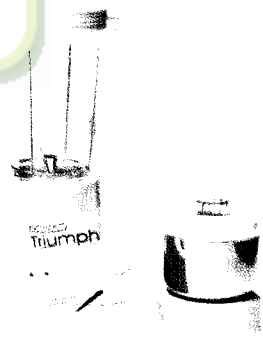


KANCHAN
HOME APPLIANCES



Kanchan hai to Kitchen hai

The Vision

QUALITY

VALUES

SERVICES

To become the admired Indian Company with leadership in market share, research and profits by :

- Providing **Quality** product to global Market and Society.
- Adhering to our **Values**, based on our obligations as the trustees of our customers, employees, shareholder, and society
- Keeping Promises inculcating a high performance culture with **Services**.

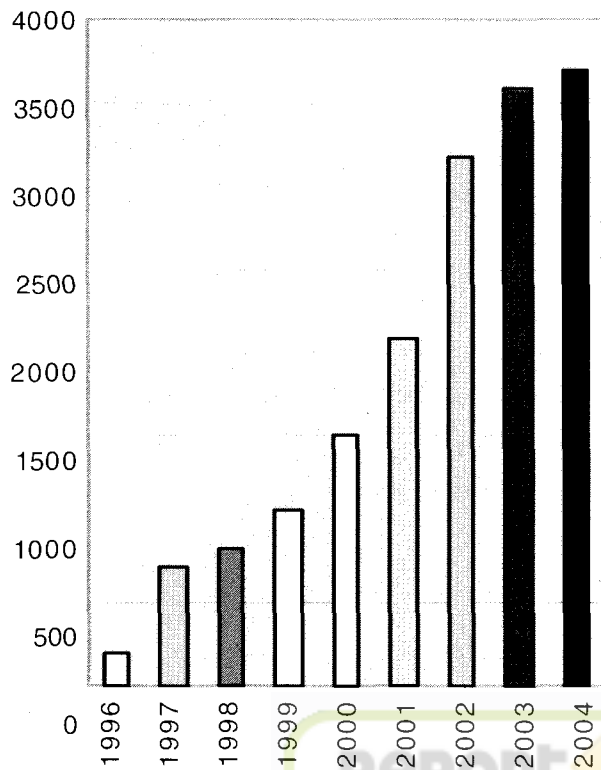
To Go ahead the age old philosophy i.e. Quality, Values and Services...
"Always first"

KANCHAN

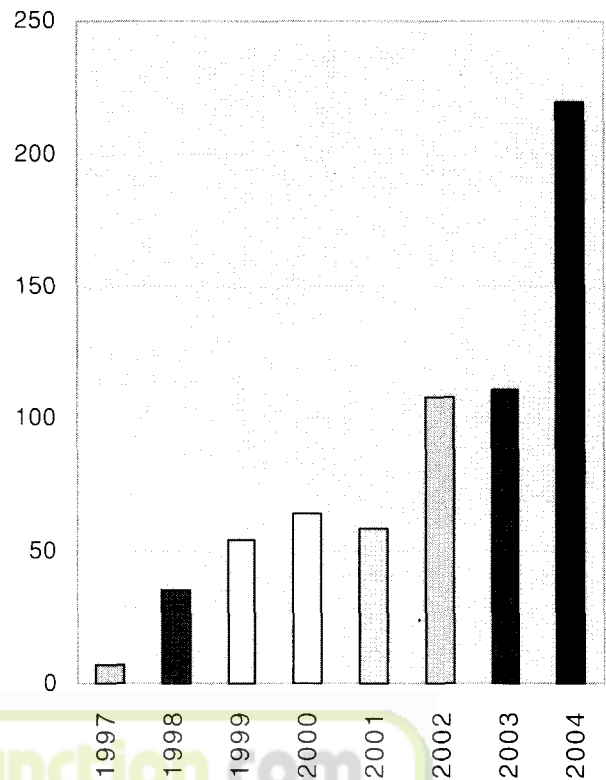
H O M E A P P L I A N C E S

FINANCIAL HIGHLIGHTS

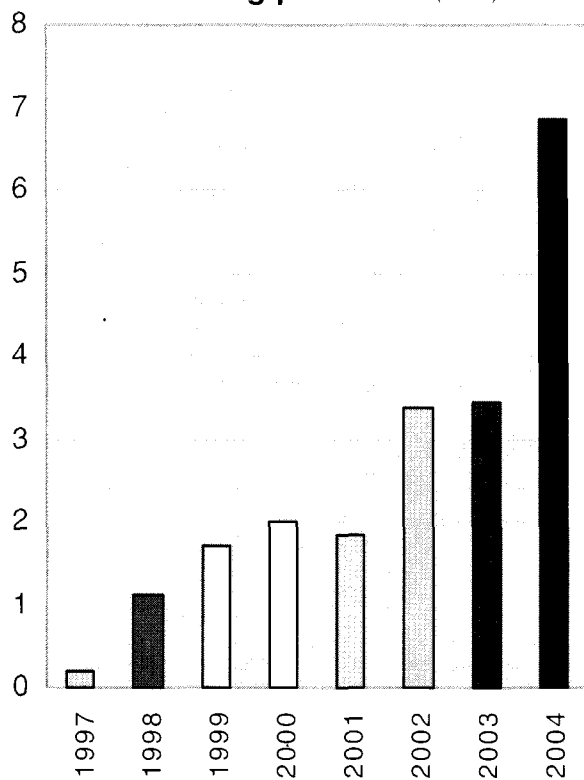
Sales (Rs. in Lacs)



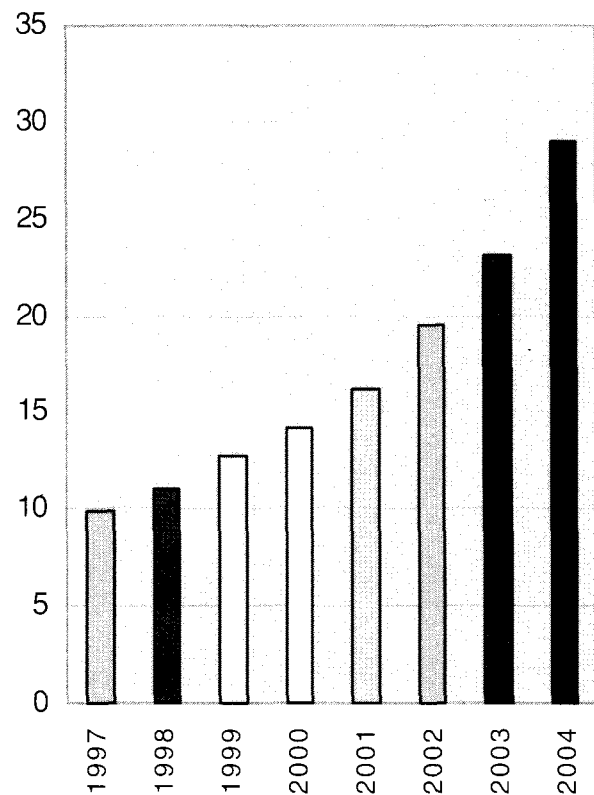
Profit After Tax (Rs. in Lacs)



Earning per Share (in Rs)



Book Value (Per Share in Rs)



BOARD OF DIRECTORS

Ashok C. Khimavat	–	Chairman
Dinesh C. Khimavat	–	Managing Director
Champalal S. Khimavat	–	Non Executive Director
Suresh C. Kapadia	–	Independent, Non Executive Director
K. R. Doddihal	–	Independent, Non Executive Director
Bharat H. Pipalia	–	Whole Time Director

CORPORATE OFFICE

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

WEBSITE

www.kanchanappliances.com

REGISTERED OFFICE

7, salooni Apartment,
56th Road T.P.S., Borivli (W),
Mumbai – 400 092

AUDITORS

Jayant Salian & Co.
Mumbai

BANKERS

State Bank of India
Mumbai

REGISTRAR & TRANSFER AGENT

IIT Corporate Services Ltd.
Proto Prima Chambers, 3rd Floor,
Suren Road, Andheri (E),
Mumbai – 400 093

AUDIT COMMITTEE

Suresh C. Kapadia	–	Chairman
K. R. Doddihal	–	Member
Champalal S. Khimavat	–	Member

MANUFACTURING FACILITIES

Unit - I (Non Stick Cookware Division)

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

Unit – II (Pressure Cooker Division)

41/42, Somnath Road, Dabhel,
Daman – 396 210

Unit – III (Electrical Appliances Division)

9/10, Somnath Road, Dabhel,
Daman – 396 210

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NOTICE

Notice is hereby given that the 10th Annual General Meeting of the Members of **KANCHAN INTERNATIONAL LIMITED** will be held on Wednesday, 18th August 2004 at 11.00 a.m. at Club Link, Chincholi Bunder Malad Link Road, Near Toyota Show Room, Malad(W), Mumbai-400 064 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider, approve and adopt the Audited Balance Sheet as at 31st March 2004, the Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors' and Auditor's thereon.
2. To declare dividend on equity shares.
3. To appoint a Director in place of Mr. C. S. Khimavat, who retires by rotation and being eligible, offers himself for re-appointment.
4. 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.

SPECIAL BUSINESS

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

"RESOLVED THAT pursuant to the applicable provisions of the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 or any modifications thereof (hereinafter referred to as the "Delisting Guidelines") and subject to the provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof for the time being in force), Securities Contracts (Regulation) Act, 1956 and the Rules framed there under, Listing Agreements, and all other applicable Rules, Regulations and Guidelines and subject to the approval, consent, permission or sanction of the Securities and Exchange Board of India, Stock Exchanges where the shares of the Company are listed and any other appropriate authorities, institutions or regulators as may be necessary and subject to such conditions and modifications, if any, as may be prescribed or imposed by any authority while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any committee thereof for the time being exercising the powers conferred on the Board by this Resolution), the consent of the Company be and is hereby accorded to the Board to De-list the Equity Shares of the Company from Ahmedabad and Madras Stock Exchanges, at such time or times as the Board may decide."

By order of the Board

Dinesh C. Khimavat
Managing Director

Place: Mumbai

Date: 29th June 2004

Registered Office:

Kanchan International Limited

7, Salooni Apartment, 56th Road, TPS,

Borivali (W), Mumbai 400 092



NOTICE (contd.)**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 IN ORDER TO BE VALID, MUST BE DULY COMPLETED, STAMPED AND SIGNED, SHOULD REACH AT THE REGISTERED/CORPORATE OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
2. The explanatory statement as required under Section 173(2) of the Companies Act, 1956, in respect of the Special Business set out above is annexed hereto.
3. Members who hold Shares in dematerialized form are requested to write their Client ID and DP ID Nos. and those who hold shares in Physical form are requested to write their Folio No. in the attendance slip while attending the Meeting for easy identification of attendance at the Meeting.
4. The Register of Members and Share Transfer Books of the Company will remain closed from Friday, 13th August 2004 to Wednesday, 18th August 2004 (Both days inclusive).
5. Dividend on equity shares as recommended by the directors, if declared at the ensuing Annual General Meeting, the payment of the dividend will be made to those shareholders whose name appears in the Register of Members of the company as on 18th August 2004. In respect of the shares held in electronic form (dematerialized mode), the dividend will be payable on the basis of the details of beneficial ownership, furnished by National Securities Depository Limited and Central Depository Services (India) Limited for this purpose at the end of business hours on 18th August 2004.
6. Members are requested to:
 - i) Write to the Company at least 7 days before the date of the meeting, in case they desire any information as regards the Audited Accounts for the financial year ended 31st March 2004, so as to enable the Company to keep the information ready.
 - ii) Bring their copy of the Annual Report and the Attendance Slip at the Annual General Meeting.
 - iii) Intimate to the Registrar & Transfer Agent (R&TA) of the Company immediately, about any change in their addresses, where the shares are held in electronic form such change is to be informed to the Depository Participant (DP) and not to the Company / R & TA.
 - iv) Quote Registered Folio Number or DP ID/ Client ID in all the correspondence,
 - v) Approach the R&TA of the Company for consolidation of folios.
 - vi) Furnish bank account details to the R&TA / Depository Participant to prevent fraudulent encashment of dividend warrants.
 - vii) Avail of Nomination facility by filling in and forwarding the nomination form to the R&TA, if not already done.
 - viii) Send all share transfer lodgments (physical mode) / correspondence to the **R&TA** of the Company M/S IIT Corporate Services Ltd., Proto Prima Chambers, 3rd Floor, Suren Road, Andheri (E), Mumbai – 400 093 up to the date of book closure:-
7. Members holding shares in electronic form may kindly note that their Bank details as furnished by the respective Depositories to the R & TA will be printed on their Dividend Warrants as per the applicable Regulations of the Depositories, and that the Company / R & TA will not entertain any direct request from such Members for deletion of / change in such Bank details. Further, instructions, if any, already given by the Members in respect of Shares held in physical form will not be

NOTICE (contd.)

automatically applicable to Dividend paid on shares held in electronic form. Members may, therefore, give instructions regarding Bank Accounts in which they wish to receive Dividend, directly to their Depository Participant/(s). However, shareholders holding shares in physical form are requested to complete and submit the Mandate form that is separately enclosed with this Annual Report, to the Company's Registrar and Transfer Agent latest by 8th August 2004.

8. Securities & Exchange Board of India (SEBI) has made trading in the shares of the company compulsory in dematerialized form for all investors with effect from 8th May 2000. Shareholders are requested to open an account with Depository Participants, if not done so far.
9. Members/ Proxies are requested to bring the Attendance Slip duly filled up for attending the Meeting.
10. Non-Resident Indian Members are requested to inform the Company / R & TA the following immediately:
 - i) Change in the residential status on return to India for permanent settlement.
 - ii) The particulars of NRE Bank Account maintained in India with complete name and address of the Bank, if not furnished earlier.
11. Corporate Members are requested to forward a certified copy of the Board Resolution authorizing their representatives to attend and vote at the Annual General Meeting.
12. The Company has listed its shares at Mumbai, Chennai and Ahmedabad Stock Exchanges. All the listing fees, till date, have been paid.
13. All the documents referred to in the Notice are open for inspection at the Corporate Office of the Company between 10.30 a.m. to 12.30 p.m. on all working days except Saturdays, Sundays and Public Holidays until the date of the Annual General Meeting or any adjournment(s) thereof.
14. Mr. C.S. Khimavat is retiring by rotation at the ensuing Annual General Meeting and is eligible for re-appointment. The information/data to be provided in this regard under the Corporate Governance Code of the Listing Agreement is given in the Corporate Governance Section of this Annual Report.

ANNEXURE TO THE NOTICE

Explanatory Statement pursuant to the provisions of Section 173(2) of the Companies Act, 1956 in respect of item Nos. 5

The Securities & Exchange Board of India (SEBI) has issued the Securities & Exchange Board of India (Delisting of Securities) Guidelines, 2003 (hereinafter referred to as the "Delisting Guidelines") incorporating, among others, provisions for delisting of securities of a Company by its promoter or an acquirer or any person other than the Stock Exchanges.

The Equity shares of the Company are currently listed on the following three (3) Stock Exchanges in India :

1. The Stock Exchange, Mumbai (BSE)
2. The Stock Exchange, Ahmedabad (ASE)
3. The Madras Stock Exchange, Chennai (MSE)

With the extensive net working of BSE and also through its terminals in other cities, investors have access to online dealings in Equity Shares of the Company across the Country. The bulk of the trading (almost entire) in the Company's Equity Shares takes place on BSE and the liquidity of trading in the Company's Equity Shares on all other Stock Exchanges is not significant / negligible.

The Company's Equity Shares are one of the scrip, which the Securities & Exchange Board of India (SEBI) has specified for settlement only in dematerialized form, since May 2000.

It is also observed that the listing fee paid to the other Stock Exchanges (other than BSE) is disproportionately higher, vis-a-vis the extremely low trading volumes of the Company's Securities on those Stock Exchanges. The Board has also been informed that no trading was reported on the Stock Exchanges of Ahmedabad and Madras for the last three (3) years.

In view of the above and also as a part of its cost reduction measures, the Company has proposed this resolution, which will enable it to delist its Equity Shares from both or either of the Ahmedabad or Madras Stock Exchanges at an appropriate time, as may be decided by the Board of Directors, in future.

In line with SEBI Regulations and Approvals, if any, required by any statutory authorities, member's approval is being sought by a special Resolution for enabling voluntary Delisting of its securities from the said Stock Exchanges.

The proposed Delisting of the Company's Equity Shares from Ahmedabad and Madras Stock Exchanges, as and when it takes place, will not affect the investors adversely. The Company's Equity Shares will continue to be listed on BSE. The delisting will take effect after the receipt of all the required approvals, permissions and sanctions. The exact date on which delisting will take effect will be suitably notified.

The **Special Resolution**, at item no. 5 is commended for passing by the members.

None of the Directors of the Company are in any way, concerned or interested in passing of the resolution.

By order of the Board

Dinesh C. Khimavat
Managing Director

Place: Mumbai

Date: 29th June 2004

Registered Office:

Kanchan International Limited
7, Salooni Apartment, 56th Road, TPS,
Borivali (W), Mumbai 400 092

DIRECTORS' REPORT & MANAGEMENT DISCUSSIONS

To,

The Members,

KANCHAN INTERNATIONAL LIMITED

Your Directors have pleasure in presenting the 10th Annual Report together with the Audited statement of Accounts of the Company for the year ended 31st March 2004.

FINANCIAL RESULTS

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

	YEAR ENDED <u>31.03.2004</u>	(Rs. in Lacs) YEAR ENDED <u>31.03.2003</u>
Sales	3688.94	3584.83
Profit before Depreciation, Finance Charges & Taxation	373.57	276.88
Less: Depreciation	35.01	31.94
Less: Finance Charges	89.31	121.72
Profit before Taxation and Exceptional Items	249.25	123.22
Less: Exceptional Items	6.99	-
Profit before Taxation	242.26	123.22
Less: Provision for Taxation	22.67	12.40
Net Profit after taxation	219.59	110.82
Add: Surplus Brought Forward from previous years	155.10	119.28
Surplus available for appropriation	374.69	230.10
Less: Proposed Dividend on Equity Shares	32.10	-
Less: Distribution Tax	4.11	-
Less: Transfer to General Reserves	75.00	75.00
Balance carried to Balance Sheet	263.48	155.10

REVIEW OF OPERATIONS

Your Company has achieved sales turnover of Rs. 3688.94 Lacs as compared to Rs. 3584.83 Lacs during the preceding year, registering a marginal growth of 2.90%. The operating PBIDT has increased to Rs. 373.57 lacs as compared to Rs. 276.88 lacs in the preceding year, registering a growth of 34.92%. Operating margins as a percentage of total income has gone up to 10.13% as compared from 7.72% in the preceding year. The Company has achieved a net profit after Taxation of Rs. 219.59 lacs as compared from Rs. 110.82 lacs in the preceding year, registering a handsome growth of 98.15%. The profit for the year has been higher mainly on account of operative efficiency and reduction in finance cost.

The Company's conscious efforts to bring down the finance costs have paid rich dividend. The interest and finance charges for the year were Rs. 89.31 Lacs as against Rs. 121.72 Lacs in the previous year. The reduction in interest and finance charges was possible by aggressive financial management involving constant churning of debt portfolio in substituting high cost debt by low cost debt. The company is continuing with its endeavors to bring these costs further down.

Your company continued its strong cash generation driven by business performance. The enhanced capability of the supply chain and efficient collection system continue to facilitate cash generation.

