

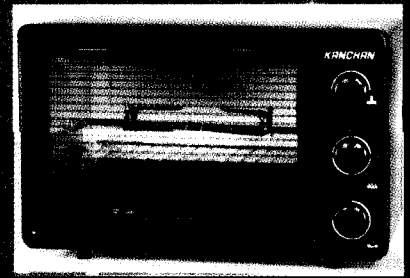
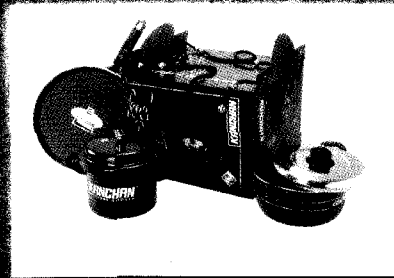
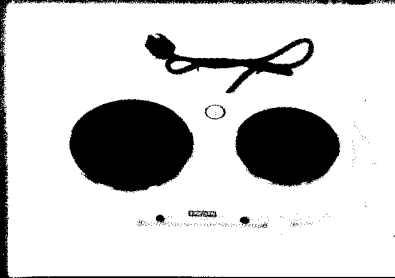
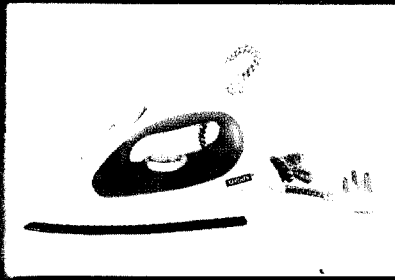
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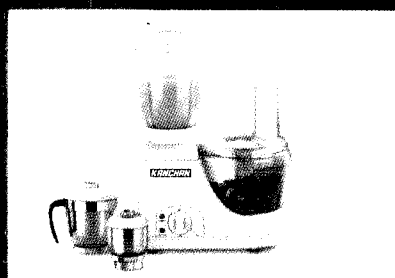
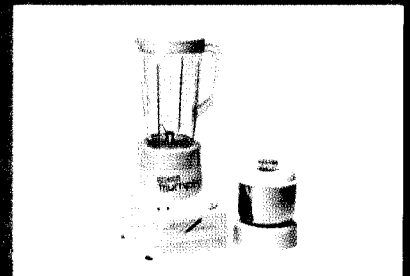
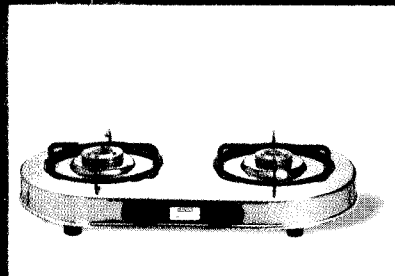
KANCHAN®

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

KANCHAN INTERNATIONAL LIMITED



KANCHAN[®]



Kanchan hai to Kitchen hai

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Board of Directors

Mr. Ashok C. Khimavat - Chairman
 Mr. Dinesh C. Khimavat - Managing Director
 Mr. Bharat H. Pipalia - Whole Time Director
 Mr. Champalal S. Khimavat - Non Executive Director
 Mr. Suresh C. Kapadia - Independent, Non Executive Director
 Mr. K. S. Raman - Independent, Non Executive Director
 (w.e.f. 26th April 2005)
 Mr. Parveen Kumar - Independent, Non Executive Director
 (w.e.f. 5th August 2005)
 Mr. K. R. Doddihal - Independent, Non Executive Director
 (upto 26th April 2005)

Audit Committee

Mr. Suresh C. Kapadia - Chairman
 Mr. K. S. Raman - Member (w.e.f. 26th April 2005)
 Mr. Champalal S. Khimavat - Member
 Mr. K. R. Doddihal - Member (Upto 26th April 2005)

Auditors

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

Bankers

State Bank of India
 Mumbai

Website

www.kanchanappliances.com

Registered Office

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

Registrar & Transfer Agent

MCS Ltd.
 Sri Venkatesh Bhavan, Plot no. 27, Road No.11,
 MIDC Area, Andheri (E), Mumbai 400 093

Manufacturing Facilities

At Daman

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

Baddi Plant

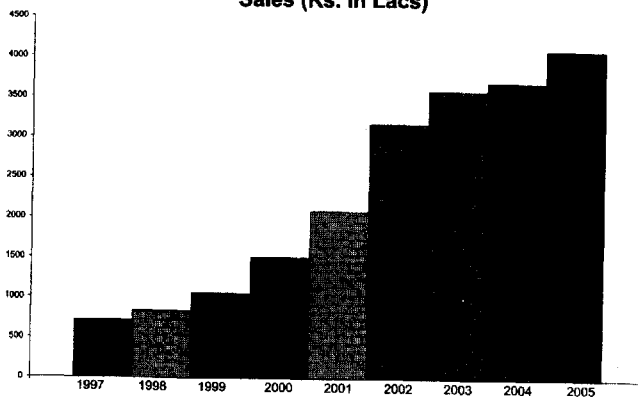
45/46 Fauji Complex, Sai Road,
 Baddi, Solan (H.P.)

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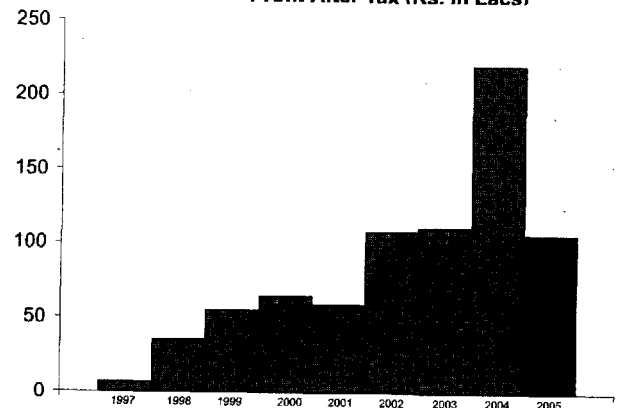
Notice Of AGM
Directors Report and Management Discussions
Corporate Governance Report
Auditor's Report and Annexure
Balance Sheet
Profit and Loss Account
Schedules forming part of the accounts
Cash Flow Statement
Balance Sheet Abstract
Accounts of Subsidiary Company
Auditor's Report On Consolidated Financial Statements
Consolidated Financial Statements

FINANCIAL HIGHLIGHTS

Sales (Rs. in Lacs)

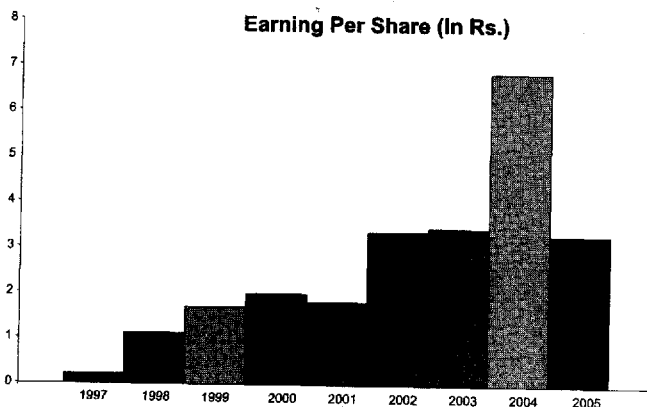


Profit After Tax (Rs. in Lacs)

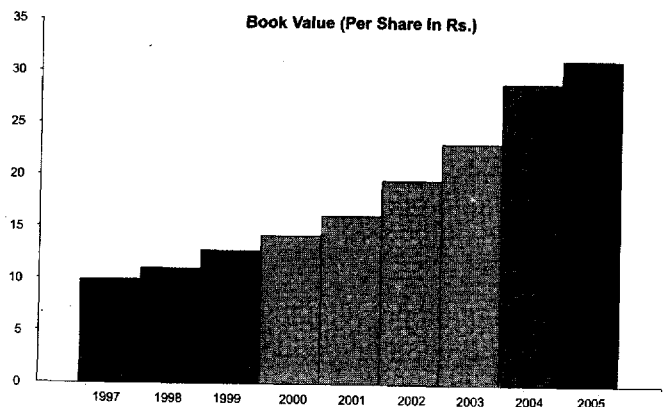


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Earning Per Share (In Rs.)



Book Value (Per Share In Rs.)



NOTICE OF THE ANNUAL GENERAL MEETING

Notice is hereby given that the 11th Annual General Meeting of the members of **KANCHAN INTERNATIONAL LIMITED** will be held on Wednesday, the 28th September 2005 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 2005, 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. Suresh C. Kapadia, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Ashok C. Khimavat, who retires by rotation and being eligible, offers himself for re-appointment.
5. 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:

6. To consider and, if though fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution: -

"RESOLVED THAT Mr. Krishnamachari S. Raman, who was appointed as an Additional Director by the Board of Directors of the Company with effect from 26th April 2005, under Section 260 of the Companies Act, 1956 and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 257 of the Act from a member proposing his candidature for the office of a Director, be and is hereby appointed as a Director of the Company".

7. To consider and, if though fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution: -

"RESOLVED THAT Mr. Parveen Kumar, who was appointed as an Additional Director by the Board of Directors of the Company with effect from 5th August 2005, under Section 260 of the Companies Act, 1956 and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 257 of the Act from a member proposing his candidature for the office of a Director, be and is hereby appointed as a Director of the Company".

8. To Consider and if thought fit pass with or without modification(s), the following resolution as a Special Resolution:-

"RESOLVED THAT the consent be and is hereby accorded to the appointment of Ms. Meghal A. Khimavat, daughter of Mr. Ashok C. Khimavat, Chairman of the Company w.e.f. 1st October 2004 as Marketing Executive under a contract of service in the scale of Rs.25,000/- per month together with all the amenities and facilities applicable to the other employees occupying the similar posts within the same salary scale or grade."

9. 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: 5th August, 2005

Registered Office:

Kanchan International Limited,
1001/1002, Unique Towers, 10th floor,
Off S.V. Road, Gaiwadi Industrial Estate,
Goregaon (w), Mumbai 400 062

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 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 Number 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, 23rd September 2005 to Wednesday, 28th September 2005 (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 28th September 2005. 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 28th September 2005.
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 2005, 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 MCS Ltd., Sri Venkatesh Bhavan, Plot no. 27, Road No.11, MIDC Area, 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 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 17th September 2005.
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 Registered 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. Suresh C. Kapadia is retiring by rotation at the ensuing Annual General Meeting and being eligible, offers him self for reappointment. Pursuant to clause 49 of the listing agreement relating to the code of Corporate Governance, the particulars of aforesaid Director is given below:

Mr. Suresh C. Kapadia, aged 46 years, is a Qualified Chartered Accountant and a well-known Tax Consultant in the Mumbai City. Mr. Kapadia has vast experience in the field of accounts, taxation, audit, management & finance. The Board of Directors desired that the Company should continue to avail his services.

The details of the other Directorships and Board Committee Memberships of Mr. Suresh C. Kapadia in public limited companies, are given in the Corporate Governance Section of this Annual Report.

15. Mr. Ashok C. Khimavat is retiring by rotation at the ensuing Annual General Meeting and being eligible, offers himself for reappointment. Pursuant to clause 49 of the listing agreement relating to the code of Corporate Governance, the particulars of aforesaid Director is given below:

Mr. Ashok C. Khimavat, aged 47 is a commerce graduate, founder Director and the Chairman of the Company. He has 25 years of rich experience in the area of manufacturing and marketing of electrical and non-electrical home appliances. The company will be benefited immensely from his extensive and diverse experience.

The details of the other Directorships and Board Committee Memberships of Mr. Ashok C. Khimavat in public limited companies, are given in the Corporate Governance Section of this Annual Report.

16. Mr. Krishnamachari S. Raman, Director of the Company, seeks appointment pursuant to Section 257 of the Companies Act, 1956. Pursuant to clause 49 of the listing agreement relating to the code of Corporate Governance, the particulars of aforesaid Director is given below:

Mr. Krishnamachari S. Raman, aged 58 years, is a double Graduate in Science and Law. He also holds Masters Degree in Economics. He is associated with Consumer Electronics Industry for over 30 years and has wide experience in the area of manufacturing, marketing and after sales services operations. He is also a winner of Udyog Ratna Award in the year 1985.

The details of the other Directorships and Board Committee Memberships of Mr. Krishnamachari S. Raman in public limited companies, are given in the Corporate Governance Section of this Annual Report.

17. Mr. Parveen Kumar, Director of the Company, seeks appointment pursuant to Section 257 of the Companies Act, 1956. Pursuant to clause 49 of the listing agreement relating to the code of Corporate Governance, the particulars of aforesaid Director is given below:

Mr. Parveen Kumar, aged 45 years, is a Graduate in Law. In his 7 years of the Government service, he worked in various capacities at Indian Trade Service under the Ministry of Commerce; Government of India and implemented the Export & Import Policies of the Government. During 1993 to 2001, He worked with Vijay Silk House Group, a export house with export sale over Rs. 100 crores as C.E.O. He is a well-known management consultant and on the roll of Bar Council of Maharashtra & Goa since 2002.

The details of the other Directorships and Board Committee Memberships of Mr. Parveen Kumar in public limited companies, are 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. 6 to 9.

Item No. 6

Mr. Krishnamachari S. Raman was appointed by the Board of Directors at its meeting held on 26th April 2005 as an Additional Director of the Company under Section 260 of the Companies Act, 1956. He holds office as Director only up to the date of the ensuing Annual General Meeting. As required by the provisions of Section 257 of the Companies Act, 1956, a notice has been received from a member proposing his appointment as Director along with a deposit of Rs. 500/- (Rupees Five Hundred Only). The Board of Directors considers it desirable that the Company should continue to avail the services of Mr. Krishnamachari S. Raman.

The Ordinary Resolution, at item no.6 is recommended for passing by the members.

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

Item No. 7

Mr. Parveen Kumar was appointed by the Board of Directors at its meeting held on 5th August 2005 as an Additional Director of the Company under Section 260 of the Companies Act, 1956, he holds office as Director only up to the date of the ensuing Annual General Meeting. As required by the provisions Section 257 of the Companies Act, 1956, a notice has been received from a member proposing his appointment as Director along with a deposit of Rs. 500/- (Rupees Five Hundred Only). The Board considers it desirable that the Company should continue to avail the services of Mr. Parveen Kumar.

The Ordinary Resolution, at item no.7 is recommended for passing by the members.

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

Item No. 8

Ms. Meghal A. Khimavat, daughter of Mr. Ashok C. Khimavat, Chairman of the Company was appointed as a Marketing Executive w.e.f. 1st October 2004, in the Meeting of Board of Directors of the Company held on 30th October 2004.

She is Commerce Graduate and having two years experience in Marketing and Management.

She has worked with the Company from 1st October 2004 till 31st March 2005 and resigned thereafter.

Since her appointment was subject to the approval of the Members as provided under Section 314(1)(b) of the Companies Act, 1956 and has drawn the remuneration for the above period, the approval of the Members is required for the said payment.

The Special Resolution, at item no.8 is recommended for passing by the members.

None of the Directors of the Company except Mr. C.S. Khimavat, Mr. Ashok C. Khimavat & Mr. Dinesh Khimavat are in any way, concerned or interested in passing of the resolution.

Item No. 9

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 Ahmedabad 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 of 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. 9 is recommended 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: 5th August, 2005

Registered Office:

Kanchan International Limited
1001/1002, Unique Towers, 10th floor,
Off S.V. Road, Gaiwadi Industrial Estate,
Goregaon (w), Mumbai 400 062

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DIRECTORS' REPORT & MANAGEMENT DISCUSSIONS

To,
The Members,
KANCHAN INTERNATIONAL LIMITED

Your Directors have pleasure in presenting the 11th Annual Report together with the Audited statement of Accounts of the Company for the year ended 31st March 2005.

FINANCIAL RESULTS

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

PARTICULARS	Rs. in Lakhs	
	YEAR ENDED 31.03.2005	YEAR ENDED 31.03.2004
Sales	4087.02	3688.94
Profit before Depreciation, Finance Charges & Taxation	256.93	373.57
Less: Depreciation	37.16	35.01
Less: Finance Charges	103.91	89.31
Profit before Taxation and Exceptional Items	115.86	249.25
Less: Exceptional Items	--	6.99
Profit before Taxation	115.86	242.26
Less: Provision for Taxation	10.03	22.67
Net Profit after taxation	105.83	219.59
Add: Surplus Brought Forward from previous years	263.48	155.10
Surplus available for appropriation	369.31	374.69
Less: Proposed Dividend on Equity Shares	32.10	32.10
Less: Distribution Tax	4.20	4.11
Less: Transfer to General Reserves	50.00	75.00
Balance carried to Balance Sheet	283.01	263.48

REVIEW OF OPERATIONS

Your Company has achieved sales turnover of Rs. 4087.02 Lacs as compared to Rs 3688.94 Lacs during the preceding year, registering a growth of 10.79%. However, the profit before taxation has gone down at Rs.115.86 lacs as compared to Rs.242.26 lacs during the preceding year mainly due to increase in prices of our basic raw material i.e. Aluminum, Steel & Copper etc. Further, the operating margins continued to be under pressure, due to severe competition and inflationary cost increase. Ongoing efforts to control material cost, focus on growth to attain greater economies of scale and control of operating expenses helped to mitigate the proportional impacts on the profits of the company.

The Company has taken measures to adopt innovative strategies to increase the turnover and profitability of the Company. The Company is continuing its efforts to improve productivity and curtail costs. The Company's plants at Daman & Baddi (Himachal Pradesh) has performed satisfactorily during the year and plants II and III manufacturing Pressure Cookers & Electrical Appliances at Daman & Plant at Baddi, continue to be eligible for tax holidays pursuant to section 80 IB of the Income Tax Act, 1956.

The operation of the Company is carried in a single segment i.e. manufacturing and marketing of home appliance products.

DIVIDEND

Your Directors are pleased to recommend a dividend at 10% (Rs. 1.00 per equity share of Rs. 10/- each) for the financial year ended 31st March 2005.

The total cash outflow on account of equity dividend payments including distribution tax will be Rs. 36.30 lacs (Previous year Rs. 36.21 lacs).

FUTURE OUTLOOK

India's GDP growth for financial year 2004-05 is estimated at 7%. The main catalyst behind this industry led growth is the construction and the manufacturing sector. The performance of the agriculture sector has been low on the back of an erratic monsoon. It is expected that a growth of 6% to 8% in real GDP will continue over the next few years. While the demand for small Home Appliance products has closely followed the GDP growth. A demographic transition in the income and population dynamic, with increasing number of peoples with better purchasing power now coming under the middle class bracket is expected to add to the growth of the economy. The manufacturing sector is expected to benefit from the rise in domestic demand for various goods as the robust economic growth increases.