

8th Annual Report 2007-2008

**KANCHAN**<sup>®</sup>  
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**KANCHAN INTERNATIONAL LIMITED****Company Informations****Board of Directors**

Ashok C. Khimavat	-	Chairman
Dinesh C. Khimavat	-	Managing Director
Bharat H. Pipalia	-	Director

**Auditor**

Jayant Salian & Co.  
207, Marine Chambers,  
New Marine Lines , Mumbai - 400 020.

**Banker**

State Bank Of India

**Registered Office**

7, Salooni Apartment,  
56th T.P.S.Road , Borivali [Weat]  
Mumbai - 400 092

**Corporate Office**

1001/1002 Unique Tower, 10th Floor,  
Off. S. V. Road, Gaiwadi Industrial Estate,  
Near Kamath's Club, Goregaon (W),  
MUMBAI - 400 062

**Manufacturing Facility****Unit - I :**

22-E , GDDIDC ,  
Somnath Road, Dabhel ,  
Daman - 396 210

**Unit - II:**

41/42 Somnath Co-op. Society  
Somnath Road, Dabhel ,  
Daman - 396 210

**Unit - III:**

9/10 Somnath Ind.Co-op. Society  
Somnath Road, Dabhel ,  
Daman - 396 210

## NOTICE

Notice is hereby given that the 8<sup>th</sup> Annual General Meeting of the members of **KANCHAN INTERNATIONAL LIMITED** will be held on Saturday, 28<sup>th</sup> September 2002 at 11.00 a.m. at Kamats Club, 12, Udyog Nagar, S.V. Road, Goregaon (W), Mumbai 400 062 to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider, approve and adopt the Profit and Loss Account for the year ended on 31<sup>st</sup> March 2002, the Audited Balance Sheet as at that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Bharat H. Pipalia who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

By order of the Board

**ASHOK C. KHIMAVAT**  
CHAIRMAN

Place: Mumbai  
Date: 28<sup>th</sup> June 2002

**Registered Office:**  
Kanchan International Limited  
7, Salooni Apartment, 56<sup>th</sup> Road, TPS,  
Borivali (W), Mumbai 400 092

### NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND PROXY NEED NOT BE THE MEMBER OF THE COMPANY AND THE PROXY TO BE EFFECTIVE, SHOULD BE LODGED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The Register of Members and Share Transfer Books of the Company will remain closed from Friday, 27<sup>th</sup> September 2002 to Saturday, 28<sup>th</sup> September 2002 (Both days inclusive).
3. Members are requested to intimate the change in their address, if any, immediately to the Company at its Corporate Office/Registered Office.
4. Members/ Proxies are requested to bring the Attendance Slip duly filled up for attending the Meeting.
5. The Company has listed its shares at Mumbai, Chennai, and Ahmedabad Stock Exchanges. All the listing fees, till date, have been paid.

## DIRECTORS' REPORT

To,  
The Members,  
KANCHAN INTERNATIONAL LIMITED

Your Directors have pleasure in presenting the 8<sup>th</sup> Annual Report together with the Audited statements of Accounts of the Company for the year ended 31<sup>st</sup> March 2002.

### FINANCIAL RESULTS

The Financial performance of your company for the year under review is summarized below:

PARTICULARS	Rs. in Lakhs	
	YEAR ENDED 31.03.2002	YEAR ENDED 31.03.2001
Sales	3144.98	2082.89
Profit before Interest, Depreciation & Taxation	245.57	131.23
Interest & Financial Charges	98.60	41.20
Depreciation	26.71	17.06
Profit before Taxation	120.26	72.97
Provision for Taxation	12.10	14.59
Net Profit after taxation	108.16	58.38
Balance B/F from previous year	86.13	77.75
Profit available for appropriation	194.29	136.13
Transfer to General Reserves	75.00	50.00
Balance carried to Balance Sheet	119.29	86.13

### REVIEW OF OPERATIONS

Your Company has achieved sales turnover of Rs.3144.98 Lacs as compared to Rs.2082.89 Lacs during the preceding year, registering a growth of 50.99%. These have been achieved through development of new innovative & value added products. The profit before Interest, Depreciation and Tax has increased to Rs.245.57 lacs as compared to Rs.131.23 lacs in the proceeding year. The company has achieved a net profit of Rs.108.16 lacs after providing for deferred Tax liability (net) of Rs.2.06 lacs for transitional period in line with the transitional provisions of Accounting Standard - 22. The Company has taken measures to adopt innovative strategies to increase the turnover and also to increase the Profitability of the Company.

### FUTURE OUTLOOK

General industrial scenario in the year under review was not encouraging and is likely to remain same with the drought situation to be faced by some of the States. However your Company has taken adequate steps to maintain its growth. Your Directors are happy to announce that the Company's new Mixture Grinder Division which is set up at Daman is now operational and the said Division is likely to produce 3,00,000 pieces per annum. Your Company is also likely to launch new product like aluminium Inner Lid

Pressure Cooker during the year. Your Company is also exploring the export market to improve the sales and bottom line.

## **DIVIDEND**

To be globally competitive, it is imperative that we should conserve our resources for on going modernization of existing projects to have economies of scale. Considering the long term interest of the shareholders, your Directors therefore do not recommend payment of dividend for the year under review and decided to plough back profits to build up resources which will help in increasing the wealth of shareholders.

## **DIRECTORS**

Mr. Bharat H. Pipalia, Director of the Company is liable to retire by rotation and being eligible, offers himself for re-appointment.

## **AUDITORS AND THEIR REPORT**

The present Statutory Auditors of the Company M/s Jayant Salian & Co., Chartered Accountants, retire at the conclusion of ensuring Annual General Meeting and are eligible for re-appointment. The members are requested to appoint Statutory Auditors from the conclusion of this Annual General Meeting untill the conclusion of next Annual General Meeting.

The observation in the Auditors Report are dealt in the notes forming part of the accounts at appropriate places and the same being self explanatory, no further comments is considered necessary.

## **CORPORATE GOVERNANCE**

As per the Clause 49 of the Standard Listing Agreement, the provisions relating to the Corporate Governance becomes applicable to the Company from the year 2002-2003. The Company has initiated steps to constitute the various committees during the current year.

## **FIXED DEPOSITS**

The Company has not accepted any deposit within the purview of section 58A of the Companies Act, 1956 during the year under review.

## **CONSERVATION OF ENERGY**

The particulars pursuant to requirements under section 217 (1) (e) of the Companies Act, 1956 are as under:

- a) The Company's operation involve low energy consumption, hence there is hardly any measure required to be taken for conservation of energy.
- b) There was no technology absorption during the year.

- c) Total foreign exchange expenditure is Rs.3.73 lacs and the earnings are Rs.410.90 lacs during the year.

**PARTICULARS OF EMPLOYEES:**

None of the employees of the Company were paid remuneration in excess of the limits prescribed u/s 217 (2A) of the Companies Act, 1956, as such the particulars of employees, within the meaning of section 217 (2A) of the Companies Act, 1956 read with Companies (particulars of employees) Rules , 1975, as amended by the Companies (Amended) Act, 1988 are not applicable.

**DIRECTORS RESPONSIBILITY STATEMENT:**

In Compliance of Section 217 (2AA), as incorporated by the Companies (Amendment) Act 2000 in the Companies Act, 1956 your directors confirm that:

- a) The Company has followed the applicable standards in the preparation of the Annual Accounts and there had been no material departure.
- b) Directors had selected the accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the aforesaid period.
- c) The Director have taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d) The Directors have prepared the annual Accounts on a going concern basis.

**APPRECIATION**

The Board of Directors express their deep gratitude for the co-operation and support extended to your company by its customers, suppliers, Bankers and various Government agencies. Your Directors also place on record the commitment and involvement of the employees at all levels and looks forward to their continued co-operation.

**For and on behalf of the Board**

**ASHOK C. KHIMAVAT  
CHAIRMAN**

**Place: Mumbai  
Date: 28<sup>th</sup> June 2002**

**Auditors' Report****To the Members,****KANCHAN INTERNATIONAL LIMITED.**

We have audited the attached Balance Sheet of M/s. **KANCHAN INTERNATIONAL LTD.** as at 31<sup>st</sup> March, 2002 and the Profit & Loss Account of the Company for the year ended on that date, both of which we have signed under reference to this report. These financial statements are the responsibility of the management of the company. Our responsibility is to express an opinion on these financial statements based on our audit.

- 1 We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examination on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.
- 2 As required by the manufacturing and other Companies (Auditors Report) order, 1988, issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, we give in the Annexure hereto a statement on the matters specified in paragraph 4 & 5 of the said order.
- 3 Further to our comments in the Annexure referred to above, we state that :
  - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - b) In our opinion, proper books of account, as required by law, have been kept by the Company, so far as appears from our examination of those books.
  - c) The Balance Sheet and the Profit & Loss Account referred to in this report are in agreement with the books of account.
  - d) In our opinion, the Profit & Loss Account and the Balance Sheet comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
  - e) On the basis of the written representation received from the directors as on March 31, 2002, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2002 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
  - f) In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet and Profit & Loss Account read together with the Significant Accounting Policies and other notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view :
    - i) In the case of the Balance Sheet, of the state of Affairs of the Company as at 31<sup>st</sup> March, 2002 and ;
    - ii) In the case of the Profit and Loss Account, of the profit for the year ended on that date.

**For JAYANT SALIAN & CO.**  
**CHARTERED ACCOUNTANTS**

Place : Mumbai  
 Date : 28th June, 2002

**(6)**

**Jayant Salian**  
**Proprietor**

## **ANNEXURE TO THE AUDITORS' REPORT**

(Referred to in paragraph 2 of our Report of even date on the accounts of KANCHAN INTERNATIONAL LTD. for the year ended 31<sup>st</sup> March, 2002)

- 1 The Company has maintained proper records showing full particulars, including the quantitative details and situation of its fixed assets. According to the information and explanations given to us the fixed assets have been physically verified by the management during the year in a phased periodical manner which in our opinion is reasonable having regard to the size of the company and the nature of the Assets. No material discrepancies were noticed on such verification.
- 2 None of the Fixed Assets have been revalued during the year.
- 3 According to the information and explanations given to us, the stock of finished goods, stores, spare parts and raw materials have been physically verified by the management. In our opinion the frequency of such verification is reasonable having regard to the size of the company and the nature of its business.
- 4 In our opinion and according to the information and explanations given to us, the procedure of physical verification of stocks followed by the management were found to be reasonable and adequate in relation to the size of the company and the nature of its business.
- 5 According to the information and explanations given to us, having regard to the size of the operation of the company there were no material discrepancies noticed on physical verification of the stocks of raw materials, stores and spares and finished goods as compared to book records.
- 6 In our opinion, the valuation of stocks is fair and proper and is in accordance with the normally accepted accounting principles and is on the same basis as in the preceeding year.
- 7 The terms and conditions of the loan obtained from other parties listed in the register maintained under Section 301 of the Companies Act, 1956 are in our opinion not prima facie prejudicial to the interest of the company.
- 8 The Company has not granted any loans, secured or unsecured to the Companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956. The terms and conditions of the Loans advanced to a company under the same management within the meaning of Sub-Section (1B) of the section 370 of the Companies Act, 1956 are not prima facie prejudicial to the interest of the company.
- 9 In respect of the loans and advances in the nature of loans given by the Company the parties are generally repaying the principal amounts as stipulated and are also regular in payment of the interest, wherever applicable.