

16th Annual Report 2009-10



KANCHAN INTERNATIONAL LTD.

Registered Office : 41 & 42, Midtown Co-operative Housing Society, S. V. Road
Borivali (W), Mumbai - 400 092.

Board of Directors

Mr. Dinesh C. Khimavat – Chairman (w.e.f. 27th June 2009)

& Managing Director

Mr. Bharat H. Pipalia – Whole Time Director

Mr. Ashok C. Khimavat – Chairman (upto 27th June 2009)

& Director

Mr. K. S. Raman – Independent, Non Executive Director

Mr. Parveen Kumar Gupta - Independent, Non Executive Director

Mr. Shailesh Parekh – Independent Director,

Non Executive Director (w.e.f. 27th June 2009)

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.).

Registrar & Transfer Agent

Link Intime India Pvt. Ltd.
C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (W),
Mumbai 400 078.

Auditors

M/s Shankar & Kishor
Chartered Accountants

Bankers

State Bank of India

Mumbai

Website

www.kanchanappliances.com

Registered Office

41, Mid town, S. V. Road,
Borivali (West),
Mumbai - 400 092.

Administrative Office

28-A/B Raju Ind. Estate, Penkar Pada Road,
Near Dahisar Check Naka, P.O. Mira 401 104,
District. Thane.

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NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 16th Annual General Meeting of the members of KANCHAN INTERNATIONAL LIMITED will be held on Friday, 24th September 2010 at 11.00 A.M at Ajanta Hall, Sumer Nagar, Adjacent to Flyover, S. V. Road, Borivali (W), Mumbai – 400 092 to transact the following business:

ORDINARY BUSINESS:

- 1) To receive, consider, approve and adopt the Audited Balance Sheet as on 31st March 2010, and Profit & Loss Account for the year ended on that date and the Reports of the Board of Directors' and Auditors' thereon.
- 2) To appoint a Director in place of Mr. Praveen Kumar Gupta, who retires by rotation and being eligible, offers himself for re-appointment.
- 3) To appoint a Director in place of Mr. Shailesh Parekh, who retires by rotation and being eligible, offers himself for re-appointment.
- 4) To appoint M/s. Shankar & Kishor, Chartered Accountants as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

- 5) To consider and if thought fit, to pass with or without modification, the following Resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to Section 94 and other applicable provisions, if any, of the Companies Act, 1956, the Authorised Share Capital of the Company be and is hereby increased from Rs.5,00,00,000 (Rupees Five Crores Only) to Rs.8,00,00,000/- (Rupees Eight Crores Only) divided into 66,50,000 (Sixty-six Lacs Fifty Thousand) Equity Shares of Rs.10/- each (Rupees Ten Only) aggregating to Rs.6,65,00,000/- (Rupees Six Crores Sixty-five Lacs Only) and 13,50,000 (Thirteen Lacs Fifty Thousand) 6% Cumulative Redeemable Preference Shares of Rs. 10/- each (Rupees Ten Only) aggregating to Rs.1,35,00,000/- (Rupees One Crore Thirty-five Lacs Only) each by further creation of 30,00,000 (Thirty Lacs) Equity Shares of Rs.10/- each ranking pari-passu with the existing Equity Shares of Rs.10/- each.

RESOLVED FURTHER THAT pursuant to Section 16 and other applicable provisions, if any, of the Companies Act, 1956, the existing Clause V of the Memorandum of Association of the Company be deleted and in place thereof the following new clause be substituted:

- V. The Authorised Share Capital of the Company is Rs.8,00,00,000/- (Rupees Eight Crores Only) divided into 66,50,000 (Sixty-six Lacs Fifty Thousand) Equity Shares of Rs.10/- each (Rupees Ten Only) aggregating to Rs.6,65,00,000/- (Rupees Six Crores Sixty-five Lacs Only) and 13,50,000 (Thirteen Lacs Fifty Thousand) 6% Cumulative Redeemable Preference Shares of Rs. 10/- each (Rupees Ten Only) aggregating to Rs.1,35,00,000/- (Rupees One Crore Thirty-five Lacs Only) each with the rights, privileges and conditions attaching thereto as are provided by the regulations of the Company for the time being, with power to increase and reduce the capital of the Company and to divide the shares in the capital for the time being into several classes and to attach thereto respectively such preferential, deferred, qualified or special rights, privileges or conditions as may be determined by or in accordance with the regulations of the Company and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may for the time being provided by the regulations of the Company.

RESOLVED FURTHER THAT Mr. Dinesh Khimavat, Chairman & Managing Director and/or Mr. Bharat Pipalia, Whole-time Director of the Company be and are hereby severally authorised to affix their digital signature in e-form 5 and e-form 23 and file the same with the Registrar of Companies, Mumbai, Maharashtra and to do all such acts, things and deeds to give effect to the above resolution."

6) To consider, and if thought fit, to pass, with or without modifications, the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be and is hereby altered by replacing the following Article in place of the existing Article 3 of Articles of Association of the Company:

3. The Authorised Share Capital of the Company is Rs. 8,00,00,000/- (Rupees Eight Crores Only) divided into 66,50,000 (Sixty-six Lacs Fifty Thousand) Equity Shares of Rs.10/- each (Rupees Ten Only) aggregating to Rs.6,65,00,000/- (Rupees Six Crores Sixty-five Lacs Only) and 13,50,000 (Thirteen Lacs fifty Thousand) 6% Cumulative Redeemable Preference Shares of Rs.10/- (Rupees Ten Only) aggregating to Rs.1,35,00,000/- (Rupees One Crore thirty-five Lacs Only), each with the rights, privilege and conditions attaching thereto as are provided by the regulations of the Company for the time being, with power to increase and reduce the capital for the company, and to divide the shares in the capital for the time being into several classes and to attach thereto respectively such preferential, deferred, qualified or special rights, privileges or conditions as may be determined by or in accordance with the regulations of the Company and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may for the time being provided by the regulations of the Company.

RESOLVED FURTHER THAT Mr. Dinesh Khimavat, Chairman & Managing Director and/or Mr. Bharat Pipalia, Whole-time Director of the Company be and are hereby severally authorised to affix their digital signature in e-form 5 and e-form 23 and file the same with the Registrar of Companies, Mumbai, Maharashtra and to do all such acts, things and deeds to give effect to the above resolution."

7) To consider and if thought fit, to pass with or without modification, the following Resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 81(1A) and all other applicable provisions if any, of the Companies Act, 1956, (including any amendment thereto or re-enactment thereof), and subject to the enabling provisions of the Memorandum and Articles of Association of the Company, the Listing Agreement entered into by the Company with the Stock Exchanges where the shares of the Company are listed and in accordance with guidelines prescribed by the Securities and Exchange Board of India ("SEBI"), or any other relevant authority and clarifications thereon issued from time to time, if any, and subject to all such approvals, permissions or sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals and permissions or sanctions as may be necessary ("Approvals") and any conditions and/or modifications as may be prescribed, stipulated or imposed by any such Approvals and/or which may be agreed to or considered necessary by the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall include a duly authorized Committee

Sr. No.	Name of Persons to whom warrants to be allotted	No. of Warrants to be allotted	No. of Equity Shares upon exercise of option within 18 months from the date of allotment	Equity Shareholding before Preferential Issue of Warrants		Equity Shareholding after Preferential Issue of Equity Shares against the exercise of option in respect of Warrants	
				No. of Shares	% of Share holding	No. of Shares	% of Share holding
	For Promoter Group						
1	Kanchan Kitchenaid Pvt. Ltd.	770292	770292	622779	19.40	1393071	24.40
2	Kanchan Khimavat	157599	157599	20500	0.64	178099	3.12
3	Usha Khimavat	157599	157599	36810	1.15	194409	3.40
4	Dinesh Khimavat	216984	216984	98310	3.06	315294	5.52
5	Champalal Khimavat	158170	158170	102310	3.19	260480	4.56
	For Independent Investor						
1	Geeta Shetty	150000	150000	-	-	150000	2.63
2	Prabhakar Shetty	100000	100000	-	-	100000	1.75
3	Milan Gandhi	125000	125000	-	-	125000	2.19
4	Prashant Shah	125000	125000	-	-	125000	2.19
5	Dipti Doshi	100000	100000	-	-	100000	1.75
6	Krupali Doshi	15000	15000	-	-	15000	0.26
7	Dinesh/Smita Modi	50000	50000	-	-	50000	0.88
8	Jayantilal G. Dave	50000	50000	-	-	50000	0.88
9	Sheetal Dave	50000	50000	-	-	50000	0.88
10	Sureena Sharma	50000	50000	-	-	50000	0.88
11	Dinesh Bhatt	50000	50000	-	-	50000	0.88
12	Jayantilal M. Dave	50000	50000	-	-	50000	0.88
13	Rohit Mehta (HUF)	50000	50000	-	-	50000	0.18
14	Mohammed Hussain	5000	5000	-	-	5000	0.09
15	Ajanta Charan	104356	104356	-	-	104356	1.83
16	Jinesh Meghani	5000	5000	-	-	5000	0.09
	Total	25,00,000	25,00,000				

RESOLVED FURTHER THAT the Fully Convertible Equity Share Warrants shall be issued by the Company on the following terms and conditions:

- i) An amount equivalent to 25% of the exercise price of the Equity Shares arising out of the Share Warrants shall be payable at the time of making the application for the Share Warrants, which will be kept by the Company as application money to be adjusted and appropriated against the price of the Equity Shares payable by the Share Warrant Holders at the time of exercising the option.
- ii) The option to acquire the 25,00,000 Equity Shares shall be exercised by the Share Warrant Holders in one or more tranches within the period of 18 months from the date of allotment of the Share Warrants.

- iii) In the event the Share Warrant Holders do not exercise the option under the share warrants on or before the expiry of 18 months from the date of allotment of the Share Warrants, the Share Warrants shall lapse and the application money of 25% as indicated in point (i) above shall stand forfeited by the Company.
- iv) The Share Warrants and the Equity Shares arising from exercising the option under the Share Warrants shall be subject for a lock-in as prescribed under the SEBI Guidelines.
- v) The issue of the Share Warrants as well as the Equity Shares arising from exercising the option under the Share Warrants in the manner aforesaid shall be governed by the respective provisions of the Companies Act, 1956, the Memorandum and Articles of Association of the Company and also the Guidelines issued by SEBI or any other authority as the case may be, or any modification thereof.
- vi) The Equity Shares to be issued and allotted as a consequence of exercise of the option under the Share Warrants in the manner aforesaid shall rank pari passu in all respects including dividend with the existing Equity Shares of the Company.
- vii) In the event of the Company making a rights offer/ bonus issue by issue of new Equity Shares prior to the allotment of the Equity Shares resulting from the exercise of the option under the Share Warrants, the entitlement to the Equity Shares under the Share Warrants shall stand increased in the same proportion as that of the rights offer/ bonus issue and such additional Equity Shares will be offered to the Share Warrant Holders at the same price at which the existing Shareholders are offered the Equity Shares.

RESOLVED FURTHER THAT the relevant date for the purpose of pricing of the Equity Shares resulting from the exercise of the option under the Share Warrants, shall be the date 30 days prior to the date on which the meeting of the General Body of Shareholders is held in terms of section 81 of the Act to consider the proposed issue i.e. 25th August 2010

RESOLVED FURTHER THAT the Board be and is hereby authorized to create, issue and/or allot 25,00,000 Equity Shares upon conversion of the Share Warrants to the Promoters and other investor on the terms and conditions mentioned above.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorised to do and/or ratify all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable as may be required in connection with the creation, offer, issue and allotment of the securities, to settle any question, difficulty or doubt that may arise in this regard, to seek listing of the Equity Shares arising out of the conversion and to do all such other acts, deeds, matters and things and to finalise and execute all such deeds, documents and writings as may be necessary, desirable or expedient as the Board may deem fit.

RESOLVED FURTHER THAT the Board be and is hereby authorized to make on its own accord or to accept such amendments, modifications, variations and alterations as the Government of India/ SEBI/ or any other regulatory authority may stipulate in that behalf."

Date: 14th August 2010
Place : Mumbai

By the order of the Board,

Regd. Office :
41, Mid town, S. V. Road,
Borivali (West),
Mumbai - 400 092.

Dinesh Khimavat
Chairman & Managing Director

- 1 A MEMBER ENTITLED TO ATTEND AND VOTE AT THE GENERAL MEETING IS ENTITLED TO APPOINT A PROXY, WHO NEED NOT BE A MEMBER, TO ATTEND AND VOTE ON BEHALF OF HIMSELF/HERSELF. The instruments appointing the Proxy should be deposited at the Registered Office of the Company not less than 48 (forty eight) hours before the commencement of the Meeting.
- 2 An explanatory statement pursuant to Section 173(2) of the Companies Act, 1956, relating to special business to be transacted at the meeting 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 Wednesday, 15th September, 2010 to Friday, 24th September 2010. (Both days inclusive).
- 5 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 2010, 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. Link Intime Spectrum Registry Ltd., C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (W), Mumbai-400 078 up to the date of book closure.
- 6 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.

7 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.

8 Appointment/Re-appointment of Directors:

Pursuant to Clause 49 (IV) (G) of the Listing Agreement relating to Corporate Governance, the brief profile of the Directors is given below:

1. Name	: Mr. Praveen Kumar Gupta
Date of Birth	: 30-05-1960
Qualification & Expertise	: Graduate in Law
Other Details	: In his 7 years of Government service, he worked in various capacities at Indian Trade Service under the Ministry of Commerce, Government of India and implemented the Export and Import policies of Government. During 1993-2001, he worked as CEO with Vijay Silk House Group, an Export House with an Export sales over Rs. 100 Crores. He is well known Management consultant and on the roll of Bar Council of Maharashtra and Goa since 2002.

No. of Equity shares held	: NIL
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2. Name	: Mr. Shailesh Parekh
Date of Birth	: 26 th June 1959
Qualification & Expertise	: Chartered Accountant
Other Details	: Mr. Shailesh Parekh has rich experience in the field of accounts, finance and taxation and is associated with the Company from 27 th June 2009

No. of Equity shares held	: NIL
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By the order of the Board,

Date: 14th August 2010
Place : Mumbai

Dinesh Khimavat
Chairman & Managing Director

Regd. Office :
41, Mid town, S. V. Road,
Borivali (West),
Mumbai - 400 092.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956:

Item No. 5 & 6:

The Authorised Share Capital of the Company presently stands at Rs.5,00,00,000/- (Rupees Five Crores Only) divided into 36,50,000 (Thirty-six Lacs Fifty Thousand) Equity Shares of Rs.10/- each (Rupees Ten Only) aggregating to Rs.3,65,00,000/- (Rupees Three Crores Sixty-five Lacs Only) and 13,50,000 (Thirteen Lacs Fifty Thousand) 6% Cumulative Redeemable Preference Shares of Rs.10/- each (Rupees Ten Only) aggregating to Rs.1,35,00,000/- (Rupees One Crore Thirty-five Lacs Only). The Company proposes to issue 25,00,000 Equity Share Warrants on preferential basis to promoters and Independent Investors which will benefit the Company to enhance the equity base of the Company for working capital requirements. Due to the issue of Equity Share Warrants, the paid-up capital will increase beyond the present Authorised Share Capital of the Company. To enable the Company to issue Equity Share Warrants and considering the expanding business of the Company, it is proposed to increase the Authorised capital of the Company from Rs.5,00,00,000/- (Rupees Five Crores Only) to Rs.8,00,00,000/- (Rupees Eight Crores Only) by further creation of 30,00,000 Equity Shares of Rs. 10/- each which shall rank pari-passu in all respects with the existing equity shares in the Company.

The proposed increase in the Authorised Share Capital of the Company requires the approval of the members in the General Meeting. Consequent to the increase in the Authorised capital of the Company, its Memorandum and Articles of Association will require alteration so as to reflect the increase in share capital. The Board recommends the resolutions to be passed.

None of the Directors has any interest in the resolution except as a member of the Company.

Item no. 7:

Section 81 of the Companies Act, 1956 provides inter alia, that when it is proposed to increase the issued capital of a company by allotment of further shares etc., such further shares shall be offered to the existing shareholders of the Company in the manner laid down in section 81 unless the shareholders in general meeting decide otherwise by passing a special resolution.

Hence, consent of shareholders by way of special resolution is being sought pursuant to the provisions of section 81 and all other applicable provisions of the Companies Act, 1956 and in terms of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 and the listing agreements executed by the Company with the Stock Exchange where the Company's shares are listed.

The Disclosure as required under "SEBI Guidelines for Preferential Issue" under SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 are as under:

a) Objects of the issue

The Chairman explained to the Board the need for the capital for meeting the working capital requirements of the Company. The Chairman then passed the resolution regarding the issue of 25,00,000 fully convertible Equity Share Warrants, subject to the approval of the members.

The Offer, issue and allotment of 25,00,000 Equity Warrants to the person(s) shall be completed within the prescribed period of 15 days from the date of passing of the special resolution in accordance with clause 24(a) of the Listing Agreement and the guidelines of the Securities & Exchange Board of India (SEBI) for preferential issue, being Chapter VII to the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 and amendments thereto or within such other time as may be permitted under the said guidelines. The said Equity Shares shall have face value and shall be subject to such terms and conditions, as are stated in the special resolution mentioned above.

A copy of the certificate of the Auditors of the Company certifying the adherence to SEBI's Guidelines for preferential issue being Chapter VII to the SEBI's (Issue of Capital and Disclosure Requirements) Regulations, 2009 by the proposed issue shall be laid before the shareholders at their proposed Annual General Meeting.

b) Intention of Promoters to subscribe to the offer

The Promoters of the Company have conveyed to the Company, their intention to subscribe to / acquire equity warrants of the Company on Preferential Allotment basis as proposed under Special Resolution at Item No. 5 above.

c) Shareholding Pattern before and after the Preferential Allotment

The shareholding pattern of the Company before and after the preferential issue, based on the shareholding as on 14th August 2010 i.e. the date of Notice is:

Sr. No.	Shareholding Pattern	Before Preferential Issue of Shares		After Preferential Issue of Shares	
		No. of Shares	% of Share holding	No. of Shares	% of Share holding
A	Promoter's Holding				
	- Indian Promoters - Foreign Promoters	15,09,822 -	47.03 -	2,970,466 -	52.02 -
	Sub Total (A)	15,09,822	47.03	2,970,466	52.02
B	Non-Promoter's Holding				
	1. Institutional Investors a. Mutual Funds and UTI b. Banks, Financial Institution, Insurance Companies (Central/ State Govt. Institutions/ Non Government Institutions) c. FIIs	Nil	Nil	Nil	Nil
	Sub Total (B)	Nil	Nil	Nil	Nil
C	2. Others				
	a. Private Corporate Bodies b. Indian Public c. NRI's / OCB's d. Any Other (Clearing Members)	1,58,250 14,77,625 24,271 40,132	4.93 46.03 0.76 1.25	1,58,250 14,77,625 24,271 40,132	2.77 44.08 0.43 0.70
	Sub Total (C)	1700278	52.97		47.98
	Grand Total (A+B+C)	3210100	100	5710100	100

Note : Assuming that warrant holders exercise their entitlement in full.