

# 17th Annual Report 2010-11



## **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 & Managing Director

Mr. Bharat H. Pipalia

- Whole-time Director

Mr. Ashok C. Khimavat

- Director

Mr. K. S. Raman

- Independent, Non Executive Director

Mr. Chetan Chunilal Doshi (w. e. f. 03.11.2010)

- Independent, Non Executive Additional  
Director

Mr. Shailesh Parekh

- Independent Director, Non Executive Director

**Auditors**

M/s. M.B. Ladha & Co.  
Chartered Accountants

**Bankers**

State Bank of India

**Website**

[www.kanchanappliances.com](http://www.kanchanappliances.com)

**Registered Office**

41, Mid Town,  
S. V. Road,  
Borivali (West),  
Mumbai 400092.

**Administrative Office**

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

**Manufacturing Facilities**

At Daman

**Unit I (Non Stick Cookware Division)**

22-E, GDDIDC, Somnath Road,  
Daman- 396210

**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 Spectrum Registry Ltd.  
C-13, Pannalal Silk Mills Compound,  
L.B.S. Marg, Bhandup (W),  
Mumbai-400 078.

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## **NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the 17<sup>th</sup> Annual General Meeting of the members of **KANCHAN INTERNATIONAL LIMITED** will be held on Thursday 24<sup>th</sup> November 2011 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 at 31<sup>st</sup> March 2011, Profit & Loss Account for the year ended as on that date and the Reports of Directors' and Auditors' thereon.
- 2) "RESOLVED THAT Mr. K. S. Raman, who retires by rotation at this meeting and though being eligible, does not offer himself for re-appointment and that the vacancy so created be not filled up and that the number of Directors be reduced accordingly."
- 3) To appoint M/s. M.B. Ladha & Co., 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:**

- 4) To consider and, if thought fit, to pass, with or without modifications(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT Mr. Chetan Doshi who was appointed as an Additional Director by the Board of Directors of the Company with effect from 3<sup>rd</sup> November 2010 under Section 260 of the Companies Act, 1956 (the Act) 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."

By the order of the Board,

Dinesh Khimavat  
Chairman & Managing Director

Date: 13<sup>th</sup> October 2011

Place: Mumbai

Registered Office:  
41, Mid Town,  
S. V. Road,  
Borivali (West),  
Mumbai 400092.

**NOTES:**

- 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 Thursday, 17<sup>th</sup> November 2011 to Thursday, 24<sup>th</sup> November 2011. (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 2011, 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. Linkintime 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 The Ministry of Corporate Affairs has taken a “Green Initiative in the Corporate Governance” by allowing paperless compliances by the Companies after considering Sections 2, 4, 5 and 81 of the Information Technology Act, 2000 for legal validity of compliances under Companies Act through electronic mode. Under the Information Technology Act, 2000, service of documents in electronic mode is permitted. Also the acceptable mode of service of documents under ‘Certificate of Posting’ has recently been discontinued by the Department of Posts.

The Ministry of Corporate Affairs has further clarified that a Company would have complied Section 53 of the Companies Act, 1956, if the service of the document has been made through electronic mode provided that the Company has obtained email addresses of its members for sending the notice/ documents through e-mail by giving an advance opportunity to every shareholders to register their email address and changes therein from time to time with the Company. In case where any member has not registered his email-address with the Company, the service of document etc will be affected by other modes of service as provided under Section 53 of the Companies Act, 1956. (Reference: Ministry of Corporate Affairs Circular no. 17/2011, dated April 21, 2011.)

Keeping in view of the theme underlying the circular issued by MCA, the Company shall send documents like notice calling for Annual General Meeting, Audited Accounts, Directors’ Report, Auditors’ Report, etc. from the year ended March 31, 2011 onwards and other communications, in electronic form, to e-mail addresses of those members which are available in the records of the Company and/or made available to us by the Depositories. In case you desire to receive the documents mentioned above in physical form or change or register email address, you are requested to send an e-mail to [kanchangogreen@linkintime.co.in](mailto:kanchangogreen@linkintime.co.in).

#### 9 Appointment of Director:

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. Chetan Doshi
Date of Birth:	12 <sup>th</sup> December 1964
Qualification & Expertise:	Chartered Accountant
Other Details	Mr. Chetan Doshi is a Chartered Accountant with on field experience of more than 21 years with expertise and vast knowledge in the field of Taxation, Auditing, financial management and corporate governance.
List of Directorship held in Other Companies:	Nil
Committee Membership in Other Companies:	Nil
No. of Equity shares held:	Nil
Relationship between Directors Inter-se:	None

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

Item no. 4:

Mr. Chetan Doshi was appointed by the Board of Directors in their meeting held on 3<sup>rd</sup> November 2010 as an Additional Director of the Company under Section 260 of the Companies Act, 1956. He holds office as Director only upto the date of 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. Chetan Doshi.

Mr. Chetan Doshi is qualified Chartered Accountant with on field experience of more than 21 years with expertise in the field of auditing, finance, taxation and corporate governance. The Board recommends his appointment as Director of the Company. Further, he was inducted as the member of Audit Committee w.e.f 3<sup>rd</sup> November 2010.

The Board recommends the resolution for passing by the members.

None of the Directors interested or concerned in this resolution except Mr. Chetan Doshi.

By the order of the Board,

Dinesh Khimavat  
Chairman & Managing Director  
Date: 13<sup>th</sup> October 2011  
Place: Mumbai

Registered Office  
41, Mid Town,  
S. V. Road,  
Borivali (West),  
Mumbai 400092.

## DIRECTORS' REPORT

To,  
The Members,  
KANCHAN INTERNATIONAL LIMITED

Your Directors present the 17<sup>th</sup> Annual Report together with the Audited statement of Accounts of the Company for the year ended 31<sup>st</sup> March 2011.

### 1) FINANCIAL RESULTS

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

(In Rs.)		
PARTICULARS	YEAR ENDED 31.03.2011	YEAR ENDED 31.03.2010
Total Income including Sales	472,199,134	383,719,038
Less: Expenditure (excluding Depreciation)	451,068,651	392,227,077
Profit/ (Loss) Before Depreciation and Taxation	21,130,483	(8,508,039)
Less: Depreciation	4,829,417	4,823,599
Less: Prior period items	32,304	9,000
Profit/ (Loss) before Taxation	16,268,763	(13,340,638)
Less: Provision for Taxation	22,290,812	(2,427,868)
Net Profit/ (Loss) after taxation	(6,022,049)	(10,912,770)
Balance Brought Forward from previous years	(64,558,854)	(53,646,084)
Surplus/ Deficit carried to Balance Sheet	(70,580,903)	(64,558,854)

### 2) REVIEW OF OPERATION:

During the year, the Company's sales has increased from Rs.370,361,340/- in previous year to Rs.441,914,389/- in current year. Though the expenditure of the Company has also increased from Rs.397,050,676/- in previous year to Rs.455,898,068/- in current year, the Company has registered profit before tax of Rs.162,68,763/-. However, the Company has incurred loss after tax of Rs.6,022,049/-. The Directors of the Company are hopeful of better performance in upcoming years.

### 3) DIVIDEND

In view of the losses, your Directors do not recommend any dividend for the financial year ended 2010-11.

### 4) ISSUE OF EQUITY WARRANTS:

Pursuant to approval of members in the 16<sup>th</sup> Annual General Meeting held on 24<sup>th</sup> September 2010, the Company has issued 25,00,000 Equity Warrants of Rs. 10/- each to Promoter and Independent Investors on Preferential Basis in their Board Meeting held on 14<sup>th</sup> August 2010. During the period under review, the Company has received Rs. 1,94,82,498/- towards preferential issue and the same has been utilized towards working capital requirements of the Company.

#### **5) DELISTING OF SECURITIES FROM ASE AND MSE:**

As decided by the Members in the 15<sup>th</sup> Annual General Meeting, your Company has completed all the procedure for delisting of the securities from the Madras as well as Ahmedabad Stock exchanges. However, formal letters of delisting of the securities from the said Stock exchanges are awaited.

#### **6) SUBSIDIARY COMPANY AND CONSOLIDATED FINANCIAL STATEMENT:**

The accounts of the Subsidiary Company of the Company, viz. Kanchan International Middle East F.Z.E for the year ended 31<sup>st</sup> March 2011 along with statement required by Section 221 (1) (e) of the Companies Act 1956 are annexed. Pursuant to Listing Agreement, the Consolidated Financial Statement of the Company alongwith its Subsidiary also forms part of Annual Report.

The Government of Ajman (UAE) has not prescribed any format for preparation of accounts of the Company. But the Company had prepared the accounts as per the provisions of Companies Act, 1956 and other provisions of applicable Accounting Standards. The same has been annexed herewith the report.

#### **7) FIXED DEPOSITS:**

The Company has not accepted any Deposits under Section 58A of the Companies Act, 1956 during the year under review.

#### **8) DIRECTORS:**

The Board of Directors of a Company provides leadership and strategic guidance, objective judgment, independent of management to the Company and exercise control over the Company, while remaining at all times accountable to the shareholders.

During the year, Mr. Chetan Doshi was appointed as an Additional Director of the Company on 3<sup>rd</sup> November 2010. Mr. Doshi is a qualified Chartered Accountant with expertise in the field on auditing, taxation, finance and corporate governance for more than 21 years. His tenure as an Additional Director comes to an end in the ensuing Annual General Meeting Your Directors recommends his appointment as a Director of the Company.

In accordance with the provision of the Companies Act, 1956 and the Articles of Association of the Company, Mr. K.S. Raman retires by rotation at the ensuing Annual General Meeting. However, he has not offered himself for re-appointment and the Board has decided not to fill up his place. Accordingly, the number of Directors shall stand reduced. The brief profile of Director to be appointed forms a part of Notice of this Annual Report as stipulated under Clause 49 of the Listing Agreement entered into with the Stock Exchanges.

#### **9) CORPORATE GOVERNANCE:**

Your Company is committed to maintain the highest standard of Corporate Governance and adhere to the requirements set out by SEBI. With a view to strengthening the Corporate Governance framework, the Ministry of Corporate Affairs has issued a set of Voluntary Guidelines in December 2009 for adoption by the Companies. Your Company already complies with certain provisions of these Voluntary Guidelines and has initiated appropriate action to comply with other requirements.



The Report on Corporate Governance as stipulated under Clause 49 of the Listing Agreement, including the shareholder's information and auditors' certificate on its compliance, forms a part of this Annual Report.

#### **10) DEPOSITORIES:**

The Company is registered both with the National Securities Depository Limited and Central Depository (Services) limited. The shareholders can take advantage of holding their scripts in dematerialized mode.

#### **11) INSURANCE:**

All the assets of the Company wherever necessary and to the extent required have been insured.

#### **12) DIRECTOR RESPONSIBILITY STATEMENT:**

In Compliance to the requirements of Section 217 (2AA) of the Companies Act 1956, your Directors confirm that:

- a) the Company has followed the applicable accounting 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 of the Company for the year under review.
- c) the Directors 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.

#### **13) AUDITORS AND AUDITORS' REPORT:**

M/s. M.B. Ladha & Co., Chartered Accountants, retire as Statutory Auditors of the Company at the conclusion of the ensuing Annual General Meeting and have confirmed their eligibility and willingness to accept the office of the Auditors, if reappointed. The retiring Auditors have furnished a Certificate of their eligibility for re-appointment under section 224(1-B) of the Companies Act, 1956. Your Directors recommend appointing M/s. M.B. Ladha & Co., Chartered Accountants as Statutory Auditors of the Company from the conclusion of this Annual General Meeting till the conclusion of next Annual General Meeting.

With reference to the Auditors' Observations in the Auditors' Report & Corporate Governance Certificate, your Director's have to state as under:

- The Company being a small company and involved in few transactions, decided to provide retirement benefits and leave encashment on accrual basis. However, the management is exploring possibility to appoint recognized institution such as LIC for availing services of retirement benefit offered by LIC.
- Due to urgency in finalizing accounts, the Company could not send letters to the said parties. However, management does not expect any material changes

**14) COMPLIANCE CERTIFICATE:**

The Company is required to obtain compliance certificate from the Practicing Company Secretary as provided under section 383A (1) of the Companies Act, 1956. Accordingly the Company has appointed M/s. Hemanshu Kapadia & Associates, Practicing Company Secretary to issue compliance certificate and his certificate is attached herewith.

**15) MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT:**

Management's discussion and analysis report for the year under review, as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges in India, is presented in separate Section forming part of the Annual Report.

**16) CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUTGO:**

The particulars pursuant to requirements under Section 217(1) (e) of the Companies Act 1956 read with the Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988 is given in the annexure of the report.

**17) PARTICULARS OF EMPLOYEES:**

The Ministry of Corporate Affairs has notified Companies (Particulars of Employees) Amendment Rules, 2011 vide GSR 289 (E) dated 31.03.2011 raising the limit of employee's salary to be disclosed in the Directors Report. The employee's salary limit has been raised from Rupees Twenty-four Lakhs per financial year or Rupees Two Lakhs per month to Rupees Sixty Lakhs per financial year or Rupees Five Lakhs per month.

As on date, none of the employees of the Company fall within the purview of the provisions of section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and Companies (Particulars of Employees) Amendment Rules, 2011. Therefore the statement for the same is not attached.

**18) INTERNAL AUDITOR:**

The Company has appointed Mr. Anil Jain, Chartered Accountant as Internal Auditor of the Company in the Board Meeting held on 10<sup>th</sup> February 2011 to strengthen the internal audit and control systems

During the year under review, the management has considered recommendations made by the Internal Auditor. The Audit committee members reviewed and discussed in detail the scope of audit and audit schedule. Your Company is and shall be immensely benefited from his appointment.

**19) APPRECIATION:**

The Board of Directors expresses 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,  
Dinesh Khimavat  
Chairman & Managing Director

Date: 13<sup>th</sup> October 2011

Place: Mumbai