Source : Audited Annual Reports

(v) Reason for fall/rise in Total Income, Expenditure and PAT in the relevant year if applicable: - Year wise reason for the fall in the Total Income, Expenditure & PAT is cited below: -

1. Reason for change in Total Income, Expenditure and PAT for the year ended 31st March 2009 over year ended 31st March 2008:

   Total Income for the year ended 31st March 2009 was Rs. 10740.97 Lacs as compared to Rs. 9187.03 Lacs for the year ended 31st March 2008. The increase in total income was mainly due to increase in Sales volume from Rs. 9187.03 Lacs for the year ended 31st March 08 to Rs. 10740.98 Lacs for the year ended 31st March 2009. There was also an increase in Other Income to Rs. 1186.61 Lacs for the year ended 31st March 2009 as against Rs. 611.78 Lacs for the year ended 31st March 2008 mainly due to increase in Commodities Speculation Profit to Rs. 589.46 Lacs as against NIL in Previous Year, Increase in Foreign Exchange Gain to Rs. 31.99 Lacs as against NIL in previous year and increase in Profit on Sale of Land to 9.82 Lacs as against NIL in previous year 31st March 2008. The total expenditure increased from Rs. 9740.16 Lacs for the year ended 31st March 2008 to Rs. 11820.09 Lacs for the year ended 31st March 2009 mainly on account of increase in Materials and Manufacturing Expenses from Rs. 9574.35 Lacs for the year ended 31st March 2008 to Rs. 11728.28 Lacs for the year ended 31st March 2009 due to the increased volume of operations. The, Selling and Distribution Expenses decreased to Rs. 43.44 Lacs for the year ended 31st March 2009 as compared to Rs. 105.93 Lacs for the year ended 31st March 2008 mainly due to decrease in Export/ Carriage Outward/ Clearing Expenses from Rs. 84.09 Lacs to Rs. 31.88 Lacs for the year ended 31st March 2009 and Brokerage & Commission/ Discount also decreased to Rs. 11.06 Lacs for the year ended 31st March 2009 as against Rs. 21.23 Lacs for the year ended 31st March 2008. PAT for the year ended 31st March 2009 was of Rs. 90.52 Lacs as compared to a PAT of Rs. 46.26 Lacs for the year ended 31st March 2008.

2. Reason for change in Total Income, Expenditure & PAT for the year ended 31st March 2008 over year ended 31st March 2007: -

   Total Income for the year ended 31st March 2008 was Rs. 9798.81 Lacs as compared to Rs. 6970.83 Lacs for the year ended 31st March 2007 showing an increase of Rs. 40.57% over the period ended 31st March 2007. The increase in total income was mainly due to increase in Sales volume from Rs. 6439.52 Lacs for the year ended 31st March 07 to Rs. 9187.03 Lacs for the year ended 31st March 2008. The Other Income also increased to Rs. 611.78 Lacs for the year ended 31st March 2008 as compared to Rs. 531.31 Lacs for the year ended 31st March 2007 mainly due to increase in Commission/ Discount Received to Rs. 356.18 Lacs as against Rs.199.14 Lacs and increase in Dividend to Rs. 105.38 Lacs as against Rs. 84.30 Lacs as compared to previous year ended 31st March 2007, respectively. The total expenditure increased from Rs. 6895.89 Lacs for the year ended 31st March 2007 to Rs. 9740.16 Lacs for the year ended 31st March 2008 mainly on account of increase in Materials and Manufacturing Expenses from Rs. 6755.64 Lacs for the year ended 31st March 2007 to Rs. 9574.35 Lacs for the year ended 31st March 2008 due to the increased volume of operations. The Selling and Distribution Expenses also increased to Rs. 103.79 Lacs for the year ended 31st March 2008 as compared to Rs. 95.37 Lacs for the year ended 31st March 2007 mainly due to increase in Brokerage & Commission / Discount to Rs. 21.23 Lacs as against Rs. 3.49 Lacs for the year ended 31st March 2007 and decrease in sales promotion/packaging/sales/service tax amounting to Rs. 0.61 Lacs as against Rs. 10.71 lacs for the previous year ended 31st March 2007. However, there was NIL Packing Charges for the year ended 31st March 2008 as against Rs. 1.00 Lacs for the year ended 31st March 2007. PAT for the year ended 31st March 2008 was of Rs. 46.26 Lacs as compared to a PAT of Rs. 63.57 Lacs for the year ended 31st March 2007 showing a decrease of 27.23% over the year ended 31st March 2007.

3. Reason for change in Total Income, Expenditure & PAT for the year ended 31st March 2007 over year ended 31st March 2006: -

   Total Income for the year ended 31st March 2007 was Rs. 6970.83 Lacs as compared to Rs. 3098.48 Lacs for the year ended 31st March 2006. The increase in total income was mainly due to increase in Sales volume from Rs. 2095.41 Lacs for the year ended 31st March 06 to Rs. 6439.52 Lacs for the year ended 31st March 2007. There was a decrease in Other Income to Rs. 531.31 Lacs for the year ended 31st March 2007 as against Rs. 1002.09 Lacs for the year ended 31st March 2006 mainly due to NIL Profit on Commodities & Share Transactions as against Rs. 678.20 Lacs in the previous year ended 31st March 2006, respectively. The total expenditure increased from Rs. 3085.29 Lacs for the year ended 31st March 2006 to Rs. 6895.89 Lacs for the year ended 31st March 2007 mainly on account of increase in Materials and Manufacturing Expenses from Rs. 2985.91 Lacs for the year ended 31st March 2006 to Rs. 6755.64 Lacs for the year ended 31st March 2007 due to the increased volume of operations. The Selling and Distribution Expenses also increased to Rs. 95.37 Lacs for the year ended 31st March 2007 as compared to Rs. 35.33 Lacs for the year ended 31st March 2006 mainly due to increase in Carriage Outward to Rs. 81.17 Lacs as compared to Rs. 31.22 Lacs for the year ended 31st March 2006. Consequently PAT for the year ended 31st March 2007 was of Rs. 63.57 Lacs as compared to a Net Loss of Rs. 5.37 Lacs for the year ended 31st March 2006.

3.1.11 THPL does not have any contingent Liabilities as on 31st March 2009.

3.1.12 The Significant accounting policies of THPL as extracted from the Audited annual Report of the THPL for the year ended 31st March 2009 are as follows:

A. Basis of Accounting

The company adopts the mercantile system of accounting and recognises income & expenditure on accrual basis in accordance with the applicable accounting standards.

B. Revenue Recognition :

Revenue from sale of goods are recognised as and when the goods transfer to business. Sales include excise /Custom duty wherever applicable

C. Employee Benefit

Short-term Employee Benefits (i.e. benefits payable within one year) are recognised in the period in which employee services are rendered. Contribution towards providend 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. Liabilitty towards gratuity, covering eligible employees on the basis of year-end actuarial valuation is recognised as a charge.

Accured 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.

D. Fixed Assets :

Fixed Assets are stated at the original cost less accumulated depreciation. The cost of assets comprise its purchase price and include expenses which are directly incurred for bringing the assets to working condition for its desired results. Expenditure in the nature of addition. Improvement, renewal which improves the working of the assets are capitalised and expenditure for regular maintenance preventive or otherwise are charged to revenue account.

E. Depreciation :

Depreciation on Fixed Assets have been provided on straight line method at the rates specified in schedule (XIV) of the companies act, 1956.

F. Valuation of Investments :

All investments are considered as long-term investments and are stated at cost.

G. Valuation of Inventories :

I) Inventories are valued at cost.

ii) Finished goods are valued at cost of raw materials and conversion thereof including the cost incurred in the normal course of business in bringing the goods to present condition or at net realisable value whichever is lower.

H. Modvat / Cenvat :

Modvat / Cenvat benefit on total purchase is accounted for by reducing the purchase cost of the materials / fixed assets wherever applicable.

I. Foreign Currency Transaction :

Foreign currency transactions are accounted at exchange rate at the date of transaction. Resultant Profit & Loss on the settlement of transaction are taken to Profit & Loss Account.

J. Accounting for taxes on Income :

The Current Charge for Income tax is calculated in accordance with the relevant tax regulations applicable to the company. Deffered Tax is provided/ recognised on timing difference/ between taxable income and accounting income using the liability method subject to consideration of prudence. Deffered Tax assets on unabsorbed depreciation and carry forwarded of loses are not recognised unless there is a virtual certainty that there will be sufficient future Taxable Income available to realise such assets.

As per the audited annual report of the THPL for the year ended 31st March 2009, segment reporting as per AS – 17 is not applicable on THPL.

3.1. Kalpena Industries Limited ("KIL")

3.2.1 KIL, a public listed company was originally incorporated on 3rd day of September 1985 under the name of Kalpana Plastics Private Limited. The name of the Company was subsequently changed to Kalpana Plastics Limited w.e.f. 11th November 1987. The name of KIL was further changed to Kalpana Mercantiles Limited w.e.f. 1st January 1988 and then to Kalpana Industries Limited w.e.f. 4th May 1992. The name of KIL was lastly changed to the present name w.e.f. 14th October 2008. The CIN of the Company is L19202WB1985PLC039431. The registered & corporate office of the Company is situated at 2B, Pretoria Street, Kolkata – 700 071. Tel No. (033) 2282 3744/3745/3699. Fax No. (033) 2282 3739. E-mail: kolkata@kalpena.co.in. KIL belongs to DC Surana group of Kolkata.

3.2.2 KIL is presently engaged in the business of manufacturing of PVC Compound having installed capacity of 19,800 MT per annum, PE Compounds with an installed capacity of 48,000 MT per annum, PVC soles and Hawai Chappals with an installed capacity of 85,00,000 pairs per annum. The manufacturing plants of KIL are located at :

(i) Kolkata Works : Village – Bhasa, No. 14, P.O. & P.S. Bishnupur, Diamond Harbour Road, 24 Parganas (S) – 743503

(ii) Daman Works : 168/151-158, Dhabel Industrial Co-Operative Society Ltd, Daman – 396215.

(iii) Darda Works (I) : Survey No. 24/3, Village – Demini, Demini Road, Darda & Nagar Haveli – 396230.

(iv) Darda Works (II) : Survey No. 24/5/1/2, Village – Demini, Demini Road, Darda & Nagar Haveli – 396230.

3.2.3 Mr. D.C. Surana and Mr N.K. Surana are the promoters of the KIL. They along with their relatives and associates companies are presently holding 74.31% equity and voting share capital of KIL. As on 12.08.2009, the shareholding pattern of KIL was as follows: -

Category of shareholder	Total no. of Shares	Total shareholding as a % of total no. of shares
Promoters and their Associates	8586026	74.31
MF/UTI/Insurance Companies	10100	0.10
FIIs/Fis/Banks	147586	1.28
NRIs/OCBs	-	-
Other Public shareholders	2809888	24.31
Total	11553600	100.00

The break up of Promoters Shareholding of KIL as on 12.08.2009, i.e the date of PA is as under:

Sl. No	Name of the Promoters	No. of Shares	% of Total Capital
1	Surendra Kumar Surana	700	0.01
2	Narendra Kumar Surana	400	0.00
3	Sarla Surana	100	0.00
4	D.C. Surana	15000	0.13
5	Tara Devi Surana	100	0.00
6	SGL Investment Pvt. Ltd	268096	2.32
7	Tara Holding Pvt. Ltd	5254493	45.48
8	Shyambaba Trexism Pvt. Ltd	3047137	26.37
	TOTAL	8586026	74.31

The break up of investor holding more than 1% of KIL is as follows:

Sl. No.	Name of the Investor	No. of Shares	% of Total Capital
1	Jaqua Industries & Sales Co Pvt Ltd	474,190	4.10

3.2.4 For the purpose of this offer, there are no persons acting in concert as per the Provisions of Regulation 2(1)(e) of the Regulations.

3.2.5 Name and residential address of the Board of directors of KIL as on the date of PA are as follows:

Names of Directors	Residential Address	DIN No	Experience	Qualification	Designation
Mr. D. C. Surana	227/2 A.J.C. Bose Raod, Kolkata – 700020	00060941	More than 32 years of experience in Plastic Industry.	B. Com.	Chairman
Mr. N. K. Surana	227/2 A.J.C. Bose Raod, Kolkata – 700020	00060127	More than 20 years of experience in Plastic Industry.	B.Com (Hons.), L.L.B., MBA (Harvard University)	Vice Chairman cum Managing Director
Mr. Nirmalendu Guha	5B, 9 Mandeville Garden, Kolkata – 700 019	01154485	More than 30 years of experience in Agro based industries.	B.Tech. M.Tech. (P. Eng & Mgt), C.Eng, FIE Plant E(UK), Hon FIPE, MMFI.	Independent Director
Dr. Premomoy Ghosh	3, Kabi Mohit Lal Road, Post – Haltu, Kolkata – 700 078	00061591	More than 35 years of experience in Plastic and Polymer Industry.	B.Sc. (Hons.), M.Sc. (Tech), Phd.	Independent Director
Dr. Rupak Dasgupta	B15/01, Shiva Palm Beach, Co-op Hsg. Society Sector 4, Nerul, Nevi Mumbai Maharashtra – 400 706	00393898	More than 35 years of experience in Plastic and Polymer Industry.	M.Sc., Phd.	Independent Director

None of the directors of KIL were on the Board of the Target Company as on the date of PA.

3.2.6 The shares of KIL are listed at Bombay Stock Exchange ("BSE"), Calcutta Stock Exchange ("CSE"), The Delhi Stock Exchange Limited ("DSE"), Ahmedabad Stock Exchange Limited ("ASE") and the Hyderabad Stock Exchange ("HSE"). HSE has been derecognised by SEBI with effect from August 29, 2007.

3.2.7 There has been no merger/demerger, spin off during last 3 years involving KIL.

3.2.8 As on the date of PA, the Authorised Share Capital of KIL is Rs. 1200.00 Lacs comprising of 1,20,00,000 Equity Shares of Rs.10/- each. The Board of Directors of KIL in its meeting held on 08th August 2009 have approved, subject to the approval of the shareholders in the Extra Ordinary General meeting to be held on 04.09.2009, the increase in authorised capital of the KIL from Rs. 1200 Lacs to Rs.2000 Lacs divided into 2,00,00,000 equity shares of Rs 10/- each. Subsequently at the Extra Ordinary General meeting held on 04.09.2009, the Authorised Capital of KIL was increased to Rs. 2000 Lacs divided into 2,00,00,000 equity shares of Rs 10/- each. The Issued, Subscribed and Paid up Equity Share Capital is Rs. 1155.36 Lacs comprising of 1,15,53,600 fully paid up equity shares of Rs.10/- each. As on the date of PA, the no. of shares held by public is 2967574 shares constituting 25.69% of the paid up and equity share capital of the KIL, the total volume of equity shares traded on the PA date was 106898 equity shares and the opening and closing price of the shares on the PA date was Rs. 99.50 and Rs. 119.45 respectively.

3.2.9 The financial details of KIL as per the audited accounts for the last three financial years ended March 2009 are as follows:

Profit & Loss Statement (Rs. in Lacs)

For the Year Ended	31st March 2007 (Audited)	31st March 2008 (Audited)	31st March, 2009 (Audited)
Income from Operations	30556.65	45160.24	60296.31
Other Income	115.51	287.48	114.66
Total Income	30672.16	45447.72	60410.97
Total Expenditure	28593.70	41789.55	56364.61
Profit/(Loss) before Interest, Depreciation and Tax	2078.46	3658.17	4046.36
Depreciation	281.99	393.79	429.41
Interest	660.48	808.82	962.83
Profit/(Loss) before Tax	1136.21	2455.56	2654.12
Provision for Tax	156.20	358.37	465.32
Prior Period Adjustments	-0.22	9.82	3.65
Profit/(Loss) after tax	980.01	2087.37	2185.15

Balance Sheet (Rs. in Lacs)

As on	31st March 2007 (Audited)	31st March 2008 (Audited)	31st March, 2009 (Audited)
Sources of funds			
Paid up share capital	1155.36	1155.36	1155.36
Reserves & Surplus (excluding revaluation reserves)	2270.99	4088.02	6002.83
Net Worth	3426.35	5243.38	7158.19
Secured loans	5050.23	6873.05	7895.43
Unsecured loans	4412.01	3867.08	4269.52
Deferred Tax Liabilities	227.89	293.81	447.63
Total	13116.48	16277.32	19770.77
Uses of funds			
Net Fixed Assets	4904.66	5438.40	5496.23
Investments	3.11	8.82	8.82
Net Current Assets	8208.71	10830.10	14265.72
Total	13116.48	16277.32	19770.77

Other Financial Data

For the Year Ended	31st March 2007 (Audited)	31st March 2008 (Audited)	31st March, 2009 (Audited)
Dividend (%)	20.00	20.00	20.00
Earning Per Share (Rs.)	9.27	18.06	18.91
Return on Networth (%)	28.60	39.81	30.53
Book Value Per Share (Rs.)	29.66	45.38	61.96

Note:
(i) EPS = Profit after tax / number of outstanding equity shares at the close of the year
(ii) Return on Net Worth = Profit after Tax /Net Worth
(iii) Book Value per Share = Net Worth / No. of equity shares
(iv) Source : Audited Annual Reports
(v) Reason for fall/rise in Total Income, Expenditure and PAT in the relevant year if applicable: - Year wise reason for the fall in the Total Income, Expenditure & PAT is cited below: -

1. Reason for change in Total Income, Expenditure and PAT for the year ended 31st March 2009 over year ended 31st March 2008:

   Total Income for the year ended 31st March 2009 was Rs. 60410.97 Lacs as compared to Rs. 45447.72 Lacs for the year ended 31st March 2008 showing an increase of 32.92% over the year ended 31st March 2008. The increase in Total Income was due to increase in sales volume from Rs. 45160.24 Lacs for the year ended 31st March 2008 to Rs. 60296.31 Lacs for the year ended 31st March 2009. However, there was a decrease in Other Income to Rs. 114.66 Lacs for the year ended 31st March 2009 as against Rs. 287.48 Lacs for the year ended 31st March 2008 mainly due to NIL gain from foreign currency fluctuations as against Rs. 217.09 Lacs during the year ended 31st March 2008. The total expenditure increased from Rs. 41789.55 Lacs for the year ended 31st March 2008 to Rs. 56364.61 Lacs for the year ended 31st March 2009 mainly on account of increase in Cost of Production from Rs. 39699.64 Lacs for the year ended 31st March 2008 to Rs. 52553.34 Lacs for the year ended 31st March 2009. The Administrative, Selling and other Expenses were also increased to Rs. 3166.96 Lacs for the year ended 31st March 2009 as compared to Rs. 2234.20 Lacs for the year ended 31st March 2008, mainly due to increase in Bill Discounting Charges to Rs. 236.63 Lacs as against Rs. 103.64 Lacs, Carriage Outward to Rs. 1182.86 Lacs as compared to Rs. 652.38 Lacs, and Insurance Charges to Rs. 80.30 Lacs as compared to Rs. 36.71 Lacs for the year ended 31st march 2009 as against for the year ended 31st March 2008, respectively. There was also a net loss of Rs. 314.59 Lacs on account of Foreign Currency Fluctuation for the year ended 31st March 2009 as against NIL loss for the previous year ended 31st March 2008. However, Discount charges decreased to Rs. 347.10 Lacs for the year ended 31st March 2009 as against Rs. 563.47 Lacs for the year ended 31st March 2008. Consequently, PAT for the year ended 31st March 2009 was of Rs. 2185.15 Lacs as compared to a PAT of Rs. 2087.37 Lacs for the year ended 31st March 2008 showing an increase of 4.68% over the year ended 31st March 2008.

2. Reason for change in Total Income, Expenditure & PAT for the year ended 31st March 2008 over year ended 31st March 2007: -

   Total Income for the year ended 31st March 2008 was Rs. 45447.72 Lacs as compared to Rs. 30672.16 Lacs for the year ended 31st March 2007 showing an increase of 48.17% over the year ended 31st March 2007. The increase in total income was mainly due to increase in Sales volume from Rs. 30556.65 Lacs for the year ended 31st March 2007 to Rs. 45160.24 Lacs for the year ended 31st March 2008. There was also an increase in Other Income to Rs. 287.48 Lacs as compared to Rs. 115.51 Lacs for the year ended 31st March 2008 mainly due to Rs. 217.09 Lacs gain from Foreign Exchange as compared to Rs. 74.79 Lacs for the year ended 31st march 2007. The total expenditure increased from Rs. 28593.70 Lacs for the year ended 31st March 2007 to Rs. 41789.55 Lacs for the year ended 31st March 2008 showing an increase of 46.15% over the yer ended 31st March 2007 mainly on account of increase in Cost of Production from Rs. 27095.95 Lacs for the year ended 31ST March 2007 to Rs. 39699.64 Lacs for the year ended 31st March 2008. The, Administrative, Selling and other Expenses also increased to Rs. 2234.20 Lacs for the year ended 31st March 2008 as compared to Rs. 1214.50 Lacs for the year ended 31st March 2007 mainly due to increase in Bill Discounting Charges to Rs. 103.64 Lacs as against Rs. 57.70 Lacs, Carriage Outwards to Rs. 652.38 Lacs as compared to Rs. 410.60 Lacs and Discount to Rs. 563.47 Lacs as against Rs. 64.13 Lacs for the previous year ended 31st March 200 as against for the year ended 31st March 2007 respectively. However, there was a decrease in Insurance Charges to Rs. 36.71 Lacs for the year ended 31st March 2008 as against Rs. 56.87 Lacs for the year ended 31st March 2007 Consequently, PAT for the year ended 31st March 2008 was of Rs. 2087.37 Lacs as compared to a PAT of Rs. 980.01 Lacs for the year ended 31st March 2007.

3. Reason for change in Total Income, Expenditure & PAT for the year ended 31st March 2007 over year ended 31st March 2006: -

   Total Income for the year ended 31st March 2007 was Rs. 30672.16 Lacs as compared to Rs. 18928.10 Lacs for the year ended 31st March 2006. showing an increase of 62.05 % over the year ended 31st March 2006. The increase in total income was mainly due to increase in Sales volume from Rs. 18846.63 Lacs for the year ended 31st March 06 to Rs. 30556.65 Lacs for the year ended 31st March 2007. There was also an increase in Other Income to Rs. 115.51 Lacs for the year ended 31st March 2007 as against Rs. 81.47 Lacs for the year ended 31st March 2006 mainly due to a gain of Rs. 74.79 Lacs from foreign exchange for the year ended 31st March 2007 as compared to 48.36 Lacs for the year ended 31st March 2006. However, there was a decrease in Rent to Rs. 0.06 Lacs for the Year ended 31st March 2007 as compared to Rs. 1.43 Lacs for the year ended 31st March 2006. The total expenditure increased from Rs. 17843.33 Lacs for the year ended 31st March 2006 to Rs. 28593.70 Lacs for the year ended 31st March 2007 mainly on account of increase in Cost of Production from Rs. 17257.26 Lacs for the year ended 31ST March 2006 to Rs. 27095.95 Lacs for the year ended 31st March 2007. The Administrative, Selling and other Expenses also increased to Rs. 1214.50 Lacs for the year ended 31st March 2007 as compared to Rs. 751.79 Lacs for the year ended 31st March 2006 due to increase in Bank Charges to Rs. 90.79 Lacs as against Rs. 31.87 Lacs, Carriage Outwards to Rs. 410.60 Lacs as compared to 253.54 Lacs , Discount charges to Rs. 64.13 Lacs as against Rs. 36.14 Lacs and Insurance Charges to Rs. 56.87 Lacs as against Rs. 24.46 Lacs for the year ended 31st March 2007 as against for the year ended 31st March 2006 respectively. However, there was a decrease in Loss on Sale of Fixed Assets to Rs. 6.86 Lacs as against Rs. 21.62 Lacs for the year ended 31st March 2006. Consequently PAT for the year ended 31st March 2007 was of Rs. 980.01 Lacs as compared to a PAT of Rs. 515.02 Lacs for the year ended 31st March 2006 showing an increase of Rs. 90.29 Lacs over the year ended 31st March 2006.

3.2.10 The Significant accounting policies of KIL as extracted from the Audited annual Report of the KIL for the year ended 31st March 2009 are as follows:

i) Basis of Preparation of Financial Statement

The financial statements have been prepared on the historical cost convention basis and to comply in all material aspects with the generally accepted accounting principles and the Accounting Standards referred to in Section 211(3C) and the relevant provisions of the Companies Act, 1956.

ii) Revenue Recognition :

1. Sales are recognised on despatch to customers and include jobs charges, raw material sales & remission of Central Sales Tax and Vat Amount.

2. Other Income and Expenditure are recognised and accounted on accrual basis.

iii) Employee Benefits

Short-term Employee Benefits (i.e. benefits payable within one year) are recognised in the period in which employee services are rendered.

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.

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.

iv) Fixed Assets :

Fixed Assets are stated at cost of acquisition /construction net of Cenvet less depreciation, attributable interest and expenses of bringing the respective assets to its working condition for the intended use are capitalised.

v) Depreciation :

Depreciation on assets is provided on straight - line method as per the rate provided in the schedule (XIV) of the Companies Act, 1956

vi) Investments :

Long term investments are valued at cost.

vii) Inventories :

Inventories are valued at cost or net realisable value whichever is lower.Cost is determined by using the Weighted average method.Finished goods include cost of conversion and other cost incurred for bringing the inventories to their present location and condition.

viii) Excise Duty :

Liability for Excise Duty on finished goods is accounted for as and when they are cleared from the factory.

ix) Customs duty :

Customs duty on goods lying in custom bonded warehouse is charged in the year of clearance of the goods when it becomes payable.

x) Modvat / Cenvat :

Modvat/Cenvat benefit on total purchase is accounted for by reducing the purchase cost of the materials/Fixed assets wherever applicable.

xi) Contingent Liabilities :

Contingent Liabilities are disclosed by way of notes to the Accounts.

xii) Foreign Currency Transaction :

Foreign Currency Transaction are accounted at exchange rate at the date of transaction.Resultant profit/loss on the settlement of transaction are taken to Profit & Loss Account except exchange difference on the acquisition of fixed assets which are adjusted to the cost of related fixed assets.

xiii) Direct Taxes

A) Provision for current tax and Fringe Benefit Tax (FBT) 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.

B) The company has accounted for deferred tax assets and liabilities as per the Accounting Standard 22 "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India.

xiv) Indirect Taxes

A) The liabilities are provided or considered as contingent depending upon the merit of each case and/or on receiving the actual demand from the department.

B) On implementation of Value Added Tax (VAT) system, VAT Credit/Sales-tax refund receivable have been accounted on accrual basis.

The Segment Reporting (AS – 17) of KIL as per the audited accountants for the year ended 31.03.2009 and 31.03.2008 is as under :

a) Primary Segment (by Business Segment) :

Based on the guiding Principles given in the Accounting Standard on Segment Reporting AS – 17, KIL is primarily in the business of manufacture and sale of XLPE and PVC Compound which mainly have similar risks and returns.

b) Secondary Segment (by geographical demarcation) :

i) The secondary segment is based on geographical demarcation i.e., in India and outside India

ii) The information about secondary segment is as follows :

	2008-09			2007-08		
Particulars	In India	Outside India	Total	In India	Outside India	Total
Segment Revenue Gross	6391926	275040	6666966	3947543	1115539	5063082

For the financial year 2006-07 the Segment Reporting as per AS – 17 was not applicable to KIL.

3.2.11 The Major Contingent Liabilities of KIL as extracted from the Audited annual Report of the KIL for the year ended 31st March 2009 are as follows:

Sl. No	Nature of Contingent Liabilities	Amount (Rs. in Lacs)
01	Letter of Credit	500788
02	Bank Guarantee	25070
03	Excise duty demands pending in appeal with CEGAT	1330
04	Penalty Levied by Excise Authorities	1605
05	Income Tax Demand under appeal, not provided for	121

3.2.12 Status of Corporate Governance:
As per the certificate dated 27.06.2009 issued by M/s D.C. Dharewa & Co. Chartered Accountants and Statutory auditors of the KIL, we state that KIL has complied with the clause 49 of listing agreement.

3.2.13 Pending Litigation Matters :
There are no pending litigation matters involving KIL other than those stated under Para 3.2.10 above.

3.2.14 Mr. Manoj Kumar Jain, Company Secretary residing at 2B Pretoria Street, Kolkata –700 071 is acting as Compliance Officer of the Company, Tel No. (033) 2282 3744/3745/3699. Fax No. (033) 2282 3739. E-mail: kolkata@kalpena.co.in.

3.2.15 KIL has not promoted any other Company.

3.3. THPL is one of the main Promoter of KIL.

3.4. The Acquirers, till date have complied with the relevant provisions of Chapter II of the Regulations, wherever applicable.

3.5. The Acquirers among themselves have not entered into any formal agreement with regard to the acquisition of the shares to be tendered in the Open Offer. However, the Acquirers has informal understanding to hold the equity shares of Target Company in equal proportion after the completion of Open Offer

3.6. Disclosures in terms of Regulations 16(ix) of the Regulations & Acquirer's future plans for KPL

3.6.1 The Offer has been made pursuant to regulation 10, 11(1), 12 and other provisions of the Chapter III and in compliance with the Regulations.

3.6.2 The Acquirers intend to improve the operational performance of the Target Company by inducting funds to augment the resources for the long term working capital requirements and general corporate purpose of the Target Company and also to consolidate its equity share holding in the Target Company.

3.6.3 The Acquirers do not have any plans to dispose off or otherwise encumber any assets of KPL in the next two years except in the ordinary course of business of KPL and / or for the purposes of entering into any compromise or arrangement, reconstruction, restructuring, merger, rationalizing and / or streamlining various operations, assets, liabilities, investments, businesses or otherwise of KPL, subject to applicable shareholders approval.

3.6.4 The Acquirers undertake not to sell, dispose of or otherwise encumber any substantial assets of the Target Company except with the prior approval of the shareholders of the Target Company and in accordance with and subject to the applicable laws, permissions and consents, if any.

4. OPTION IN TERMS OF REGULATION 21(2)

In the event, pursuant to this Offer or otherwise, if the public shareholding in the Target Company falls below 25% of its outstanding equity share capital, the Acquirers will, in accordance with Regulation 21(2) of the Regulations, facilitate the Target Company to raise the level of public shareholding to the level specified for continuous listing in the Listing Agreement with the Stock Exchange within the specified time and in accordance with the prescribed procedure under clause 40A(viii) of the Listing Agreement and in compliance with the Regulations.

5. BACKGROUND OF THE TARGET COMPANY – KALPENA PLASTIKS LIMITED (formarly SARLA GEMS LIMITED) (KPL)

5.1. Brief History and Main Areas of Operations:

5.1.1 Kaplena Plastiks Limited (KPL) (formerly known as Sarla Gems Limited) having its Registered Office at 3, Saheed Nityananda Saha Sarani, Kolkata – 700 001, Ph. (033) 2221 5440, 6522 1673; Fax: (033) 2455 3193 was incorporated on 11th of October 1989 under the Companies Act, 1956 in the State of West Bengal. The CIN of the Company is L36911WB1989PLC047702. The Board of Directors of the Target Company vide its board resolution dated 11.08.2009 have approved the change of the name of the Target company from "Sarla Gems Limited" to "Kalpena Plastiks Limited" pursuant to and in compliance with Section 21 and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of the members of the Target company by way of special resolution in the Annual General Meeting to be held on 15.09.2009 and also the approval from Central Government (Registrar of Companies or ROC). Subsequently at the Annual General Meeting held on 15.09.2009 the shareholders of the Target Company approved the change in name of the Target Company from SARLA GEMS LTD. to KALPENA PLASTIKS LTD. and the fresh Certificate of Incorporation consequent upon the Change of Name was obtained from the ROC on October 09, 2009.

5.1.2. The Target Company was engaged in the business of marketing and exporting of Gem and Jewellery. The Target Company has diversified into activities relating to exporting, buying and selling of synthetics, resins, rubbers, and plastics vide approval of the shareholders of the Target Company through Extra Ordinary General Meeting held on 27th February 2004 in compliance with Section 149(2A) of the Companies Act, 1956 and it intends to discontinue the business of gems and jewellery. KPL has also vide its board meeting held on 10.11.2009 has approved, subject to the approval of the shareholders by way of Postal Ballot and also the approval from Central Government (Registrar of Companies or ROC), the alteration of Object clause in the Memorandum of Association of the Target Company by deletion of existing clauses and insertion of the following clause in the Main Object of the Memorandum of Association of the Target Company as under :

1. To carry on the business of Manufacturers, Fabricators, Processors, Stockiest, Importers, Exporters, Distributors, Moulders, Agents, Dealers, Buyers, Whole Sellers, Retailers, Traders, Brokers, Contractors in all kinds and descriptions for Plastic, PVC, Synthetic raw materials and such other powder of all description and its products including Polystyrene, Nylon, Bakelite, Cellulose, Acetate High Impact Polystyrene, Polyvinyl Chloride Compound, U.F Ute rate, Urea, Carbon Black, Polypropylene Styrene, Acrylo Nitrate (SAN), Poly Carbonate (PC), Polyethylene Fabrics and articles of all description for Industrial, Commercial, Agricultural and Domestic purposes of composition of Synthetics, Plastic, PVC and other such raw materials and its products.

2. To carry on the business of Manufacturers, Fabricators, Processors, Re-Processors, Recyclers, Importers, Exporters, Distributors, Stockiest, Dealers, Buyers, Sellers, Traders, Brokers, Contractors in all kinds and descriptions for Industrial, Commercial, Agricultural and Domestic purposes of Composition of Plastics, Polyvinyl Chloride, Polyethylene, Polypropylene and their products including Agglomerates, Granules, Plastic Compounds, Recyclates, Master Batches, Garbage Bags, Films, Sheets, Polyethylene Fabrics, Polypropylene Fabrics and Films, Plastic Blends, Composites, Woven Fabrics, Carbon Black, Styrene, Plasticizers, Polymers, Resins, Rubber, Rubber Products and moulding whether extruded, injected or pressed, Plastic Compound, Rubber Compound, Colours and Dyes, Organic and In-Organic Chemicals, Electro Chemicals, Synthetic Materials, Petroleum, Buy- Products and their Products.

5.1.3. As on the date of this PA, the Authorised Share Capital of the Company is Rs. 500.00 Lacs comprising of 50,00,000 Equity Shares of Rs. 10/- each. The Board in its meeting held on 06th August 2009 have approved, subject to the approval of the shareholders in the EGM, the increase in authorised capital of the Target company from Rs. 500 Lacs to Rs. 800 Lacs divided into 80,00,000 equity shares of Rs 10/- each. Subsequently at the Extra Ordinary General meeting held on 05.09.2009, the Authorised Capital of the Target Company was increased to Rs. 800 Lacs 80,00,000 equity shares of Rs 10/- each. The present issued, subscribed and paid-up capital of the Target Company is Rs. 226.85 Lacs comprising of 22,68,500 fully paid-up Equity Shares of Rs. 10/- each. KPL at its EGM held on 05.09.2009 has approved the issue of 32,60,035 Equity Shares of Rs 10/- each at par on preferential basis to M/s. Tara Holdings Pvt Ltd (12,60,035 Equity Shares) and to Kaplena Industries Limited (20,00,000 Equity Shares), for which it is to receive the In-Principle – Approval from the stock exchanges where the shares of the KPL are listed. KPL does not have any partly paid-up Equity Shares .The share capital structure of the Target Company is as follows:

Paid up Equity Shares of Target Company	No. of Shares / Voting Rights	% of Shares / Voting Rights
Fully Paid up Equity Shares	22,68,500	100.00%
Partly Paid up Equity Shares	NIL	NIL
Total Paid up Equity Shares	22,68,500	100.00%
Total voting rights in the Target Company	22,68,500	100.00%

5.1.4 The capital structure of the Target Company has been build as per the details given below:

Date of allotment	Shares Issued		Cumulative paid up Capital	Mode of allotment	Face Value (Rs.)	Identity of allottees	Complianc e status
	Number	% ^					
11.10.1988	700	0.03	700	Cash	10/-	Subscriber to the memorandum of Association	Complied
02.05.1990	164770	7.27	164770	Cash	10/-	Allotment to Promoters and Associates	Complied
15.04.1991	254530	11.22	420000	Cash	10/-	Allotment to Promoters and Associates.	Complied
29.07.1992	4117000	181.48	4537000	Cash	10/-	Initial Public Issue	Complied
18.02.2008	(2268500)	(100.00)	2268500*	Reduction of Capital	10/-	Existing Shareholders	Complied
TOTAL	2268500	100.00					

*Pursuant to a Scheme of Arrangement approved by the Honorable High Court of Calcutta, the Equity share capital of the Target Company has been reduced to Rs. 2,26,85,000/- comprising of 22,68,500 Equity Shares of Rs. 10/- each.

^ as a % of the existing equity and paid up share capital of the Target Company.

5.1.5. The Equity Shares of KPL are listed on Stock Exchanges at BSE, CSE and DSE. The shares of the KPL are not admitted as permitted security in any other Stock Exchange. As per our verification and the available information, we state that the shares of KPL are suspended for trading in BSE w.e.f. 05.02.2001, in CSE w.e.f 26.05.2006 and DSE w.e.f 05.05.2002 due to non-compliance of the clauses of the Listing Agreement with the stock exchanges where the shares of the Target Company are presently listed. The non-compliance which led to the suspension of trading on the Stock exchanges where the shares of the target Company are listed are Clause 15 & 16 (Book Closure), Clause – 31(Submission and publication of Annual Accounts), Clause 35 (Submission of shareholding pattern), Clause 38 (Payment of Listing fees), Clause 41 (Submission and Disclosure of Interim Annual Financial Results), Clause 47C (Certificate from Practicing Company Secretary), Clause 49 (Corporate Governance) and submission of secretarial audit report. The Target Company has already approached with the BSE for lifting of the suspension from the trading in the shares of the Target Company. BSE vide its e-mail dated 18.06.2009 has communicated to the Target Company about the pending non-compliances on the part of the Target Company. The Target Company vide its letter dt. 29.06.2009 has already complied with the pending requirements of the BSE as required by them for lifting of the suspension from trading in the shares of the Target Company. BSE vide notice dated 09.10.2009 has revoked the suspension in trading of the equity shares Target Company w.e.f 16.10.2009. Presently the equity shares of the Target Company are traded on “T” category in the BSE. The Target Company have further informed that as on date no punitive action has been taken against the Target Company by the stock exchanges other than suspension in the trading of the Equity shares as stated above. In this respect we have already written to BSE, CSE and DSE vide our letter dt. 14.08.2009 & 24.08.2009 to provide us the information of compliance made by KPL of the various clauses of the Listing Agreement and provisions of Chapter II of the Regulations along with details of any suspension/disciplinary/ penal action taken by them against the Target Company. We have not received any information from the stock Exchanges till date. As per the letter dt. 22.08.2009 received from the Registrar of the Company i.e., S.K. Computer having office at 34/1A, Sudhir Chatterjee Street, Kolkata – 700 006, Ph. 033 2219 4815 / 6797, we state that there is no Investor's grievances pending as on that date against the Target Company.

5.1.6. The Target Company has established connectivity with National securities Depository Limited (NSDL) and Central Depository Services (India) Limited. The ISIN No of the Target Company is INE465K01016.

5.1.7. As per the undertaking received from KPL, we sate that KPL has complied with the provision of Regulation 6 for the year 1997 and also Regulation 8(3) of Chapter II of the Regulations till date in time. KPL has already submitted us the copy of compliances along with other relevant documents except proof of dispatch in some cases. KPL has stated that they are in the process of taking out the dispath proof from their old secretarial records and shall be submitting the same to us shortly. In the mean time we have already written to all the stock exchanges to provide us the actual compliance status in respect of the same as per our letters as stated above. We undertake to incorporate the factual position in the final Letter of offer after obtaining the information from the relevant sources.

5.1.8. As per the available information, we confirm that the promoters/promoter group and other major shareholders of the Target Company wherever applicable have complied with Regulation 6 & 8 of the Regulations since 1997.

5.1.9. As on the date, there are no outstanding convertible instruments such as warrants/FCDs/PCDs etc. There are no partly paid up shares as on the date of the Submission of Letter of Offer.

5.1.10 KPL has confirmed that it has:

a) Paid up to date Listing Fees to all the stock exchanges where the shares of the target Company are presently listed.

b) Presently is in compliance with the Listing Agreement requirements of the Stock Exchanges. No punitive actions have been taken against it by the stock exchanges till date except the suspension of trading.

5.1.11 The Board of Directors of KPL as on the date of the PA is as follows:

Name of Directors	Designation	DIN NO.	Date of Appt.	Qualification	Residential Address	Experience	No. & % of shares of KPL held as on date of PA i.e., 12.08.09
Mr. B.L. Bohara	Director	00085720	01.03.2002	Under Metric	142, Butto Krishna Paul Avenue, Kolkata – 700 005	More than 15 years of experience in gems & jewellery business	Nil
Mr. Jitendra Tiwari	Director	00228352	08.06.2009	B.Com, FCS	188/48, Lake Gardens, Kolkata – 700 045	More than 30 years of experience in Company Law secretarial related matters.	Nil
Mr. K.N. Agarwal	Director	01304441	17.02.2007	B.Com	196, Jamuna Lal Bajaj Street, Kolkata – 700 007	More than 10 years of experience in plastic industry.	Nil
Mr. Mohan Kumar Tiwari	Director	00866739	17.02.2007	B.Com	98, Salkia School Road, Howrah – 711 106	More than 10 years of experience in Gems & Jewellary and Plastic & Polymer industry.	Nil

None of the directors in the board of the Target Company are appointed by the Promoters. Post acquisition, the Acquirers / Promoters intend to appoint its nominees on the Board of Directors of the Target Company in order to have effective control over the management and operations of the Target Company.

5.1.12 There has been no merger / demerger or spin off involving KPL during the last 3 years except the reduction of Equity Share Capital by 22,68,500 equity shares of Rs. 10/- each pursuant to the Scheme of Arrangement for capital reduction approved by the High Court of Calcutta vide its Order dated 14.01.2008.

5.2. Financial Information:

The financial details of KPL as per the audited accounts for the last three financial years ended March 2009 are as follows :

Profit & Loss Statement (Rs. in Lacs)

For the Year Ended	31st March 2007 (Audited)	31st March 2008 (Audited)	31st March, 2009 (Audited)
Income from Operations			
Sale of Traded goods	2.55	1632.25	10197.97
Sale of manufactured goods	-	322.92	887.99
Other Income	63.30	205.71	1.69
Total Income	65.85	2160.88	11087.65
Total Expenditure	8.63	1968.87	11072.47
Profit/(Loss) before Interest, Depreciation and Tax	57.22	192.01	15.18
Depreciation	0.90	0.90	0.91
Interest	0.03	0.22	0.08
Profit/(Loss) before Tax	56.30	190.89	14.19
Provision for Tax	6.52	30.67	1.77
Profit/(Loss) after tax	49.78	160.22	12.42

Balance Sheet (Rs. in Lacs)

As on	31st March 2007 (Audited)	31st March 2008 (Audited)	31st March, 2009 (Audited)
Sources of funds			
Paid up share capital	453.70	226.85*	226.85*
Reserves & Surplus (excluding revaluation reserves)	20.00	22.66	35.08
Less : profit & Loss A/c Dr Balance	(384.41)	-	-

As on	31st March 2007 (Audited)	31st March 2008 (Audited)	31st March, 2009 (Audited)
Net Worth	89.29	249.51	261.93
Secured loans	-	-	-
Unsecured loans	-	-	-
Total	89.29	249.51	261.93
Uses of funds			
Net Fixed Assets	5.51	4.89	3.99
Investments	175.92	-	-
Net Current Assets	(92.14)	244.62	257.94
Total	89.29	249.51	261.93

Other Financial Data

For the Year Ended	31st March 2007 (Audited)	31st March 2008 (Audited)	31st March, 2009 (Audited)
Dividend (%)	-	-	-
Earning Per Share (Rs.)	1.10	7.06	0.55
Return on Networth (%)	55.75	64.21	4.74
Book Value Per Share (Rs.)	1.97	11.00	11.55

* Pursuant to the Scheme of Arrangement approved by the Honorable High Court of Calcutta, the equity share capital of the KPL has been reduced by a sum of Rs. 226.85 Lacs and has been adjusted with the Profit and Loss A/c debit balance.

Note:

(i) EPS = Profit after tax / number of outstanding equity shares at the close of the year
(ii) Return on Net Worth = Profit after Tax /Net Worth
(iii) Book Value per Share = Net Worth / No. of equity shares
(iv) Source : Audited Annual Reports .
(v) Reason for fall/rise in Total Income, Expenditure and PAT in the relevant year if applicable: - Year wise reason for the fall in the Total Income, Expenditure & PAT is cited below: -

1. Reason for change in Total Income, Expenditure and PAT for the year ended 31st March 2009 over year ended 31st March 2008:

   Total Income for the year ended 31st March 2009 was Rs. 11087.65 Lacs as compared to Rs. 2160.88 Lacs for the year ended 31st March 2008. The increase in total income was mainly due to increase in sale volume from Rs. 1955.17 Lacs for the year ended 31st March 2008 to Rs. 11085.96 Lacs for the year ended 31st March 2009. However, there was a decrease in Other Income to Rs. 1.69 Lacs for the year ended 31st March 2009 as against Rs. 205.71 Lacs for the year ended 31st March 2008 mainly due to NIL gain from sale of investment as against Rs. 193.67 Lacs during the year ended 31st March 2008. The total expenditure increased from Rs. 1968.87 Lacs for the year ended 31st March 2008 to Rs. 11072.47 Lacs for the year ended 31st March 2009 mainly on account of increase in purchase of traded goods from Rs. 1896.32 Lacs for the year ended 31st March 2008 to Rs. 9823.39 Lacs for the year ended 31st March 2009. There was also an increase in Carriage charges from Rs. 10.44 Lacs for the year ended 31st March 2008 to Rs. 58.10 Lacs for the year ended 31st March 2009, the cost of raw material consumed increased from Rs. 331.52 lacs for the year ended 31st March 2008 to Rs. 852.52 Lacs for the year ended 31st March 2009 and increase in labour cost from Rs. 4.55 Lacs for the year ended 31st March 2008 to Rs. 1312 lacs for the year ended 31st March 2009. Consequently, PAT for the year ended 31st March 2009 was of Rs. 12.42 Lacs as compared to a PAT of Rs. 160.22 Lacs for the year ended 31st March 2008. The fall in income was also mainly due to recession in economic and industrial sector in the financial year 2008-09.

2. Reason for change in Total Income, Expenditure & PAT for the year ended 31st March 2008 over year ended 31st March 2007: -

   Total Income for the year ended 31st March 2008 was Rs. 2160.88 Lacs as compared to Rs. 65.85 Lacs for the year ended 31st March 2007. The increase in total income was mainly due to commencement of manufacturing activity by the Compsny and sale of goods manufactured thereby increasing the sales volume from Rs. 2.55 Lacs for the year ended 31st March 2007 to Rs. 1955.17 Lacs for the year ended 31st March 2008. There was also an increase in other income to Rs. 205.71 Lacs for the year ended 31st March 2008 as compared to Rs. 63.30 Lacs for the year ended 31st March 2007 mainly due to Rs. 193.67 Lacs gain from the sale of Investment as compared to NIL gain for the year ended 31st March 2007. The total expenditure increased from Rs. 8.63 Lacs for the year ended 31st March 2007 to Rs. 1968.87 Lacs for the year ended 31st March 2008 mainly on account of purchase of goods traded worth Rs. 1904.65 Lacs, material consumed worth Rs. 330.70 lacs and labour charges worth Rs. 4.55 lacs for the year ended 31st March 2008 as compared to NIL for the year ended 31st March 2007 respectively. Consequently the profit after tax for the year ended 31st March 2008 was Rs. 160.22 Lacs as compared to PAT of Rs. 49.78 Lacs for the year ended 31st March 2007.

3. Reason for change in Total Income, Expenditure & PAT for the year ended 31st March 2007 over year ended 31st March 2006: -

   Total Income for the year ended 31st March 2007 was higher at Rs. 65.85 Lacs as compared to Rs. 7.00 Lacs for the year ended 31st March 2006. The Other income increased from Rs. 4.44 Lacs for the year ended 31st March 2006 to Rs. 63.30 for the year ended 31st March 2007 which was mainly due to increase in profit from sale of investment. The increase in total income was mainly due to increase in other income from Rs. 4.44 Lacs for the year ended 31st March 2006 to Rs. 63.30 Lacs for the year ended 31st March 2007 mainly due to profit from sale of investment. Further there was an increase in expenditure from Rs. 6.83 Lacs for the year ended 31st March 2006 to Rs. 8.63 Lacs for the year ended 31st March 2007 due to increase in Administrative and other expenditures. Consequently the profit after tax for the year ended 31st March 2007 was Rs. 49.78 Lacs as compared to net loss of Rs. 0.72 Lacs for the year ended 31st March 2006.

5.3. Pre and Post-Offer Shareholding Pattern of KPL (based on Issued, Subscribed & Paid-up Equity and Voting Share Capital) s as under:

Shareholders' Category	Share holding Prior to the Preferential Issue		Shares to be acquired through Preferential Issued which triggered off the Regulation		Shares to be acquired in open Offer (assuming full acceptances)		Proposed Share holding after Allotment of shares under Preferential Issue (A+B+C)	
	(A)		(B)		(C)		(D)	
	No. of shares	%	No. of shares	%^	No. of shares	%^	No. of shares	%^
1. Promoter Group								
(i) THPL	739965	32.62	1260035	22.79	552853	10.00	2552853	46.18
(ii) KIL	-	-	2000000	36.18	552854	10.00	2552854	46.18
TOTAL 1	739965	32.62	3260035	58.97	1105707	20.00	5105707	92.36
2. Public Share Holding [Other than 1(a) & (2)]*								
I) Institutions								
a) Mutual Funds / UTI	-	-						
b) Fis/Banks/FIIs	50	0.00	-	-	(-)1105707	(-)20.00	422828	7.64
II) Non-Institutions								
a) Bodies Corporate	133450	5.88						
b) Individuals	1395035	61.50						
Total 2 (I) + (II)	1528535	67.38	-	-	(-)1105707	(-)20.00	422828	7.64
GRANDTOTAL (1+2+3)	2268500	100.00	3260035	58.97	-	-	5528535	100.00

^calculated as a %age of Emerging Voting Capital.

The total no of shareholders in public category as on 12.08.2009 i.e., date of PA are 19204.

5.4 There was no trading in the shares of KPL as on 12.08.2009, i.e. the date of Public Announcement at BSE, CSE and DSE.

5.5. The details of the buildup of the Promoter shareholding in the Target Company are as follows;

Shareholdings			Purchase / Inter se Transfer/ transmission made during the year	Sale / Inter se /Transfer/ transmission made during the year	Mode of allotment / acquisition	Shareholdings			Status of compliance with SEBI (SAST) Regulations, other regulations under SEBI Act, 1992 & statutory requirements as applicable
As on	No. of Shares	%				As on	No. of Shares	%	
20/02/1997	1480530	32.63	-	-	-	31.03.1997	1480530	32.63	Complied
01/04/1997	1480530	32.63	-	-	-	31.03.1998	1480530	32.63	Complied
01/04/1998	1480530	32.63	-	-	-	31.03.1999	1480530	32.63	Complied
01/04/1999	1480530	32.63	-	-	-	31.03.2000	1480530	32.63	Complied
01/04/2000	1480530	32.63	-	-	-	31.03.2001	1480530	32.63	Complied
01/04/2001	1480530	32.63	-	-	-	31.03.2002	1480530	32.63	Complied
01/04/2002	1480530	32.63	-	-	-	31.03.2003	1480530	32.63	Complied
01/04/2003	1480530	32.63	-	-	-	31.03.2004	1480530	32.63	Complied
01/04/2004	1480530	32.63	-	-	-	31.03.2005	1480530	32.63	Complied
01/04/2005	1480530	32.63	-	-	-	31.03.2006	1480530	32.63	Complied
01/04/2006	1480530	32.63	-	-	-	31.03.2007	1480530	32.63	Complied
01/04/2007	1480530	32.63	-	(600)	Off-market Sale	31.03.2008	739965	32.62	Complied
				(7,39,965)	Reduction* of shares				Complied
01/04/2008	739965	32.62	-	-	-	31.03.2009	739965	32.62	Complied
01/04/2009	739965	32.62	-	-	-	12/08/2009	739965	32.62	Complied

*Pursuant to a Scheme of Arrangement approved by the Honorable High Court of Calcutta, the Equity share capital of the Target Company has been reduced to Rs. 2,26,85,000/- comprising of 22,68,500 Equity Shares of Rs. 10/- each.

5.6. Status of Corporate Governance

As per the certificate dated 27.06.2009 issued by M/s Maloo & Co. Chartered Accountant and Statutory auditors of the KPL, we state that KPL is incompliant with the clause 49 of the listing agreement.

5.7. Pending Litigations:

There are no litigations as per Audited Accounts for the year-ended 31.03.2009. However the Company has the contingent liabilities not provided for in respect of Lease Rent amounting to Rs. 90,675/-

5.8. Compliance Officer:

Mr. A.B. Chakrabartty, Company Secretary residing at 3, Saheed Nityananda Saha Sarani, Kolkata – 700 001 is acting as Compliance Officer of the Company, Ph. (033) 2221 5440, 6522 1673; Fax: (033) 2455 3193, E-mail : sarlagemsltd@yahoo.com.

6. OFFER PRICE & FINANCIAL ARRANGEMENTS:

6.1 Justification of Offer Price:

6.1.1 The Equity Shares of KPL are presently listed at BSE, CSE and DSE only. The shares of the Target Company are not traded under permitted category on any other stock exchanges.

6.1.2 The Annualised trading turnover during the preceding six calendar months ended 31st July 2009 in BSE, CSE and DSE is as follows:

Name of Stock Exchange	Total no of shares traded during the 6 calendar months prior to the month in which PA was made	Total No. of listed Shares	Annualised Trading Turnover (in terms of % to total listed shares)
BSE	Nil	22,68,500	NA
CSE	Nil	45,37,000*	NA
DSE	Nil	45,37,000*	NA

*the effect of the reduction in equity shares capital of the KPL to 22,68,500, pursuant to the scheme of arrangement approved by the Honorable High court of Calcutta is yet to be given by CSE and DSE.

Since the trading of the shares of the Target Company was suspended form all the stock exchange where the shares of the Target Company were listed, we confirm that the Annualised-trading turnover in BSE, CSE and DSE during the preceding six calendar months ended July 2009 is Nil.

6.1.3. The shares of KPL are listed on BSE, CSE and DSE. As per available information, the equity shares of KPL are infrequently traded in terms of explanation (i) to Regulation 20(5) of the Regulations and therefore the Offer Price has been determined taking into account the following parameters: -

S.no.	Particulars	Price (in Rs. Per Share)
(a)	*Negotiated Price under the Agreement*	N.A.
(b)	Highest Price agreed to be paid by the Acquirers/PACs for acquisition, including by way of allotment in a public or rights or preferential issue during the twenty six week period prior to the date of Public Announcement	*10/-*
(c)	Other Parameters	Based on Audited Accounts for the year ended 31.03.2009
	Return on Net worth (%)	4.74
	Book Value per share (Rs.)	11.55
	Earning per Share (Rs.)	0.55
	Average Industry P/E Multiple *	6.5
	Offer price P/E Multiple**	18.18

*(Source: Capital Market Journal Vol. XXIV/11 July 27-Aug 2009, Industry- Diversified-Medium/small)
**Offer price/EPS

Mr. J.L.Maloo, Proprietor of Maloo & Company. (Membership No. 17649) Chartered Accountants having its office at 3, Mangoe lane, 2nd Floor, Kolkata – 700 001 Ph : (033) 3022 0229, Telefax : (033) 2248 6040, E-mail : malooco@yahoo.co.in, vide certificate dated 06.08.2009, has stated that based on the decision of the Hon'ble Supreme Court of India in the case of Hindustan Lever Employees Union Vs Hindustan Lever Limited, 1995 (83 Com case 30), the fair value of the equity shares of KPL is Rs. 7.43 per share.

In view of the above, the Offer price of Rs. 10.00/- per share is justified in terms of regulation 20(5) of the Regulations.

6.1.4. KPL doesn't have any partly paid up shares as on date of PA.

6.1.5. The Offer is not as a result of global acquisition resulting in indirect acquisition of KPL.

6.1.6. The Acquirers would be responsible for ensuring compliance with the Regulations for the consequences arising out of the acquisition of shares, if any, made after the date of Public Announcement i.e. 12.08.2009 in terms of Regulation 20(7) of the Regulations.

6.1.7 It is ensured that the Offer Price shall not be less than the highest price paid by the Acquirers for any acquisition of shares of the KPL from the date of Public Announcement upto 7 working days prior to the closure of the offer viz. 03.12.2009. The Acquirers have not entered into any non-compete agreement.

6.2. Financial arrangements:

6.2.1. The Acquirers have adequate financial resources and have made firm financial arrangements for the implementation of the Offer in full out of their own sources/ Net worth and no borrowings from any Bank and/or Financial Institutions are envisaged. Mr. D.C. Dharewa, Chartered Accountant (Membership No. 53838) having office at 41, Netaji Subhash Road, Room No. 503, Kolkata - 700 001. Tel: (033) 2210 2496, Fax: (033) 2210 2510, E-mail: dcdharewa@yahoo.co.in has certified vide certificate dated 06.08.2009 and 24.09.2009 that liquid resources are available with the acquirers for fulfilling the obligations under the "Offer" in full.

6.2.2. The maximum consideration payable by the Acquirers assuming full acceptance of the Offer would be Rs. 1,10,57,070 (Rupees One Crores, Ten Lacs Fifty Seven Thousand Seventy Only). In accordance with regulation 28 of the Regulations, the Acquirer has opened an Escrow Account in HDFC Bank Limited, 3A, Gurusaday Road Kolkata - 700 019 ('Escrow Banker') and made therein a Cash deposit of Rs. 28,00,000/- (Rupees Twenty Eight Lacs Only) being more than 25% of the consideration payable under the Open Offer.

6.2.3. The Manager to the Offer is authorized to operate the above-mentioned Escrow Account to the exclusion of all others and to instruct the Escrow Banker to issue cheques/Pay orders/ demand drafts, if required, in accordance with the Regulations.

6.2.4. Based on the aforesaid financial arrangements and based on the confirmations received from the Escrow Banker and the Chartered Accountant, the Manager to the Offer is satisfied about the ability of the Acquirers to implement the Offer in accordance with the Regulations. The Manager to the Offer confirms that the firm arrangement for the funds and money for payment through verifiable means are in place to fulfill the Offer obligations.

7. TERMS AND CONDITIONS OF THE OFFER:

7.1. The Letter of Offer along with Form of Acceptance cum Acknowledgement will be mailed to all those shareholders of KPL (except the Acquirers) whose name appear on the Register of Members and to the beneficial owners of the shares of the KPL whose names appear on the beneficial records of the Depository Participant, at the close of business hours on 28.08.2009 ("Specified Date").

7.2. All owners of the shares, Registered or Unregistered (except the Acquirers) who own the shares any time prior to the Closing of the Offer are eligible to participate in the Offer. Unregistered owners can send their application in writing to the Registrar to the Offer, on a plain paper stating the Name & Address of the First Holder, Name(s) & Address (es) of Joint Holder(s) if any, Number of Shares held, Number of Shares offered, Distinctive Numbers, Folio Number, together with the original Share Certificate(s), valid Transfer Deeds and the original Contract Note issued by the Broker through whom they acquired their shares. No indemnity is required from unregistered owners.

7.3. Accidental omission to dispatch this LO or the non-receipt or delayed receipt of this LO will not invalidate the Offer in anyway.

7.4. Subject to the conditions governing this Offer, as mentioned in the LO, the acceptance of this Offer by the shareholder(s) must be absolute and unqualified. Any acceptance to the Offer, which is conditional or incomplete, is liable to be rejected without assigning any reason whatsoever.

7.5. Locked-in Shares:

There are no locked-in shares in KPL other than the entire pre-preferential shareholding of the THPL pursuant to and in compliance of Clause 13.3.1(g) of the Erstwhile DIP Guidelines.

7.6. Eligibility for accepting the Offer:

The Offer is made to all the public shareholders (except the Acquirers) whose names appeared in the register of shareholders on 28.08.2009 and also to those beneficial owners ("Demat holders") of the equity shares of KPL, whose names appeared as beneficiaries on the records of the respective Depository Participants ("DP") at the close of the business hours on 28.08.2009 and also to those persons who own shares any time prior to the closure of the Offer, but are not registered shareholders(s).

7.1. Statutory Approvals and conditions of the Offer:

7.7.1 The Offer is subject to the approval from Reserve Bank of India ("RBI"), under the Foreign Exchange Management Act, 1999 ("FEMA"), for acquisition of equity shares by the Acquirers from non-resident persons under the offer.

7.7.2 To the best of knowledge and belief of the Acquirers, as of the date of the PA, other than the above, no statutory approvals are required by them to acquire the equity shares tendered pursuant to this offer. If any other statutory approvals are required or become applicable, the offer would be subject to the receipt of such other statutory approvals. In terms of Regulation 27 of the Regulations, the Acquirers shall not proceed with the Offer in the event that such statutory approvals that are required are refused.

7.7.3 In case of non receipt of any approval, SEBI may, if satisfied that non receipt of the requisite approvals was not due to any willful default or neglect of the Acquirers or failure of the Acquirers to diligently pursue the application for the approval, grant extension of time for the purpose, subject to the Acquirers agreeing to pay interest to the shareholders as directed by SEBI, in terms of regulation 22(12) of the Regulations. Further, if delay occurs on account of willful default by the Acquirers in obtaining the requisite approvals, regulation 22(13) of the Regulations will also become applicable.

7.7.4 No approval is required from any bank or financial institutions for this offer, to the best of the knowledge of the Acquirers.

7.7.5 Shareholders, who have accepted the Offer by tendering the requisite documents in terms of the Public Announcement / Letter of Offer, can withdraw the same upto i.e. 09.12.2009 i.e three working days prior to the closure of the Offer.

7.7.6 The instructions and provisions contained in Form of Acceptance constitute an integral part of the terms of this Offer.

8. PROCEDURE FOR ACCEPTANCE AND SETTLEMENT:

8.1 The Shareholder(s) of KPL who qualify and who wish to avail of this Offer will have to send their shares to the Registrar to the Offer as mentioned in the Form of Acceptance at the following address:

ABS CONSULTANT PRIVATE LIMITED
SEBI REGN NO: INR000001286
(Contact Person: Mr. Vijay Sharma)
Stephen House, Room No. – 99,
6th Floor, 4, B.B.D. Bag (East),
Kolkata-700 001
Phone No: (033) 2230 1043/ 2243 0153
Fax : (033) 2243 0153
E-mail: absconsultant@vsnl.net

Acceptances may be sent by Registered Post or by hand so as to reach the Registrar to the Offer on or before the Closing of the Offer, i.e. 14.12.2009. Shareholders may send their acceptances by hand accordingly:

Working Days	Timings	Mode of Delivery
Monday – Friday	10.00 a.m.to 5.00 p.m.	Hand Delivery
Saturday	10.00 a.m to 1.00 p.m.	Hand Delivery

Delivery made by Registered Post would be received on all working days except Sunday & Public Holidays.

8.2. Shareholders who wish to tender their shares under this Offer should enclose the following documents duly completed. Shareholders should also provide all relevant documents, which are necessary to ensure transferability of the shares in respect of which the application is being sent.

8.2.1. For Equity Shares held in physical form:

(i) Registered shareholders should enclose:

· Form of Acceptance cum Acknowledgement duly completed & signed in accordance with the instructions contained therein, by all shareholders whose names appear in the share certificate(s).

- Original Share Certificates
- Valid share transfer Form(s) duly signed as transferors by all registered shareholders (in case of joint holdings) in the same order and as per specimen signatures registered with KPL and duly witnessed at the appropriate place. A blank share transfer form is enclosed along with this LO.

(ii) Unregistered owners should enclose:

- Form of Acceptance cum Acknowledgement duly completed & signed in accordance with the instructions contained therein.
- Original share Certificate(s)
- Certified Broker contract note.

Valid share transfer form(s) as received from the market. The details of the buyer should be left blank failing which the same will be invalid under the Offer. Unregistered shareholders should not sign the transfer deed. All other requirements for valid transfer will be preconditioned for acceptance. No indemnity is required from unregistered shareholders.

8.2.2. For equity shares held in Demat Form

Beneficial owners should enclose:

- Form of Acceptance cum Acknowledgement duly completed & signed in accordance with the instructions contained therein, by all the beneficial owners whose names appear in the beneficiary account, as per the records of the respective depositories.
- Photocopy of the delivery instruction in " Off-market" mode or counterfoil of the delivery instruction in "Off- market " mode, duly acknowledged by DP in favour of the special depository account (please see below) before the close of the business hours on 14.12.2009.

8.3. The Registrar to the Offer, ABS CONSULTANTS PRIVATE LIMITED has opened a special depository account with Lohia Securities Limited (Registered with NSDL). The details of the special depository account are as follows:-

DP Name	Lohia Securities Limited
DP ID	IN302189
Client ID	10027104
Account name	"ABS CONSULTANT PRIVATE LIMITED-SGL–OPEN OFFER ESCROW ACCOUNT"
Depository	National Securities Depository Limited (NSDL)

8.4. For each delivery instruction, the beneficial owner should submit a separate Form of acceptance. In the case of Demat shares, the shareholders are advised to ensure that their shares are credited in favour of special depository account, before the closure of the Offer. The Form of acceptance of such Demat shares not credited in favour of the Special Depository Account before the closure of the Offer is liable to be rejected.

8.5. The Share Certificate(s), Share Transfer Form, Form of Acceptance, Form of Withdrawal and other documents, if any should be sent only to the Registrar to the Offer, as mentioned above. They should not be sent to the Manager to the Offer or the Acquirers or the Target Company.

8.6. In case of non-receipt of the Letter of Offer, the eligible persons may obtain a copy of the same from Registrar to the Offer or Manager to the Offer on providing suitable documentary evidence of acquisition of shares of KPL. The Public Announcement, LO, Form of Acceptance Cum Acknowledgement and Form of Withdrawal will be available on SEBI website at www.sebi.gov.in, from the Offer opening date. The eligible persons can download these documents from the SEBI's website & apply using the same. Alternatively, they may send their consent to participate in the Offer, to the Registrar to the Offer, on a plain paper stating the name & address of the first holder, name(s) & address(s) of joint holders, if any, regd. folio no, share certificate no., distinctive nos., no. of the shares held, no. of the shares Offered along with documents as mentioned above so as to reach the Registrar to the Offer on or before closure to the Offer i.e. 14.12.2009. Unregistered owners should not sign the transfer deeds & the transfer deed should be valid. In case of beneficial owners, they may send their applications in writing to the Registrar to the Offer, on a plain paper stating their name, address, no. of shares held, no. of shares offered, DP name, DP ID No., beneficiary account number, and a photocopy of the delivery instructions in "Off-market" mode or counterfoil of the delivery instructions in "Off- market" mode, duly acknowledged by DP in favour of special depository account, so as to reach the Registrar to the Offer, on or before the closure of the Offer.

8.7. Applications in respect of equity shares of the Target Company that are subject matter of litigation wherein the shareholders of the Target Company may be prohibited from transferring the equity shares during the pendency of the said litigation are liable to be rejected if the directions/ orders regarding these equity shares are not received together with the equity shares tendered under the Offer. The Letter of Offer in some of these cases, wherever possible, will be forwarded to the concerned statutory authorities for further action by such authorities.

8.8. While tendering the equity shares under the Offer, NRIs/ foreign shareholders will be required to submit the previous RBI Approvals (specific or general) that they would have been required to submit to acquire the equity shares of the Target Company. In case the previous RBI approvals are not submitted, the Acquirers reserve the right to reject such equity shares tendered. While tendering shares under the Offer, NRI/ foreign shareholders will be required to submit a Tax Clearance Certificate from the Income Tax authorities, indicating the amount of tax to be deducted by the Acquirers under the Income Tax Act, 1961 ('Income Tax Act'), before remitting the consideration. In case the aforesaid Tax Clearance certificate is not submitted, the Acquirers will arrange to deduct tax at the rate as may be applicable to the category of the shareholder under the Income Tax Act, on the entire consideration amount payable to such shareholder.

8.9. As per the provisions of Section 196D(2) of the Income Tax Act, no deduction of tax at source shall be made from any income by way of capital gains arising from the transfer of securities referred to in Section 115AD of the Income Tax Act payable to a Foreign Institutional Investor ('FII') as defined in Section 115AD of the Income Tax Act.

8.10. The Acquirers shall complete all procedures relating to the Offer including payment of consideration to the shareholders by 29.12.2009. In case of delay due to non-receipt of the statutory approvals within time, SEBI has a power to grant extension of time to the Acquirers for payment of consideration to shareholders subject to the Acquirers agreeing to pay interest to the shareholders for delay in payment of consideration beyond 29.12.2009.

8.11. Payment of consideration will be made by crossed account payee cheques /demand drafts / pay orders / through ECS mode of payment and will be sent by registered post, to those shareholders / unregistered owners & at their sole risk, whose shares/ share certificates & other documents are found in order & accepted by Acquirers in part or in full except in case of joint holders, cheques / demand drafts/ pay orders/ECS Credit, in the name of first holder. It is advised that shareholders provide bank details in the Form of Acceptance cum Acknowledgement, so that same can be incorporated in the cheques / demand drafts / pay orders. In order to get payment through ECS mode shareholders are requested to provide their Bank Details like Account Number, Name of the Bank and its address, IFSC Code of Bank etc.

8.12. In case the shares tendered in the Offer by the shareholders of KPL are more than the shares to be acquired under the Offer, the acquisition of the shares from each shareholder will be as per the provision of regulation 21(6) of the Regulations on a proportionate basis. The marketable lot for both physical and demat shares is 1(One). The rejected Applications / Documents will be sent by Registered Post.

8.13. Unaccepted share certificates, transfer forms & other documents, if any, will be returned by registered post at the shareholders/ unregistered owners sole risk to the sole / first shareholder. Shares held in Demat Form to the extent not accepted will be credited back to the beneficial owners' depository account with the respective DP as per the details furnished by the beneficial owners.

8.14. The Registrar to the Offer will hold in trust the Share Certificates, shares lying in credit of the Special Depository Account, Form of Acceptance cum Acknowledgement, if any, and the Transfer Form/s on behalf of the shareholders of KPL who have accepted the Offer, till the Cheques/Drafts for the consideration and/or the unaccepted shares/share certificates are despatched/returned.

8.15. In case any person has lodged shares of KPL for transfer & such transfer has not yet been effected, the concerned person may apply as per the instructions in Para 8.6 above together with the acknowledgement of lodgment of shares for transfer. Such persons should also instruct KPL to send the transferred share certificate(s) directly to the Registrar to the Offer. The applicant should ensure that the certificate(s) reached the Registrar to the Offer on or before the Offer closing date.

8.16. In case any person has tendered his physical shares in KPL for dematerialization & such dematerialization has not yet been effected, the concerned shareholder may apply in the Offer as per instructions mentioned above together with a photocopy of the completed dematerialization request form acknowledged by shareholders DP. Such shareholders should ensure the credit of the shares to the special depository account on or before the Offer closing date.

8.17. In case the shareholder has already sold his Shares, he may kindly forward this Offer document to the transferee or to the broker through whom the shares were sold.

8.18. The shareholders, who are desirous of withdrawing their acceptances tendered in the Offer, can do so upto three working days prior to the date of closure of the Offer, i.e. on or before 09.12.2009 in terms of Regulation 22(5A).

8.19. The withdrawal option can be exercised by submitting the document as per the instruction below, so as to reach the Registrar to the Offer on or before 14.12.2009. The withdrawal option can be exercised by submitting the form of withdrawal.

8.20. In case of non-receipt of the form of withdrawal, the withdrawal option can be exercised by making an application on plain paper along with the following details:

a. In case of physical shares: Name, address, distinctive numbers, folio nos., number of shares tendered / withdrawn.

b. In case of dematerialised shares: Name, address, number of shares tendered / withdrawn, DP name, DP ID, Beneficiary account no. and a photocopy of delivery instruction in “off market” mode or counterfoil of the delivery instruction in “off market” mode, duly acknowledged by the DP in favour of the Depository Escrow Account.

8.21. The shares withdrawn by the shareholders, if any would be returned by registered post, in case of physical shares.

9. DOCUMENTS FOR INSPECTION:

Copies of the following documents will be available for inspection at the Registered office of the Manager to the Offer, M/s. VC Corporate Advisors Private Limited at 31, Ganesh Chandra Avenue 2nd Floor, Suite No. 2C, Kolkata – 700 013 on any working day between 10.00 a.m. and 2.00 p.m. during the period the Offer is open i.e., from 25.11.2009 to 14.12.2009.

i) Memorandum & Articles of Association of Kalpena Plastiks Limited along with Certificate of Incorporation.
ii) Memorandum & Articles of Association of Tara Holdings Private Limited and Kalpena Industries Limited along with Certificate of Incorporation.
iii) Audited Annual Reports for the year ended 31st March 2007, 31st March 2008 and 31st March 2009 of Tara Holdings Private Limited and Kalpena Industries Limited.
iv) Audited Annual Reports for the year ended 31st March 2007, 31st March 2008 and 31st March 2009 of Kalpena Plastiks Limited.
v) Certificate dated 06.08.2009 from Mr. D.C. Dharewa, Chartered Accountant (Membership No. 53838) having office at 41, Netaji Subhash Road, Room No. 503, Kolkata - 700 001. Tel: (033) 2210 2496, Fax: (033) 2210 2510, E-mail: dcdharewa@yahoo.co.in that sufficient resources are available with the Acquirers for fulfilling the obligations under this "Offer" in full.
vii) Certificate dated 27.06.2009 issued by M/s D.C. Dharewa & Co. Chartered Accountants and Statutory auditors of the KIL, certifying that KIL has complied with the clause 49 of listing agreement.
vii) Certified dated 06.08.2009 from Mr. J.L.Maloo, Proprietor of Maloo & Company. (Membership No. 17649) Chartered Accountants having its office at 3, Mangoe lane, 2nd Floor, Kolkata – 700 001 Ph : (033) 3022 0229, Telefax : (033) 2248 6040, E-mail : malooco@yahoo.co.in, stating that based on the decision of the Hon'ble Supreme Court of India in the case of Hindustan Lever Employees Union Vs Hindustan Lever Limited, 1995 (83 Com case 30), the fair value of the equity shares of KPL is Rs. 7.43 per share.
viii) The copy of Escrow agreement entered into between the Acquirers, HDFC Bank Limited, Kolkata and the Manager to the Open Offer for opening of Escrow Account
ix) Copy of the Public Announcement for the Offer dated 12.08.2009 & corrigendum to PA dated 18.11.2009.
x) Copy of the Memorandum of Understanding between the Acquirers & the Manager to the Offer, dated 6th August, 2009.
xi) Copy of SEBI letter no. CFD/DCR/TO/BV/181332/2009 dated 29.10.2009 issued in terms of proviso to the regulation 18(2) of the regulations.

10. DECLARATION BY THE ACQUIRERS:

The Acquirers and its directors accept full responsibility for the information contained in this letter of Offer and also for their obligations as laid down in Regulation No 22(6) of the Regulations. The acquirers are jointly and severally responsible for ensuring compliance with the regulations.

For Tara Holdings Private Limited

Sd/-
Director

For M/s Kalpena Industries Limited
Sd/-
Director

Place: KOLKATA
Date: 19.11.2009

Attached: Form of Acceptance cum Acknowledgement & Form of Withdrawal

FORM OF ACCEPTANCE CUM ACKNOWLEDGEMENT

Date:

To,
ABS CONSULTANT PRIVATE LIMITED
Stephen House, Room No. – 99,
6th Floor, 4, B.B.D. Bag (East),
Kolkata-700 001

OFFER	
Opens on	25.11.2009
Closes on	14.12.2009
Last date of Withdrawal	09.12.2009

Dear Sir,

Subject: Open Offer by Tara Holdings Private Ltd. & Kalpena Industries Ltd. having their registered office at 16B, Shakespeare Sarani, 1st Floor, Kolkata – 700 071 and 2B, Pretoria Street, Kolkata – 700 071 respectively, to the Equity Shareholders of Kalpena Plastiks Limited (Formarly Sarla Gems Limited) (hereinafter referred to as the "Target Company" or "KPL") to acquire from them 11,05,707 equity shares of Rs. 10/- each aggregating 20% of the Expended Voting capital of KPL @ Rs. 10/- per fully paid up equity share.

I/We refer to the Letter of Offer dated 19.11.2009 for acquiring the equity shares held by us in Kalpena Plastiks Limited
I/We, the undersigned have read the Letter of Offer and understood its contents including the terms and conditions as mentioned therein.

SHARES IN PHYSICAL FORM

I/We accept the Offer and enclose the original share certificate(s) and duly signed transfer deed(s) in respect of my/our Shares as detailed below.

Sr. No.	Ledger Folio No.	Certificate No(s).	Distinctive No(s).	No. of shares
Total number of equity shares				

I/We note and understand that the original share certificate(s) and valid share transfer deed will be held in trust for me/us by the Registrar to the Offer until the time the Acquirers(s) gives the purchase consideration as mentioned in the Letter of Offer.
I/We also note and understand that the Acquirers will pay the purchase consideration only after verification of the documents and signatures.

SHARES IN DEMATERIALISED FORM

I/We, holding Shares in the dematerialized form, accept the Offer and enclose the photocopy of the Delivery Instruction in "Off-market" mode, duly acknowledged by the Depository Participant ("DP") in respect of my/our Shares as detailed below:

DP Name	DP ID	Client ID	No. of Shares	ISIN No.
Total number of shares				

I/We have done an off market transaction for crediting the Shares to the special account opened for the purposes of the Offer, for which necessary instructions have been given to my/our DP.
I/We note and understand that the Shares would reside in the depository account opened for the purpose of this Offer until the time the Acquirers accepts the Shares and makes the payment of purchase consideration as mentioned in the Letter of Offer.
I/We confirm that the equity shares of Kalpena Plastiks Limited, which are being tendered herewith by me/us under this Offer, are free from liens, charges and encumbrances of any kind whatsoever.
I/We authorize the Acquirers to accept the shares so offered which they may decide to accept in consultation with the Manager to the Offer and in terms of the Letter of Offer and I/We further authorize the Acquirers to return to me/us, equity share certificate(s) in respect of which the offer is not found valid/not accepted.
I/We authorise the Acquirers and the Registrar to the Offer and the Manager to the Offer to send by Registered Post/UCP as may be applicable at my/our risk, the draft/cheque/warrant, in full and final settlement of the amount due to me/us and/or other documents or papers or correspondence to the sole/first holder at the address mentioned below.
I/We authorize the Acquirers to accept the Shares so offered or such lesser number of Shares that they may decide to accept in terms of the Letter of Offer and I/We authorize the Acquirers to split / consolidate the share certificates comprising the Shares that are not acquired to be returned to me/us and for the aforesaid purposes the Acquirers are hereby authorized to do all such things and execute such documents as may be found necessary and expedient for the purpose.

Yours faithfully,
Signed and Delivered

	Full Names (s) of the holders	Address	Signature
First/Sole Holder			
Joint Holder 1			
Joint Holder 2			
Joint Holder 3			

Note: In case of joint holdings all must sign. Enclose duly attested power of attorney if any person apart from the shareholder has signed acceptance form or transfer deed(s). A corporation must affix its common seal and enclose necessary certified corporate authorizations. Non-resident shareholders with repatriable benefits must enclose appropriate documentation.
Place:
Date:

Bank Details

So as to avoid fraudulent encashment in transit, and also to enable payment through ECS the shareholder(s) may, at their option, provide details of bank account of the first/sole shareholder and the consideration cheque or demand draft will be drawn accordingly.
I/we permit the Acquirers or the Manager to the Offer to make the payment of Consideration through Electronic Clearing Service (ECS) of the Reserve Bank of India based on the Bank Account Details provided below and a photo copy of cheque is enclosed.
Savings/Current/(Others; please specify) : ______________________________________
Name of the Bank Branch: ____
Account Number: ____IFSC Code of Bank---

--- Tear along this line ---

Acknowledgement slip

Ledger Folio No. _________________________________DP ID ________________________ Client ID____
Received from ______________________________ ___________an application for sale of __________Equity Share(s) of Kalpena Plastiks Limited together with ________share certificate(s) bearing Certificate Numbers _________________________ and _______transfer deed(s)/ photocopy of "Off-market" delivery instruction duly acknowledged by the DP.
Note : All future correspondence, if any, should be addressed to the Registrar to the Offer at the address mentioned above.

Date of receipt   Signature of the official

FORM OF WITHDRAWAL

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

OFFER	
Opens on	25.11.2009
Closes on	14.12.2009
Last date of Withdrawal	09.12.2009

From:

Name:
Address:

Tel. No.
Fax No.
E-mail:

To,
ABS CONSULTANT PRIVATE LIMITED
Stephen House, Room No. – 99,
6th Floor, 4, B.B.D. Bag (East),
Kolkata-700 001
Dear Sir,

Subject: Open Offer by Tara Holdings Private Ltd. & Kalpena Industries Ltd. having their registered office at 16B, Shakespeare Sarani, 1st Floor, Kolkata – 700 071 and 2B, Pretoria Street, Kolkata – 700 071 respectively, to the Equity Shareholders of Kalpena Plastiks Limited (Formarly Sarla Gems Limited) (hereinafter referred to as the “Target Company” or “KPL”) to acquire from them 11,05,707 equity shares of Rs. 10/- each aggregating 20% of the Expended Voting capital of KPL @ Rs. 10/- per fully paid up equity share.

We refer to the Letter of Offer dated 19.11.2009 for acquiring the equity shares held by me/us in Kalpens Plastiks Limited.

We, the undersigned have read the Letter of Offer and understood its contents including the terms and conditions as mentioned therein.

We hereby consent unconditionally and irrevocably to withdraw my/our shares from the Offer and I/We further authorize the Acquirers to return to me/us, the tendered equity share certificate(s)/ share(s) at my/our sole risk.

We note that upon withdrawal of my/our shares from the Offer, no claim or liability shall lie against the Acquirers /Manager to the Offer/ Registrar to the Offer.

We note that this Form of Withdrawal should reach the Registrar to the Offer before the last date of withdrawal i.e.09.12.2009.We note that the Acquirers /Manager to the Offer/ Registrar to the Offer shall not be liable for any postal delay/loss in transit of the shares held in physical form and also for the non-receipt of shares held in the dematerialized form in the DP Account due to inaccurate / incomplete particulars / instructions.

We also note and understand that the Acquirers will return the original share certificate(s), share transfer deed(s) and shares only on completion of verification of the documents, signatures and beneficiary position as available from the depositories from time to time.

SHARE HELD IN PHYSICAL FORM

The particulars of tendered original share certificate(s) and duly signed transfer deed(s) are detailed below:

Sr. No.	Ledger folio No.	Certificate No.	Distinctive No.		No. of Shares
			From	To	
Total number of shares					

SHARES HELD IN DEMAT FORM

We have tendered the shares in the offer which was done in an off market transaction for crediting the shares to the “ABS CONSULTANT PRIVATE LIMITED-SGL – OPEN OFFER ESCROW ACCOUNT" as per the following particulars:

DP ID : IN302189
DP Name : Lohia Securities Limited
Beneficiary ID Number : 10027104

Please find enclosed a photocopy of the depository delivery instruction(s) duly acknowledged by DP. The particulars of the account from which my/our shares have been tendered are as detailed below:

DP Name	DP ID	Client ID	Name of Beneficiary	No. of Shares

I/We note that the shares will be credited back only to that Depository Account, from which the shares have been tendered and necessary standing instructions have been issued in this regard.

I/We confirm that the particulars given above are true and correct.

In case of dematerialised shares, I/We confirm that the signatures have been verified by the DP as per their records and the same have been duly attested.

Yours faithfully,
Signed and Delivered

	Full Names (s) of the holders	Address	Signature
First/Sole Holder			
Joint Holder 1			
Joint Holder 2			
Joint Holder 3			

Note: In case of joint holdings, all shareholders must sign. A corporate body must sign under its official name. The withdrawal option can be exercised by submitting the Form of Withdrawal, duly signed and completed, along with the copy of acknowledgement slip issued at the time of submission of the Form of Acceptance cum Acknowledgement. Applicants are requested to clearly mark the envelope with the words “Kalpena Plastiks Limited Open Offer” while sending the documents to the registrar to the offer. All future correspondence, if any, should be sent to the registrar to the offer, ABS CONUSULANTS PVT. LTD. (unit: Kalpena Plastiks Limited), at their aforesaid address.

Place: Date :

-- TEAR HERE --

ACKNOWLEDGEMENT RECEIPT

Received Form of Withdrawal from Mr./ Mrs./Ms. --

Folio No.------------------------------DP ID ------------------------- Client ID NO. ------------------------------Number of shares tendered ----------------------

Number of share withdrawn ---------------------------------------

Stamp of Registrar Signature of official Date of Receipt

BOOK POST

If undelivered please return to :

ABS CONSULTANT PRIVATE LIMITED
Stephen House, Room No. – 99,
6th Floor, 4, B.B.D. Bag (East),
Kolkata-700 001