

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

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 17th Annual General Meeting of the members of **KANCHAN INTERNATIONAL LIMITED** will be held on Thursday 24th 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 31st 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 3rd 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: 13th 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, 17th November 2011 to Thursday, 24th 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.

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 th 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 3rd 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 3rd 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: 13th 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 17th Annual Report together with the Audited statement of Accounts of the Company for the year ended 31st March 2011.

1) FINANCIAL RESULTS

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

PARTICULARS	(In Rs.)	
	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 16th Annual General Meeting held on 24th 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 14th 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 15th 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 31st 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 3rd 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 10th 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: 13th October 2011

Place: Mumbai

ANNEXURE TO THE DIRECTOR'S REPORT

Disclosure under the companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988

1. A. CONSERVATION OF ENERGY;

(a) Energy conservation measures taken by the Company:

- (i) The Company has been taking continuous steps to conserve the energy and minimize energy cost at all levels as per the past experience.
- (ii) Monitoring the overall energy consumption, by reducing losses and improving efficiency.
- (iii) Maximum demand of electricity is being reduced by evenly distributing the loads throughout the day and increasing efficiency of plants and machineries.
- (iv) Energy audit has been carried out by outside consultants and their suggestions are being implemented by the Company.

(b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy:

The Company takes necessary steps for investments in energy saving devices from time to time.

(c) Impact of measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of goods:

- (i) However, per unit Energy consumption has increased from Rs.4.027 to Rs.5.131 due to increase in rate of fuel and per unit electricity cost.
- (ii) Rejection has gone down substantially due to improvement in quality of products.

B. TECHNOLOGY ABSORPTION;

Disclosure of particulars with respect to Technology Absorption as per Form B

FORM - B

1. Research and Development (R & D):

(i) Specific area in which R & D carried out by the Company:

The Company is developing and introducing various new sizes, designs and pattern of household utensils under its continuous R & D programs as per changing market needs.

(ii) Benefit derived as a result of the above R & D:

- (a) The quality of products of the company has improved and showed marked improvement in its desired properties.
- (b) The R & D activities resulted into development of new designs and products and also acceptability of the products in the market.

(iii) Future plan of Action:

- (a) Continuation of the measures already initiated by the company.
- (b) Introduction of more process control and detailed quality control as well as cost reduction techniques.
- (c) Development of new value added products
- (d) Technology up gradation and modernization.

(iv) Expenditure on R & D:

The Company does not account for R&D expenses separately but treat them as revenue expenses and accounts in respective head of revenue accounts. There was no capital expenditure incurred on imported technology during the year.

2. Efforts in brief made towards technology absorption, adaptation and innovation:

(i) The Company has been developing in house modification/improvement in process technology in its various manufacturing Sections, which when and if found suitable have been integrated in the manufacturing process.

(ii) These have been resulted in improving efficiency, quality & design of the Company's products.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

The information of foreign exchange earning & outgo is as follows.

(Rs. In Lacs)			
Sr. No.	Particulars	2010-11	2009-2010
A	Foreign Exchange Earnings: FOB Value of Exports	514.14	468.00
B	Foreign Exchange Outgo: C.I.F. Value of Imports	29.50	64.49
C	Foreign Traveling Expenses	0.06	4.39
D	Bank Charges & Commission	0.89	0.09

The Company is taking efforts to increase the exports

For and on behalf of the Board,

Dinesh Khimavat

Chairman & Managing Director
Date: 13th October 2011

Place: Mumbai

HEMANSHU KAPADIA & ASSOCIATES

COMPANY SECRETARIES

Office No. 12, 14th Floor, Navjivan Society, Building No.3

Lamington Road, Mumbai -400 008

Tel 6631 0888, Telefax 6631 4830

E-mail: hemanshu@hkacs.com

COMPLIANCE CERTIFICATE

CIN of the Company: L29301MH1994PLC078695

Nominal Capital: Rs.80,000,000/-

To,
The Members,
Kanchan International Limited
41, Mid Town, S.V.Road,
Borivali (W), Mumbai – 400 092.

We have examined the registers, records, books and papers of Kanchan International Limited as required to be maintained under the Companies Act, 1956 ("the Act"), and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended 31st March 2011. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents, we certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions of the Act and the rules made thereunder and all entries therein have been duly recorded.
2. The Company has filed the forms and returns as stated in the Annexure 'B' to this certificate, with the Registrar of Companies within the time prescribed/with additional fees under the Act and Rules made thereunder. However, no forms or returns were filed with the Regional Director, Central Government, Company Law Board or other authorities.
3. The Company being Public Limited Company, comments are not required with reference to maximum no. of members, invitation to public to subscribe for its shares or debentures and acceptance of deposits from persons other than its members, directors or their relatives.
4. The Board of Directors met six (6) times during the year i.e. on 29th April 2010, 15th May 2010, 14th August 2010, 22nd September 2010, 10th November 2010 and 10th February 2011 respectively and in respect of which meetings proper notices were given and the proceedings including circular resolutions were recorded in the Minutes Book maintained for the purpose.
5. The Company has closed its Register of Members from Wednesday, 15th September 2010 to Friday, 24th September 2010 and necessary compliance of Section 154 of the Act has been made.
6. The Annual General Meeting for the financial year ended 31st March 2010 was held on 24th September 2010, after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No Extra-Ordinary General Meeting was held during the financial year.

KANCHAN INTERNATIONAL LIMITED

8. The Company has not advanced any loans to Directors or persons or firms or Companies referred to under in the Section 295 of the Act during the financial year under review.
9. The Company has entered into contracts falling within the preview of Section 297 at prevailing market rate. *However, the Company has not obtained any approval for the same.*
10. The Company has made necessary entries in the register maintained under Section 301 of the Act.
11. As there were no instances of falling within the purview of Section 314 of the Act, the Company was not required to obtain any approval from Board of Directors or Members of the Company or Central Government u/s 314 of the Act.
12. The Board of Directors has approved the issue of duplicate share certificates during the financial year.
13. (i) The Company has delivered all the warrant certificates on allotment of 25 Lacs Equity Share Warrant on preferential basis and on lodgment of transfer in accordance with the provisions of the Act *except few instances.*
(ii) The Company has not deposited any amount in a separate Bank Account as no dividend was declared during the financial year under review.
(iii) The Company was not required to post warrants to any member of the Company as no dividend was declared during the financial year under review.
(iv) The Company was not required to transfer any amounts to Investors Education and Protection Fund, as there was no unpaid dividend account, application money due for refund, mature deposits, mature debentures and interest accrued thereon.
(v) The Company has complied with the requirements of Section 217 of the Act.
14. The Board of Directors of the Company is duly constituted. There was appointment of an Additional Director during the year which was duly made in accordance with the Act. There was no appointment of Alternate Directors and Directors to fill casual vacancy during the financial year.
15. The Company has not appointed any Managing Director/Whole-time Director/Manager during the financial year.
16. The Company has not appointed any sole-selling agents during the financial year.
17. *The Company has not obtained approval from Central Government with respect to contracts falling under the purview of Section 297 of the Act.* The Company was not required to obtain any approval from Company Law Board, Regional Director and/or such other authorities as prescribed under the various provisions of the Act during the financial year.
18. The Directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder *except one Director from whom the disclosure is awaited.*
19. The Company has issued 25 Lacs Equity Share Warrants during the financial year and complied with the provisions of the Act.

20. The Company has not bought back any shares during the financial year.
21. There was no redemption of Preference Shares or Debentures during the financial year under review.
22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of Shares.
23. The Company has not invited/ accepted any deposits including any unsecured loans falling within the purview of Section 58A during the financial year.
24. The amount borrowed by the Company from bank during the financial year ending 31/03/2011 is within the borrowing limits of the Company and that necessary resolutions as per section 293(1)(d) of the Act have been passed through Postal Ballot Process.
25. The Company has not made any loans or advances or given guarantees or provided securities to other bodies corporate and consequently no entries have been made in the register kept for the purpose, during the financial year.
26. The Company has not altered the provisions of the Memorandum of Association with respect to situation of the Company's Registered Office from one State to another during the year under scrutiny. However, the Company has shifted its Registered Office within the city limits in the Board Meeting held on 14th August 2010.
27. The Company has not altered the provisions of the Memorandum of Association with respect to the objects of the Company during the year under scrutiny.
28. The Company has not altered the provisions of the Memorandum of Association with respect to name of the Company during the year under scrutiny.
29. The Company has altered the provisions of the Memorandum with respect to Share Capital of the Company during the year under scrutiny and complied with the provisions of the Act.
30. The Company has altered its Articles of Association after obtaining approval of members in the Annual General Meeting held on 24th September 2010 and the amendments to the Articles of Association have been duly filed with the Registrar of Companies.
31. There was no prosecution initiated against or show cause notices received by the Company and no fines or penalties or any other punishment was imposed on the Company during the financial year, for offences under the Act.
32. The Company has not received any money as security deposit from its employees during the year.
33. The Company has not constituted a separate provident fund trust for its employees or class of its employees as contemplated under Section 418 of the Act.

For Hemanshu Kapadia & Associates,
Hemanshu Kapadia
Proprietor
C.P. No. 2285

Date: 13th October 2011
Place: Mumbai

Annexure A

Registers as maintained by the Company

Statutory Registers

1. Register of Charges u/s 143
2. Register of Members and Transfers u/s 150
3. Register of Contracts u/s 301.
4. Register of Directors, Managing Director, Manager and Secretary u/s 303.
5. Register of Directors Shareholding u/s 307.
6. Minutes Book of General Meeting u/s 193.
7. Minutes Book of Board Meeting u/s 193.
8. Register of Application & Allotment u/s 75.
9. Books of Accounts u/s 209.
10. Registers and Returns u/s 163.

Other Registers

1. Register of Directors' Attendance.
2. Register of Shareholders Attendance.
3. Register of Proxies.
4. Register of Fixed Assets

Note: The Company has not maintained the following registers as it was informed that there were no entries / transactions to be recorded therein:

1. Register of Debenture holders u/s 152
2. Register of Deposits under Rule 7 of the Companies (Acceptance of Deposits) Rules, 1975
3. Register of Securities Bought Back u/s 77A
4. Foreign Registers of Members or Debenture holders u/s 157

Annexure B

Forms and Returns filed by the Company with Registrar of Companies during the financial year ending 31st March 2011.

Sr. No	Form No./ Return	Filed under section	For	Date of filing/ (SRN)	Whether filed within prescribed time Yes/ No	If delay in filing whether requisite additional fee paid Yes/ No
1.	Form No.20B (Annual Return)	159(1)	A.G.M. held on 24/09/10	23/11/2010	Yes	-----
2.	Form No. 23AC, 23ACA (Annual Report)	220	For the FY ending 31/03/10	22/10/2010	Yes	-----
3.	Form No. 66	383(A)	Compliance Certificate for the FY ending 31/03/2010	08/10/2010	Yes	-----
4.	Form No. 32	303(2) 264(2)	Particulars of Regularizing the Appointment of Director	22/10/2010	Yes	-----
5.	Form no. 32	303(2) 264(2)	Particulars of Appointment of Company Secretary	21/12/2010	No	Yes
6.	Form 5	95 97	Increase in Authorized Share Capital	22/10/2010	Yes	-----
7.	Form 23	192	Registration of Resolution and Agreement	22/10/2010	Yes	-----
8.	Form 62	192A read with 293(1)(d) & (a)	Form for submission of Documents with Registrar	17/02/2011	Yes	-----
9.	Form 18	146	Notice of change in situation of registered office	20/08/2010	Yes	-----

MANAGEMENT DISCUSSION & ANALYSIS

1 INDUSTRY STRUCTURE & DEVELOPMENTS

The home appliances industry is governed by intense competition. Increase in cost of fuel & electricity and inputs required for production of home appliances add to the cost of the products. However, your Company continues to focus on producing new products of high quality of different price range, penetration in rural markets, exploring global markets, improvement in sales strategy and in turn building brand image leading to the path of profitability. Reduction in excise duty on pressure cooker, brand building and electrification of rural markets shall lead to better performance in upcoming years.

2 OPPORTUNITIES & THREATS

Opportunities

- Strong Brand.
- Strong distribution network
- Global presence
- Established leadership position in home appliance segment.
- The implementation of VAT should help to remove the disadvantage due to activities of unorganized sector.
- Rise in purchasing power of people

Threats

- Cheap imports from China and Far East
- Uncertain Monsoon
- A large number of players in the unorganized sector enjoy price advantage either due to tax concessions or SSI status.

3 RISK & CONCERNS

Penetration in rural markets

The industry fortunes are linked to the rural income, which is depending to some extent on agricultural production, government off take and monsoon in the country.

Globally competitive market:

The Indian Market is facing tuff competition from global markets including new entrants. Due to high technology support and Research and Development, Global competitors are able to produce innovative and value-for-money products. Indian appliance producers have failed to focus on harnessing the power of their brands in smaller town markets and lower price points. Small town customers today are equally bitten by the consumerism bug and global players have successfully banked on this opportunity to drive penetration of their products into these untapped areas.

The domestic, regional and global macroeconomic environment directly influences the demand of consumer durable products. Any economic slowdown can adversely impact demand supply dynamics and profitability of all industry players, including “Kanchan”.

However, the Company's operations have historically shown significant exposure to the resilience to the fluctuations of economic and industry cycles, with demand for most of its key products continue to grow at healthy rates even at times of an overall economic slowdown.

Kanchan has insured its assets and operations against a wide range of risks, as part of its overall risk management strategies. The export constitute a very small part of Company's sales and is also not dependant on global markets for imports and since Indian economy is not badly hit due to global slowdown, your company does not see any negative growth.

4 INTERNAL CONTROL SYSTEMS & THEIR ADEQUACY

We have always believed that transparency, systems and controls are important factors in the success and growth of any organization. Your Company has appointed Mr. Anil Jain as Internal Auditor of the Company. Mr. Anil Jain carries out the internal audit and internal control/systems on periodic basis, close monitoring thereof to strengthen and modify the same from time to time to meet the changing requirement of the Company. The deviation from the norms are first informed to the concerned operating person for corrective actions and in case of need, these are brought to the notice of the concerned head of the unit or the department, as the case may be. The Internal Auditor constantly looks into the areas where there is a possibility of saving in cost and submits his suggestions to the concerned operating departments. All major findings and suggestions are complied and reported to the Audit Committee of the Directors on a quarterly basis or earlier if so required. It operates at all the Plants at Daman and other business locations but centrally controlled from the corporate office at Mumbai. We believe that we have a sound internal control system in our Company.

5. DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE:

Management Discussion and analysis of the Company's operations and financial consolidation together with discussion on financial performance with respect to operational performance should be read with conjunction with the financial statements as given below:

FINANCIAL PERFORMANCE:

(Rs. in Lacs)

Financial Year Ended	2010-11	2009-10	2008-09	2007-08	2006-07
Sales	4419.14	3703.61	3466.43	2852.00	2814.32
Profit before depreciation, Interest & Tax (EBDIT)	469.73	170.93	242.21	(262.97)	(156.28)
Depreciation	48.29	48.24	45.08	44.92	42.81
Profit After Tax	(60.22)	(109.13)	3.59	(437.41)	(387.75)
Equity Share Capital	321.01	321.01	321.01	321.01	321.01
Reserves & Surplus	--	--	--	--	320.04
Net Worth (Equity +Resreves)	601.33	444.86	375.51	321.01	641.05
Earnings per Share (EPS)	(1.88)	(3.40)	0.11	(13.63)	(12.08)
Sales per Share (Rs.)	137.66	115.37	107.99	88.86	87.67

6 MATERIAL DEVELOPMENTS ON HUMAN RESOURCES / INDUSTRIAL RELATIONS

The biggest strength of the Company has always been its people. Only with their participation we have managed to achieve a healthy work culture, transparency in working, fair business practice and a passion for efficiency. The Company follows a unique, homegrown philosophy of allowing people to set their own targets and give them the freedom to achieve them: 'I can'. This philosophy has spread across all our

employees and has been a constant source of motivation for our people. Further, to enhance their skills and enrich their experience, the Company provides continuous training. This includes workshops, courses, seminars and visit to the Company's plants. Of late, we have also started in-house conferences for various disciplines. Employees from all our offices are invited to participate. It is a useful forum for sharing experiences, ideas, innovations and developmental work undertaken in their respective work places. From the beginning, we have followed a progressive policy of taking keen interest in the well-being and progress of our people. All of this, we believe, has nurtured a strong sense of belonging among our people.

7. CAUTIONARY STATEMENT

Statement in the Management discussion & analysis describing the Company's objectives, projections, estimates & exceptions may be "forward looking statements" within the meaning of applicable securities laws & regulations. Actual results could differ materially from those expressed or implied. Important factors that could make difference to the company's operations include economic conditions affecting demand/ supply and price conditions in the domestic & overseas markets in which the company operates changes in the Government regulations, tax laws & other statutes & other incidental factors.

8. FUTURE OUTLOOK:

Our focus, as in the past has always been to continuously strengthen our competitive position through aggressive test management, excellent operational efficiencies without sacrificing the long term growth of the potential of our business. We expect to deliver higher volume in all our businesses. We also expect the market to stabilize in the near future. We further expect that our intensified focus on cost control will yield result and that we derive additional benefit from our going programme to reduce our operating cost. We aim to complete our ongoing projects on or ahead of schedule and within budgets.

Despite negative market condition and extremely competitive market, we remain focused on our basic objectives of achieving a least cost position and developing low capital cost position and developing low capital cost projects. We have responded decisively to current market conditions and remain very well placed to prosper through the commodity cycle.

For and on behalf of the Board,

Dinesh Khimavat
Chairman & Managing Director

Date: 13th October 2011
Place: Mumbai

CORPORATE GOVERNANCE REPORT

Corporate Governance is the mechanism by which the values, principles, policies and procedures of the organization are inculcated and manifested. The essence of Corporate Governance lies in promoting and maintaining the principles of integrity, fairness, equity, transparency, accountability and commitment to values throughout the organisation.

Kanchan International Limited continues to focus on good Corporate Governance. Its primary objective is to achieve business excellence and to create and enhance value for its shareholders, customers, employees and other stakeholders.

Corporate Governance is an integral part of the philosophy of Kanchan International Limited in its pursuit of excellence, growth and value creation. In addition to complying with the statutory requirements, effective governance systems and practices towards improving transparency, disclosures, internal controls and promotion of ethics at work place have been institutionalized. Kanchan International Limited recognizes that good governance is a continuing exercise and reiterates its commitment to pursue highest standards of Corporate Governance in the overall interest of all its stakeholders.

Company's philosophy on Corporate Governance

The Company always strives to achieve optimum performance at all levels by adhering to corporate governance practices. Your Company's Philosophy is based on the following Principles:

- Management is the trustee of the Shareholders Capital and has the duty to maximize Shareholders Value,
- Have a single & transparent corporate structure driven solely by business needs.
- Be transparent with high degree of disclosure and adequate control system.
- Integrity & ethics in all our dealings.
- Make a clear distinction between Personnel conveniences & corporate resources.
- Monitoring of executive performance by the Board.
- Transparent and timely disclosure of financial and management information.

(A) MANDATORY REQUIREMENTS

1. BOARD OF DIRECTORS:

Your Company is managed and guided by the Board of Directors comprising of 6 Directors out of which 3 are Non- Executive, Independent Directors.

The details of Composition and Categories of Directors are given below:

Sr. No.	Name of the Director	Category	Directorship* and Chairmanship/Membership** of Board Committees in other public Limited Indian Companies		
			Director	Committee Member	Committee Chairman
1	Mr. Dinesh C. Khimavat	Promoter, Managing Director & Chairman	Nil	Nil	Nil
2	Mr. Bharat Pipalia	Whole-time Director	Nil	Nil	Nil
3	Mr. Ashok Khimavat	Promoter & Director & Executive Chairman	Nil	Nil	Nil
4	Mr. Chetan Chunilal Doshi (w.e.f. 3 rd November 2010)	Independent and Non-Executive Director	Nil	Nil	Nil
5	Mr. K.S. Raman	Independent and Non-Executive Director	Nil	Nil	Nil
6	Mr. Shailesh Parekh	Independent and Non-Executive Director	Nil	Nil	Nil

(*) Private Limited Companies, Foreign Companies, Companies under Section 25 of the Companies Act 1956 and Alternate Directorship are excluded for the above purpose

(**) This includes the Chairmanship/ Membership of Audit Committee, Shareholder/Investor Grievance Committee and Remuneration Committee of all public Limited Companies

Attendance of the Directors at the Board Meeting and last Annual General Meeting:

In the year 2010-2011, 6 (Six) Meetings of the Board were held on 29th April 2010, 15th May 2010, 14th August 2010, 22nd September 2010, 10th November 2010, 10th February 2011. The intervening period between two Board meetings was well within the maximum time gap of four months prescribed in Clause 49.

The details of attendance of each Director at the Board Meetings and last Annual General Meeting are as under:

Name of the Director	No. of Board Meeting attended	Attendance last AGM held on 24 th September 2010
Mr. Dinesh Khimavat	6	Yes
Mr. Bharat Pipaliya	6	Yes
Mr. Ashok Khimavat	-	Yes
Mr. Chetan Doshi (w.e.f. 3 rd November 2010)	2	No
Mr. K. S. Raman	6	No
Mr. Shailesh Parekh	6	Yes
Mr. Praveen Gupta (up to 22 nd September 2010)	-	No

2. AUDIT COMMITTEE:

Terms of Reference of the Audit Committee as per Section 292A of the Companies Act 1956 and the guidelines set out in the listing agreement with the Stock Exchange inter alia includes a review of financial reporting process, draft financial statements and auditors' report (before submission to the Board), accounting policies & practices, internal controls and internal audit systems, risk management policies and practices, related party transactions, internal audit reports and adequacy of internal audit function.

During the year, four meetings were held on 15th May 2010, 14th August 2010, 10th November 2010 and 10th February 2011. Mr. Shailesh Parekh is the Chairman of the Committee & Mr. Dinesh Khimavat, Mr.K.S.Raman, Mr. Praveen Gupta (upto 22nd September 2010) & Mr. Chetan Doshi (w.e.f 3rd November 2010) are other Members of the Committee. Mr. Tarun Chaturvedi is the Secretary of the Committee. The Members of the Committee have knowledge of various fields and are financially literate.

The Constitution of the Committee and the attendance of each member of the Committee are given below:

Name	Designation	Executive/ Independent Director	Committee Meeting Attended
Mr. Shailesh Parekh	Chairman	Independent Director	4
Mr. Dinesh Khimavat	Member	Managing Director	4
Mr. K.S.Raman	Member	Independent Director	4
Mr. Chetan Doshi (w.e.f. 3 rd November 2010)	Member	Independent Director	1
Mr. Praveen Gupta (upto 22 nd September 2010)	Member	Independent Director	-

3. INVESTOR GRIEVANCE CUM SHARE TRANSFER COMMITTEE:

The Investor Grievance Committee specifically monitors expeditious redressal of Shareholders & Investor Complaints received from Stock Exchanges, SEBI, ROC, etc. relating to transfer/transmission of shares, non- receipt of Dividends, non-receipt of annual reports, dematerialization of shares and other investor related matter. The Committee also monitors transfer and transmission of shares and split and consolidation of share certificates

During the year, four meetings were held on on 15th May 2010, 14th August 2010, 10th November 2010 and 10th February 2011. Mr. Shailesh Parekh is the Chairman of the Committee & Mr. Bharat Pipalia & Mr. Dinesh Khimavat are other Members of the Committee. Mr. Tarun Chaturvedi is the Secretary of the Committee.

The Constitution of the Committee and the attendance of each member of the Committee are given below:

Name	Designation	Executive/ Independent Director	Committee meeting Attended
Mr. Shailesh Parekh	Chairman	Independent Director	4
Mr. Bharat Pipalia	Member	Whole-time Director	4
Mr. Dinesh Khimavat	Member	Managing Director	4

During the year the company had received 8 complaints from the shareholders and the same were resolved.

4. REMUNERATION COMMITTEE (NON-MANDATORY):

The Constitution of the Remuneration committee was as under:

Name	Designation	Designation
Mr. Shailesh Parekh	Chairman	Independent Director
Mr. Praveen Kumar Gupta (upto 22 nd September 2010)	Member	Independent Director
Mr. K S Raman (upto 10 th November 2010)	Member	Independent Director
Mr. Chetan Doshi (w.e.f. 10 th November 2010)	Member	Independent Director

During the year, the Remuneration Committee was not required to meet.

The details of remuneration paid to Executive Directors during the financial year 2010- 2011 are given below:

Particulars	Mr. Dinesh Khimavat Managing Director Remuneration per month	Mr. Bharat Pipalia Whole-time Director Remuneration per month
Basic Salary (Rs.)	1,00,000	50,000
Commission @ 5% of net profit	Nil	Nil
Total (Rs.)	1,00,000	50,000

Details of shares of the Company held by the Executive Directors as on 31st March 2011 are as follows:

Name	No. of shares held in the Company	% to the total capital
Mr Dinesh Khimavat	98310	3.06
Mr. Bharat Pipalia	4610	0.14

The Company has not paid any remuneration or sitting fees to the Non-Executive Directors.

5. INFORMATION ON GENERAL BODY MEETINGS

1. Details of Annual General Meetings:

Location and Time of the Annual General Meeting for the Last three years are as under:

Year	Venue of the meeting	Date	Time	No. of Special resolutions passed
2007-2008	Hotel Gujarat Gaurav Inn, Western Express Highway, Next to Konkan Ratan Hotel, Dahisar (E), Mumbai 400 068	29 th September 2008	10.30 A.M.	0
2008 - 2009	Club Link, A & B 1064 2 nd Floor, Chincholi Bunder, Mald Link Road, Near Toyota Show Room, Malad (w), Mumbai 400 064	23 rd September 2009	11.00 A M	2
2009-2010	Ajanta Hall, Sumer Nagar, Adjacent To Flyover, S.V.Road, Borivali (W), Mumbai-400092.	24 th September 2010	11.00 A.M.	2

The following are the details of Special resolution passed during the previous three Annual General Meetings:

2008-09

- 1) Delisting of Securities from Ahmedabad Stock Exchange
- 2) Delisting of Securities from Madras Stock Exchange

2009-10

- 1) To alter Articles of Association due to increase the Authorised Share Capital of the Company.
- 2) To issue 25 Lac Warrants on Preferential basis to the Promoters and Independent investors.

2. Passing of Resolution by Postal Ballot

In the meeting of the Board of Directors held on 10th February 2011, it was unanimously approved by the Board to conduct a Postal Ballot to seek approval of the shareholders under Section 293(1)(d) and 293(1)(a) of the Companies Act, 1956 for increasing the borrowings limit of the Company to Rs. 100 crores and authorizing the Board to create charge/mortgage lease on Company's property respectively. The Postal Ballot notice along with Postal Ballot form was duly sent to all the Shareholders of the Company. Mr. Ravindra Champavat, Chartered Accountant was appointed as a Scrutinizer and submitted his report at the meeting held on 21st March 2011.

The Result of the voting conducted through Postal Ballot in this regard is as under:

Particulars	No. of Forms	No. of Shares	% of Total votes
Total postal ballot forms received	54	15,37,054	
Less: Invalid Postal forms (as per register)	-	-	
Net Valid Postal Ballot Forms (as per	54	15,37,054	100.00

register)			
Postal Ballot Forms with Assent for the Resolution	43	15,24,303	99.17
Postal Ballot Forms with Dissent for the Resolution	11	12,750	0.83

Based on the report, Mr. Dinesh Khimavat, the Chairman & Managing Director of the Company announced the result of Postal Ballot on 22nd March 2011 declaring that the votes cast by the Members in favour of the resolution represent more the total number of votes cast against resolution. Thus the resolution was passed with requisite majority.

As on date, no special resolution is proposed to be conducted through postal ballot.

6. DISCLOSURES:

i) Disclosure by the Management to the Board on materially significant related party transactions that may have potential conflict with the interests of the company at large:

All disclosures relating to financial and commercial transactions where Directors may have a pecuniary interest are provided to the Board and the interested Directors did not participate in the discussion nor voted on such matters. The same are also entered in the Register maintained under Section 301 of the Companies Act.

ii) Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets, during the last three years:

There were no instances of penalties, strictures imposed on the Company by stock exchanges, SEBI, or any statutory authority, on any matter related to the capital markets during last 3 years.

iii) Whistle blower policy and affirmation that no personnel have denied access to the audit committee

The Board of Directors affirms and confirms that no personnel have been denied access to the Audit Committee. However, a formal Whistle Blower policy is not in place.

iv) Details of compliance with mandatory requirements and adoption of the non-mandatory requirements of clause 49

The Company has duly complied with the mandatory requirements of the Clause 49 and as required by Clause 49 of the Listing Agreement, the Auditors Certificate on Corporate Governance is given as Annexure 3.

7. MEANS OF COMMUNICATION:

Quarterly results:

The quarterly results, half yearly and annual results of the company are regularly sent to Bombay Stock exchange where the Company's shares are listed, as soon as the same are approved and taken on record by the Board of Directors of the Company.

Print:

The Company publishes un-audited quarterly accounts and half-yearly accounts along with Statement of Assets & Liabilities and audited annual financial results generally in Free Press Journal and Navshakti (Regional Language), Mumbai. Besides, notice of the Board Meetings for the adoption of the aforesaid results is also published in the same newspaper.

8. GENERAL SHAREHOLDERS INFORMATION:

1	Date, Time and Venue of Annual General Meeting	24 th day of November 2011 at 11.00 am at Ajanta Hall, Sumer Nagar, Adjacent to Flyover, S. V. Road, Borivali (W), Mumbai - 400 092
2	Financial Year and Financial Calendar (tentative and subject to change)	April 2011 - March 2012 First Quarter Results - End of July/mid August, 2011 Second Quarter Results - End of October/mid November, 2011 Third Quarter Results - End of January/mid February, 2012 Fourth Quarter & Year ending Results - End of April/mid May 2012 Annual General Meeting - August/ Sept., 2012
3	Dates of Book Closure	Thursday, 17 th November 2011 to Thursday, 24 th November 2011 (Both days inclusive)
4	Dividend Payment	Company has not paid any Dividend for the said year.
5	Listed on Stock Exchanges at	Bombay Stock Exchange (BSE) Exchange Code : 530165
6	Listing Fee	The Company has paid the Listing Fee for the financial year 2010-2011 into the aforesaid Stock Exchange.
7	ISIN Number for NSDL & CDSL	INE924C01019 The annual Custodian Fees for the Financial year 2010-11 have been paid to National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).
8	Corporate Identity Number (CIN)	CIN, allotted by the Ministry of Corporate Affairs, Government of India is L29301MH1994PLC078695, and Company Registration Number is 078695. The Company is registered at the State of Maharashtra, India.
9	Registrar & Share Transfer Agent	Link Intime India Pvt. Ltd C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup, Mumbai 400 078 Tel No. 25963838 Contact Person : Mr. Manohar
10	Stock Market Data	As Annexure A

11	Share Transfer System: Transfer of Shares in physical form are effected and share certificates are dispatched within an average period of 15-20 days from the date of the receipt of request, provided the relevant documents are complete in all respects. With a view to expedite the process of Share Transfers, committee of the Company have been severally authorised to approve the valid applications for transfer, which have been duly processed and scrutinized by the Registrar & Share Transfer Agent. The said officers of the Company attend to the Share Transfer activities atleast once in fortnights.												
12	ECS Mandate: Under ECS, shareholders get an option to receive dividend directly into their bank accounts rather than receiving the same through dividend warrants. Shareholders holding shares in physical form, who would like to avail of this facility, are requested to send the ECS mandate to the Company's RTA. Shareholders holding shares in electronic form (demat form) are requested to give the ECS mandate to their Depository Participants directly.												
13	Distribution of Shareholdings & Shareholder Pattern as on 31st March 2011: Annexure – B is attached												
14	Dematerialization of Shares & Liquidity as on 31 March 2011 <table><tr><td>Physical Form</td><td colspan="2">Demat Form</td></tr><tr><td rowspan="3">313080</td><td colspan="2">2897020</td></tr><tr><td>NSDL</td><td>CDSL</td></tr><tr><td>2046273</td><td>850747</td></tr></table>			Physical Form	Demat Form		313080	2897020		NSDL	CDSL	2046273	850747
Physical Form	Demat Form												
313080	2897020												
	NSDL	CDSL											
	2046273	850747											
15	Nomination Facility: Pursuant to the provisions of Section 109A of the Companies Act 1956, Shareholders are entitled to make nominations in respect of shares held by them. Shareholders holding shares in physical form & desirous of making nominations are requested to send their requests to the Company's RTA. Shareholders holding Shares in electronic form (demat form) are requested to give their nomination request to their respective Depository Participant directly.												
17	Plant Location: Unit 1: 22-E, GDDIDC, Somnath Road, Dabhel, Daman 396 210 Unit 2: 41/42, Somnath Road, Dabhel, Daman 396 210 Unit 3: 9/10, Somnath Road, Dabhel 396 210 Baddi Plant. 45/46, Fauji Complex, Sai Road, Baddi Solan (H.P)												
18	Shareholders/ Investors Correspondence: Share holders can address their Correspondence to the following: Link Intime India Pvt. Ltd C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup, Mumbai 400 078 Tel No. 25963838 Contact Person : Mr. Manohar Mr.Dinesh Khimavat, Chairman & Managing Director Kanchan International Limited, 28AB, Raju Industrial Estate, Penkar Pada Road, Near Dahisar Check Naka, P O Mira 401104. Thane Telephone No : 022 67760606 Email address : dineshkhimavat@kanchanappliances.com												

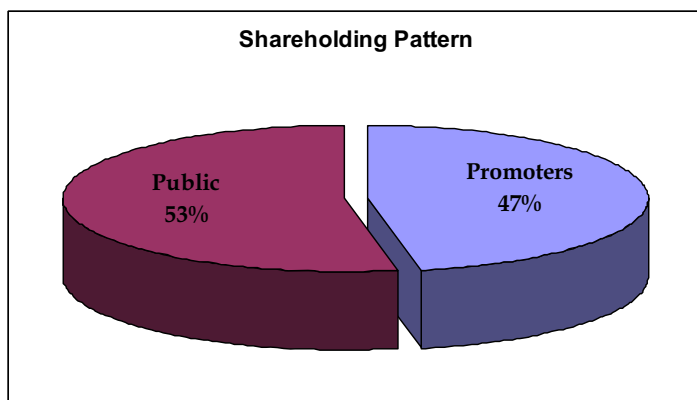
ANNEXURE A
STOCK MARKET DATA
(1/04/2010:31/03/2011)

Month	BSE- Highest Price	BSE - Lowest Price	No. of Shares
Apr-10	10.75	8.01	16,499
May-10	10.34	8.26	28,953
Jun-10	13.55	7.85	71,485
Jul-10	19.48	11.41	2,45,305
Aug-10	32.80	15.20	5,77,858
Sep-10	75.40	28.35	4,79,346
Oct-10	130.00	79.15	12,44,852
Nov-10	218.70	123.25	9,18,825
Dec-10	215.00	154.05	7,65,307
Jan-11	189.00	153.90	7,07,506
Feb-11	177.35	144.45	6,98,383
Mar-11	144.45	62.75	8,45,314

SHARE HOLDING PATTERN
ANNEXURE B

Equity Share Holding Pattern as on 31st March 2011

Category of Shareholders	No. of shares held	% to Total
A. Shareholding of Promoter and Promoter Group		
1. Promoters		
- Indian Promoters	1506551	46.93
- Foreign Promoters	0	0
Sub Total	1506551	46.93
B. Public Shareholding		
3. Institutions		
FIIIs	0	0
4. Non Institution		
- Private Corporate Bodies	324924	10.12
- Indian Public	1176929	36.66
- NRIs/OCBs	39997	1.25
- Clearing Members	161699	5.04
- Employees	--	--
Sub Total	1700278	52.97
Grand Total	320100	100%



Distribution of Shareholdings as on 31st March 2011.

Share Holding of Nominal Value of Rs. 10/-	No. of shareholders	% of shareholders	No. of shares	% of shareholding
Upto 500	1267	79.5854	172849	5.38
501-1000	107	6.7211	86346	2.69
1001-2000	80	5.0251	127681	3.98
2001-3000	18	1.1307	46740	1.46
3001-4000	22	1.3819	78292	2.44
4001-5000	17	1.0678	79055	2.46
5001-10000	33	2.0729	224499	6.99
10001 and Above	48	3.0151	2394638	74.60
Total	1592	100	3210100	100

9. NON MANDATORY REQUIREMENTS

1. Chairman of the Board

The Company has an Executive Chairman and hence the requirement pertaining to reimbursement of expenses to a Non- Executive Chairman does not arise.

2. Remuneration Committee

The Company has a Remuneration Committee. Please refer under Mandatory Requirements

3. Shareholder Rights

As the Company's financial results are published in English newspaper having a wide circulation all over India and in a Marathi newspaper widely circulated in Mumbai (Maharashtra), the same are not sent to the shareholders of the Company, individually.

4. Audit Qualifications

The Directors have stated their reply to the qualifications/remark of the Auditors in the Auditor's Report for the financial year under review in Directors' Report.

5. Training of Board Members

The necessary training will be provided to the Board Members as and when required.

6. Mechanism to evaluate Non-Executive Board Members

The Board of Directors does not feel the necessity of evaluating the performance of its Non-Executive Members / Directors as of now.

7. Whistle Blower Policy

The Company has not formulated a Whistle Blower Policy as of now.

10. MANAGEMENT REVIEW & RESPONSIBILITY:

Corporate Social Responsibility:

As a concerned Corporate Citizen, your Company believes that CSR initiatives are a way to pay back societal debt and obligations. Your Company do not see CSR as a charity; not even as a responsibility, but as an opportunity to change and your company's activities are determined by the concept of Changing Lives. Your company is constantly endeavoured to improve the quality of life of the communities and to bridge the gaps in society and help transform communities around the workplace. We believe that:

"The brands that will be big in the future will be those that tap into the social changes that are taking place."

Prevention of Insider Trading Practices:

In compliance with SEBI regulation on prevention of insider trading, the Company has instituted a comprehensive code of conduct for its directors, management and officers. The code lays down guidelines, which advice them on procedures to be followed & disclosures to be made, while dealing with the shares of the Company, and cautioning them of the Consequences of violations. The code clearly specifies, among other matters, that Directors and specified employees of the Company can trade in shares of the Company only during 'Trading Window open Period'. The trading Window is closed during the time of declaration of results, dividend and material events, etc. as per the Code.

Risk Management Framework:

The Company has in place a mechanism to inform the Board about the risk assessment and minimization procedures and periodical review to ensure that management controls risk through means of a properly defined framework.

Business risk evaluation and management is an ongoing process within the organization. The Company has adequate system of Internal Control to ensure reliability of financial and operational information and compliance with statutory / regulatory compliances. The validation of adequacy of internal process is done by the Internal Audit Department and reviewed by the Statutory Auditors.

Secretarial Audit:

A qualified Practicing Company Secretary carried out reconciliation of share capital audit to reconcile the total admitted Capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and Listed Capital. The Reconciliation of Share Capital Audit Report confirms that the total issued / paid up capital is in agreement with the total number of Shares in physical form and the total number of dematerialized shares held with NSDL & CDSL.

**ANNUAL CERTIFICATION BY MANAGING DIRECTOR PURSUANT TO CLAUSE 49 I D (II) OF
THE LISTING AGREEMENT:**

As Managing Director of Kanchan International Limited and as required pursuant to Clause 49 I D (ii) of the Listing agreement, I hereby declare and certify that all the Board members and senior management personnel of Kanchan International Limited have affirmed compliance with the code of conduct adopted by the Company for the year 2010-11.

Kanchan International Limited

Dinesh Khimavat
Managing director

Place: Mumbai

Date: 13th October 2011

MANAGING DIRECTOR CERTIFICATION

I, Dinesh Khimavat, Managing Director of Kanchan International Limited, to the best of my knowledge and belief, certify that:-

I have viewed the Balance Sheet & Profit & Loss Account (Consolidated & stand alone) and all the schedules and notes on accounts, as well as the cash flow statements, and Directors Report.

Based on my Knowledge & information, these statements do not contain any untrue statement of a material facts or omit to state any material fact necessary to make the statements made, in the light of the circumstances under which such statements were made, not misleading with respect to the statement made.

Based on my Knowledge & information, the financial statements, and other financial information included in this report, present in all material respect, a true and fair view of the Company's affairs, the financial condition, results of operations and cash flow of the company as of, and for, the periods presented in this report, and are in compliance with existing accounting standards and/or applicable laws and regulations. To the best of my knowledge and belief, no transactions entered into by the Company during the financial year are fraudulent, illegal or violative of the Company's code of conduct.

I accept responsibility for establishing and maintaining internal controls for Financial Reporting and I have evaluated the effectiveness of the Internal Control Systems of the company pertaining to Financial Reporting the same have disclosed to the auditors and the Audit Committee. Deficiencies in the design or operation of such internal controls, if any, of which I am aware have been disclosed to the auditors and the Audit Committee and steps have been taken to rectify these deficiencies.

I have indicated to auditors and the Audit committee that:

There have no significant changes in internal control over Financial reporting during the year under reference;

There have been no significant changes in Accounting Policies during the year requiring disclosure in the notes to the Financial Statements; and

I am not aware of any instance during the year of significant fraud with involvement therein of the Management or an employee having a significant role in the company's internal control system over Financial Reporting.

For and on behalf of the Board

Dinesh Khimavat
Chairman & Managing Director
Place: Mumbai
Date: 13th October 2011

AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Members of
Kanchan International Ltd.

We have examined the compliance of conditions of, corporate governance by Kanchan International Limited for the year ended on 31st March 2011 as stipulated in clause 49 of the Listing Agreement of the said Company with the Stock exchanges in India.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an opinion expression of opinion on the financial statements of the Company.

The Company has not Submitted limited review of quarterly results by statutory auditors to Stock Exchange.

In our opinion and to the best of our information and according to the explanations given to us, we certify that **except to the above mentioned non compliance** the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that the Share Transfer Agent of the Company have maintained records to show the Investor's Grievances against the Company and have certified that as on 31st March 2011 there were no investor grievances remaining un attended / pending for more than 30 days.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For M. B. Ladha & Company
Chartered Accountants
FRN No. 105503W

Mukesh Ladha
(Proprietor)
M. No. 35544

Mumbai 30th September 2011

AUDITORS' REPORT

We have audited the attached Balance Sheet of **M/s KANCHAN INTERNATIONAL LIMITED**, as at 31st March, 2011 and also the Profit & Loss Account & the Cash Flow of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the Auditing Standards generally accepted in India. Those standards require that we plan & perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditors Report) Order, 2003, as amended by the Companies (Auditor's Report) Amendment Order, 2004 (the Order), issued by the Central Government of India in terms of Sub-section (4A) of Section 227 of the Companies Act, 1956, and on the basis of the information and the books and records examined by us in the normal course of the audit and to the best of our knowledge and belief we give below our report on the matters specified in paragraph 4 & 5 of the said order.

2. Further to our comments in the Annexure ,we report that :-

- (i) We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit.
- (ii) In our opinion, the Company has kept proper books of accounts as required by Law so far as it appears from our examination of those books of accounts *except in case of subsidiary situated in the Middle East FZE of Ajman (UAE) whose Accounts are neither audited by us or by any other auditor and whose figures have been included in the financial statement covered by this report solely relying on the statement prepared by management and converting the revenue figures at the closing exchange rates instead of yearly average rate.*
- (iii) The Balance Sheet and Profit and Loss Account and Cash Flow Statement dealt with by this comply with the mandatory Accounting standard referred to in sub-section (3C) of the section 211 of the Companies Act, 1956.
- (iv) On the basis of the written representations received from the Individual Directors and taken on record by the Board of Directors, we report that none of the Directors are disqualified as on 31st March, 2011, from being appointed as a Director in the terms of clause (g) of the sub-section (1) of the section 274 of the Companies Act, 1956.
- (v) ***Retirement benefits & Leave encashment is made on accrual basis & charges to P&L A/c on the basis of valuation certified by Management instead of Actuarial Valuation as required by Accounting Standard -15 "Employee benefits".***
- (vi) *Note no 1 of Shedule "P" of "Notes to accounts" in respect of balances of sundry creditors ,Debtors ,Loans & Advances & Deposit which are subject to Confirmation.*
- (vii) In our opinion and to the best of our information and according to the explanation given to us, the said financial statements read together with the significant policies and other notes given the information required by the Companies Act, 1956 in the manner required and ***subject to our comments in Para (ii)&(v)*** above give a true and fair view in conformity with accounting principles generally accepted in India in the case of the :

- i] Balance Sheet of the state of affairs of the company as on 31st March, 2011 and
- ii] Profit & Loss Account of the PROFIT of the company for the year ended on that date.
- iii] Cash Flow Statement of the cash flows for the year ended on that date.

For M.B.Ladha & Company
Chartered Accountants
F.R.N.105503W

Mukesh Ladha
[Proprietor]
M.No. 35544

Place : Mumbai.

Date :

ANNEXURE TO THE AUDITORS' REPORT

i) Fixed Assets

- (a) The Company has maintained proper records showing full particulars including quantitative details and situations of fixed assets.
- (b) We are informed that all the fixed assets have been physically verified by the management during the year .
- (c) According to the information and explanations given to us, Company has not disposed off substantial part of the fixed assets during the year, hence the going concern status of the company is not affected.

ii) Inventory

- (a) In our opinion and according to the information and explanation given to us, the inventories of the company at all its locations have been physically verified by the management during the year.
- (b) In our opinion , the procedure of physical verification of Inventory followed by the management were found to be reasonable and adequate in relation to the size of the Company and nature of its business.
- (c) The Company is maintaining proper records of Inventories. We are informed that the discrepancies noticed on such verification between the physical inventories and book records were not material and they were properly dealt with in the books of accounts.

iii) Loans taken / granted

- (a) The Company has granted unsecured loan to one party listed in the Register maintained under Section 301 of the Companies Act, 1956. The Maximum amount involved during the year and the year end –balance of such loans is Rs 116.52 lacs.
- (b) As explained to us , the loans are interest free and do not carry any stipulation as to the repayment of the principal amount granted by the company . In our opinion the other terms and conditions of the said loan taken by the company are not prima facie prejudicial to the interest of the company..
- (c) The Company has taken loan from a Company under the same management listed in the register maintained under section 301 of the Companies Act, 1956. The Maximum amount involved during the year and the year end –balance of such loans is Rs 30.75 lacs.
- (d) As explained to us, the loans are interest free and do not carry any stipulation as to its repayment. In our opinion the other terms and conditions of the said loan taken by the company are not prima facie prejudicial to the interest of the company.

iv) Internal Control

In our opinion and according to the information given to us, there are adequate internal control procedures commensurate with the size of the Company and nature of its business with regard to purchase of plant & machinery, equipment and other assets and for the sale of goods. We have not come across any major weaknesses in the Internal Control.

v) Section 301

- (a) The transactions that are required to be entered into Register in pursuance of Section 301 of the Act have been so entered.
- (b) The transactions for services rendered in pursuance of contracts or arrangements entered in the Register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of Rs. Five Lacs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.

ii) Deposit from Public

The Company has not accepted any Public Deposits and hence compliance of provisions of Section 58A, 58AA or any other provisions do not apply.

iii) Internal Audit

The Company have an internal audit system which needs to be strengthened to commensurate with the size and nature of the Company's business.

iv) Cost Records

We have been informed that the Central Government has not prescribed maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 in the case of the Company.

ix) **Payment of Statutory Dues**

The Company is generally regular in depositing undisputed statutory dues except following Sales Tax and FBT with the appropriate authorities in India which are as follows.

Name of the statute	Nature of the dues	Amount Rs	Period to which amount relates	Due date	Date of Payment
Fringe Benefit Tax	Taxes	3,22,332/-	F.Y.2007-08	15/06/2007 15/09/2007 15/12/2007 15/03/2008	Pending
Fringe Benefit Tax	Taxes	3,17,543/-	F.Y.2008-09	15/06/2008 15/09/2008 15/12/2008 15/03/2009	Pending
Sales Tax(CST	Taxes	12,69,225/-	F.Y.2010-11	21 st of each month	Pending

At the end of the Financial Year there are no disputed dues of Income Tax, Sales tax, Wealth tax ,Custom duty & Cess which have not been deposited.

x) **Accumulated Losses / Cash Losses**

The Company has accumulated losses of Rs 2,83,12,021/- as on March 31,2011 .The company has not incurred any cash losses in the current financial year ended on 31st March,2011

i) **Default in Repayment of Dues**

According to the records of the company examined by us and the explanations given to us, the Company has defaulted in the repayment of dues to Bank. However During the year , Application of Reschedulement of loan has been accepted by the bank.

ii) **Grant of Secured Loans & Advances**

According to the information and explanations given to us ,the Company has not granted Loans & Advances on the basis of security by way of pledge of shares, debentures and other securities.

iii) **Special Statute-Chit Fund Companies, Nidhis/Mutual Benefit Fund/Societies**

The provisions of any special status applicable to Chit Fund Nidhi or Mutual Benefit Fund or Societies are not Applicable to Company.

iv) **Company dealing or Trading in Shares, Securities etc**

In our opinion and according to the information and explanations given to us, the company is not a dealer or trader in shares, securities, debentures and other investment. .Accordingly the provisions of clause 4(xiv) of the Companies (Auditors report) Order, 2003 are not applicable to the Company.

v) **Provision of Guarantee**

In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from Banks or Financial Institutions during the year.

xvi) Term Loans

In our opinion and according to the information and explanations given to us, the Company has not obtained any Term Loans during the year. During the year Bank has converted outstanding Bank Interest of Rs 3,50,00,000/-into Funded Interest Term Loan (FITL) under Loan Restructuring Process.

xvii) Usage of Funds

In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet and Cash Flow Statement of the Company, the funds raised on Short-Term basis have not been used for Long Term Investment and vice-versa.

xviii) Preferential Allotments

The Company has not made any preferential allotment of shares during the year to parties and companies covered in the register maintained under section 301 of the Act, 1956.

xix) Creation of Security for Debenture Issue

According to the information and explanations given to us, and the records examined by us, the company has not issued any debentures during the year.

xx) Disclosure of end use of fund

The Company has raised Rs 1,94,82,498/-by way of Application money for 25,00,000 Fully Convertible Equity Share Warrants which is used for its purpose of meeting the working capital requirement of the company.

xxi) Frauds

Based on the audit procedures performed for the purpose of reporting the true and fair view of the Financial Statements and as per information and explanation given by the management, we report that no material fraud on or by the company has been noticed or reported during the course of our audit.

For M.B.Ladha & Company
Chartered Accountants
F.R.N.105503W

Mukesh Ladha
[Proprietor]
M.No. 35544

Place : Mumbai.
Date :

KANCHAN INTERNATIONAL LIMITED
BALANCE SHEET AS AT 31ST MARCH, 2011

	Sche- dules	31st March, 2011		31st March, 2010	
		Rupees	Rupees	Rupees	Rupees
SOURCES OF FUNDS					
Shareholder's Funds					
Share Capital	A	40,651,000		40,651,000	
Share Application Money		19,482,498		3,835,000	
Reserves & Surplus		-	60,133,498	-	44,486,000
Loan Funds					
Secured Loans	B	241,809,734		287,153,247	
Unsecured Loans	C	3,075,000	244,884,734	3,367,558	290,520,805
Total			305,018,232		335,006,805
APPLICATION OF FUNDS					
Fixed Assets					
Gross Block	D	95,504,324		93,175,697	
Less: Depreciation		43,733,407		38,903,991	
Net Block			51,770,917		54,271,706
Investments	E		452,700		452,700
Deferred Tax Assets			4,237,632		26,528,444
Current Assets, Loans & Advances					
Inventories	F	121,889,704		86,364,882	
Sundry Debtors		156,036,569		161,559,736	
Cash & Bank Balances		2,049,560		1,844,695	
Loans & Advances		59,485,888		53,062,282	
		339,461,722		302,831,595	
Less: Current Liabilities & Provisions	G				
Liabilities		125,890,245		85,020,225	
Provisions		512,185		512,185	
		126,402,430		85,532,410	
Net Current Assets			213,059,290		217,299,184
Miscellaneous Expenditure					
(To the extent not written off or adjusted)					
Profit & Loss A/c	H		28,312,021		22,289,972
Deferred Advertisement			7,185,671		14,164,799
Total			305,018,232		335,006,805
Significant Accounting Policies & Notes forming part of the Accounts					
	P				

Schedules referred to above and notes attached thereto form an integral part of the Balance Sheet.

As per our Report of even date
For **M.B.Ladha & Company**
Chartered Accountants
F.R. no. 105503W

For and on behalf of the Board

Mukesh Ladha
M.No.:35544

Dinesh C. Khimavat
[Chairman & Managing Director]

Place : Mumbai
Date : 30.09.2011

Bharat Pipalia
[Wholetime Director]

KANCHAN INTERNATIONAL LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

	Sche- dules	31st March, 2011 Rupees	31st March, 2010 Rupees
INCOME			
Sales		441,914,389	370,361,340
Other Income	I	33,398,652	7,315,426
Increase/(Decrease) in Stock	J	(3,113,907)	6,042,273
Total		472,199,134	383,719,038
EXPENDITURE			
Materials & Manufacturing Expenses	K	314,849,579	248,905,953
Personnel Expenses	L	25,696,564	37,719,774
Sales & Distribution Expenses	M	59,759,949	45,747,979
Administration Expenses	N	13,117,046	17,313,058
Interest & Finance Charges	O	25,843,283	25,601,165
Excise Duty		11,802,230	16,939,148
Depreciation		4,829,417	4,823,599
Total		455,898,068	397,050,676
Profit (Loss) before Exceptional Items		16,301,067	(13,331,638)
Less:- Exceptional Items			
Provision for Doubtful Debts		-	-
Less:- Prior Period Items		32,304	9,000
Profit (Loss) before taxation		16,268,763	(13,340,638)
Less : Provision for taxation			
Deferred taxes		22,290,812	(2,427,868)
Fringe Benefit Tax		-	-
Current tax		-	-
Profit (loss) after tax		(6,022,049)	(10,912,770)
Balance Brought forward from last year		(64,558,854)	(53,646,084)
Surplus/(Deficit) carried to Balance Sheet		(70,580,903)	(64,558,854)
Significant Accounting Policies & Notes forming part of the Accounts	P		
		-	-
		-	-
		(70,580,903)	(64,558,854)
		(70,580,903)	(64,558,854)

Earning per Share - Basic & Diluted (Rs.) (1.88) (3.38)

Schedules referred to above and notes attached thereto form an integral part of the Profit & Loss Account

As per our Report of even date
For M.B.Ladha & Company
Chartered Accountants
F.R. no. 105503W

For and on behalf of the Board

Mukesh Ladha
M.No.:35544

Dinesh C. Khimavat
[Chairman & Managing Director]

Place : Mumbai
Date : 30.09.2011

Bharat Pipalia
[Wholetime Director]

KANCHAN INTERNATIONAL LIMITED

Schedules Forming Part of the Balance Sheet

	31st March, 2011		31st March, 2010	
	Rupees	Rupees	Rupees	Rupees
SCHEDULE 'A' - SHARE CAPITAL				
Authorised				
66,50,000 Equity Shares of Rs. 10/- each		66,500,000		36,500,000
13,50,000 6% Cumulative Redeemable Preference Shares Rs. 10/- each		13,500,000		13,500,000
Issued, Subscribed & Paid-up				
32,10,100 Equity Shares of Rs.10/- each fully paid up.		32,101,000		32,101,000
8,55,000 6% Cumulative Redeemable Preference Shares Rs. 10/- each fully paid up		8,550,000		8,550,000
		<u>40,651,000</u>		<u>40,651,000</u>
SCHEDULE 'B' - SECURED LOANS				
Working Capital Borrowings from Bank				
(Refer note 1 to 3 below)				
		-		-
Rupee Loan				
Cash Credit	240,743,368		231,303,651	
Interest On CC	<u>-</u>	240,743,368	<u>55,849,596</u>	287,153,247
Other Borrowings				
Vehicle Loan (Refer note 4 below)	1,066,367	<u>1,066,367</u>	-	<u>-</u>
TOTAL		<u>241,809,734</u>		<u>287,153,247</u>
SCHEDULE 'C' - UNSECURED LOANS				
Loans & Advances				
From Corporate Body	3,075,000		3,075,000	
1	-		-	
From Bank (Kotak Mahindra)	<u>-</u>		<u>292,558</u>	
TOTAL		<u>3,075,000</u>		<u>3,367,558</u>
Notes:-				
1. Secured by Equitable mortgage of Land and Building constructed at plot no.41 & 42 , survey no. 653/1, Daman and Hypothecation of all Plant and Machineries present and future.				
2. Secured by hypothecation of stock of raw materials , semi-finished goods, finished goods, packing materials, stores and spares and book-debts and further secured by equitable mortgage of immovable properties of the Company.				
3. Further secured by personal guarantees of three Directors and Corporate guarantees of companies under the same management viz. Kanchan Kitchenaid Pvt. Ltd. and Marlex Appliances Pvt. Ltd.				
4. Car Loans are secured against hypothecation of Cars.				
SCHEDULE 'E' - INVESTMENTS				
Long Term, other than trade (At Cost)				
- Unquoted				
Investment in 100 % Subsidiary Company				
One (Previous Year Dhs. 3,65,000/- each) Share of Dhs. 3,65,000 each		452,700		452,700
TOTAL		<u>452,700</u>		<u>452,700</u>

KANCHAN INTERNATIONAL LIMITED

Schedules Forming Part of the Balance Sheet (contd.)

SCHEDULE 'D' - FIXED ASSETS

Sr. No.		Description of Assets	Gross Block			Depreciation			Net Block			
			As on 01.04.2010	Addition	Deductions	As on 31.03.2011	Upto 01.04.2010	For the year	Deductions	Upto 31.03.2011	AS ON 31.03.2011	As on 01.04.2010
A	Tangible Assets											
	1	Freehold Land	853,300	-	-	853,300	-	-	-	-	853,300	853,300
	2	Buildings	18,800,847	115,743	-	18,916,590	4,055,840	631,684	-	4,687,523	14,229,066	14,745,007
	3	Plant & Machinery	40,819,012	203,912	-	41,022,924	23,015,846	1,812,490	-	24,828,337	16,194,587	17,803,165
	4	Electrical Installation	4,499,232	-	-	4,499,232	2,281,039	213,086	-	2,494,104	2,005,127	2,218,193
	5	Furniture, Fixture & Office Equipments	17,007,033	131,561	-	17,138,594	3,479,742	1,076,723	-	4,556,465	12,582,129	13,527,291
	6	Computers	3,575,005	130,007	-	3,705,012	2,912,283	516,117	-	3,428,399	276,612	662,722
B	7	Vehicles	4,096,156	1,625,794	-	5,721,950	2,542,834	429,376	-	2,972,211	2,749,739	1,553,322
			-	-	-	-	-	-	-	-	-	-
		Intangible Assets										
	computer Software	925,113	-	-	925,113	616,406	149,961	-	766,367	158,746	308,707	
		-	-	-	-	-	-	-	-	-	-	
C	Capital WIP	2,600,000	121,610	-	2,721,610	-	-	-	-	2,721,610	2,600,000	
	TOTAL	93,175,697	2,328,627	-	95,504,324	38,903,990	4,829,417	-	43,733,407	51,770,917	54,271,707	
	Previous Year	87,121,851	21,345,199	20,866,671	87,609,379	30,555,354	4,508,288	983,250	34,080,392	53,528,987	56,566,496	

Note: i) None of the Fixed Assets have been revalued during the year

KANCHAN INTERNATIONAL LIMITED
Schedules Forming Part of the Balance Sheet (Contd.)

	31st March, 2011		31st March, 2010	
	Rupees	Rupees	Rupees	Rupees
SCHEDULE ' F ' - CURRENT ASSETS, LOANS AND ADVANCES				
INVENTORIES				
Raw Materials	86,197,437		41,461,666	
Work In Process	11,375,666		10,426,792	
Finished Goods	16,509,473		20,572,409	
Finished Goods (Trade)	<u>7,807,128</u>	<u>121,889,704</u>	<u>13,904,015</u>	86,364,882
SUNDRY DEBTORS				
(Unsecured, Considered Good unless otherwise stated)				
Over Six Months	147,442,906		128,734,286	
Less :- Provision for Doubtful Debts (Note No. 13)	<u>12,776,764</u>		<u>12,776,764</u>	
	134,666,142		115,957,522	
Others	<u>21,370,427</u>	<u>156,036,569</u>	<u>45,602,214</u>	161,559,736
CASH & BANK BALANCES				
Cash on hand	1,113,713		824,919	
Balance with Scheduled Banks:				
In Current Accounts	197,847		671,277	
In Fixed Deposit Account	<u>738,000</u>	<u>2,049,560</u>	<u>348,500</u>	1,844,695
(Fixed Deposit receipts of Rs. 738000/- Previous Year Rs. 348500/- Deposited with the Bankers towards margin against guarantees/letter of credit facilities to the Company)				
LOANS AND ADVANCES				
(Unsecured, Considered Good unless otherwise stated)				
Loans & Advances	11,651,637		11,651,637	
Other Current Assets	44,374,802		38,567,481	
Tax paid in advance incl. Tax deducted at source	1,220,567		744,545	
Tax paid in advance FBT	-		472,690	
Advances for Vehicle	-			
Deposits	1,363,611		1,343,611	
Balance with Excise Authorities	<u>875,271</u>	<u>59,485,888</u>	<u>282,317</u>	53,062,282
TOTAL		<u>339,461,722</u>		<u>302,831,595</u>
SCHEDULE ' G ' - CURRENT LIABILITIES AND PROVISIONS				
CURRENT LIABILITIES				
Acceptances	3,868,407		-	
Sundry Creditors	73,806,685		60,271,915	
Advances Received from Customers	12,518,550		5,344,766	
Other Liabilities	<u>35,696,603</u>	<u>125,890,245</u>	<u>19,403,544</u>	85,020,225
PROVISIONS				
Provision for FBT		512,185		512,185
		-		-
TOTAL		<u>126,402,430</u>		<u>85,532,410</u>
SCHEDULE ' H ' - PROFIT AND LOSS ACCOUNT				
General Reserve				
Balance as per last Balance Sheet		42,268,882		42,268,882
Profit & Loss account		(70,580,903)		(64,558,854)
TOTAL		<u>(28,312,021)</u>		<u>(22,289,972)</u>

KANCHAN INTERNATIONAL LIMITED
Schedules Forming Part of the Profit and Loss Account

	31st March, 2011		31st March, 2010	
	Rupees	Rupees	Rupees	Rupees
SCHEDULE 'I' - OTHER INCOME				
Miscellaneous Income		516,354		523,705
Bank interest Waived		31,891,810		-
Exchange Rate Fluctuation (Net)		-		-
Other Income		990,488		6,791,721
TOTAL		33,398,652		7,315,426
SCHEDULE 'J' - INCREASE / (DECREASE) IN STOCK				
Stock at close:				
Work in Process	11,375,666		10,426,792	
Finished Goods	16,509,473	27,885,139	20,572,409	30,999,201
Less: Stock at commencement:				
Work in Process	10,426,792		10,712,462	
Finished Goods	20,572,409	30,999,201	14,244,466	24,956,928
TOTAL OF SCHEDULE "J"		(3,113,907)		6,042,273
SCHEDULE 'K' - MATERIALS & MANUFACTURING EXPENSES				
Raw Materials Consumed				
Opening Stock	41,461,666		34,569,639	
Add : Purchases	316,985,788		187,001,715	
	358,447,454		221,571,354	
Less : Closing Stock	86,197,437	272,250,017	41,461,666	180,109,688
Cost of traded Goods		21,009,952		47,076,256
Manufacturing Expenses				
Processing Charges	9,875,011		10,789,924	
Power & Fuel	1,651,943		1,970,671	
Other Manufacturing Expenses	9,126,773		7,529,399	
Repairs & Maintenance				
- Plant & Machinery	243,613		576,128	
- Building	-		-	
- Others	228,073		146,303	
Freight, Clearing and Handling Expenses	464,197	21,589,610	707,585	21,720,010
TOTAL OF SCHEDULE "K"		314,849,579		248,905,953
SCHEDULE 'L' - PERSONNEL EXPENSES				
Salaries, Wages, Bonus & Allowances		23,221,589		34,832,056
Contribution to Provident & other Funds		1,426,211		1,806,335
Workmen & Staff Welfare Expenses		1,048,764		1,081,383
TOTAL OF SCHEDULE "L"		25,696,564		37,719,774
SCHEDULE 'M' - SALES & DISTRIBUTION EXPENSES				
Brokerage, Commission & Discounts		7,088,151		6,967,781
Sales Promotion Expenses		1,772,756		1,895,947
Advertising & Publicity Expenses		7,040,638		33,065,013
Freight outward & Forwarding Charges		3,479,204		3,819,237
Rebate and Discount		40,379,199		
TOTAL OF SCHEDULE "M"		59,759,949		45,747,979

KANCHAN INTERNATIONAL LIMITED
Schedules Forming Part of the Profit and Loss Account (Contd.)

	31st March, 2011 Rupees	Rupees	31st March, 2010 Rupees	Rupees
SCHEDULE ' N ' - ADMINISTRATION EXPENSES				
Legal & Professional Fees		1,341,446		1,080,640
Insurance Charges		132,157		131,524
Auditors Remuneration		75,000		60,000
Traveling & Conveyance Expenses		3,616,038		7,797,557
Delivery Van Expenses		160,864		127,860
Rent		1,189,802		1,663,841
Rates and Taxes		1,500,232		770,186
Postage & Telephone Expenses		988,364		1,441,785
Printing & Stationery		467,955		500,343
Other Expenses		3,263,209		3,739,323
Loss on sale of Fixed Assets		-		-
Motar car expense		381,979		
TOTAL OF SCHEDULE "N"		<u>13,117,046</u>		<u>17,313,058</u>
SCHEDULE ' O ' - INTEREST & FINANCE CHARGES				
Interest	23,464,796	23,464,796		19,754,910
Bank Charges & Commission		1,094,265		1,541,941
Exchange Rate Fluctuation (Net)		1,284,222		4,304,314
TOTAL OF SCHEDULE "O"		<u>25,843,283</u>		<u>25,601,165</u>

SCHEDULE – “P” SIGNIFICANT ACCOUNTING POLICIES & NOTES TO THE ACCOUNTS

1. Basis of preparation of financial statement

The financial statements have been prepared under historical cost convention, in accordance with the generally accepted accounting principles and accounting standard referred to in section 211(3C) of the Companies Act 1956.

2. Revenue recognition

- a. The Company generally follows mercantile system of accounting and recognizes item of income and expenditure on accrual basis, except in case of significant uncertainties.
- b. Sales are inclusive of excise duty but net of trade discount and sales returns.
- c. Export incentive in respect of exports made is accounted in the year of export on accrual basis.
- d. Export sales are accounted on the basis of date of shipment from the factory.

3. Fixed assets.

Fixed Asset are stated at cost including taxes, freight and other incidental expenses incurred in relation to acquisition & installation of the same, net of modvat.

4. Depreciation

The depreciation is provided on fixed assets on straight-line method at the rates specified in the Schedule XIV of the Companies Act, 1956 on pro-rata basis for additions/deductions.

5. Investments

Long term investments are stated at cost. Provision for diminution in the value of long term investments is made only if such a decline is other than temporary in the opinion of the management.

6. Inventories

- a. Raw materials, Stores & Spares, and Packing Materials are valued at lower of cost or net realizable value under the FIFO method.
- b. Stocks in Process are valued at lower of cost or net realizable value under the FIFO method. The cost is arrived at on full absorption basis as per Accounting Standard AS 2 – Valuation of inventories.
- c. Finished Goods are valued at lower of cost or net realizable value, under the FIFO method. The cost is arrived at on full absorption basis as per Accounting Standard AS 2 – Valuation of inventories.

7. Retirement benefit and leave wages

- a. Company's contribution to Provident Fund, Pension Scheme & Employees' State Insurance Corporation Funds are charged to the Profit & Loss Account on an accrual basis.
- b. Gratuity benefit payable at the time of retirement is charged to Profit & Loss Account on the basis of valuation certified by the management. The company does not have any gratuity fund whether internal or maintained by an outside agency.
- c. Provision for accrued leave encashment is made on accrual basis and charged to Profit & Loss Account on the basis of valuation certified by the Management.

8. Miscellaneous expenditure

Advertisement & Publicity Expenses for promotion of products are charged to revenue over a period of three years.

9. Foreign currency transactions

Foreign Currency Loan , Current Asset and Current Liabilities outstanding at the close of financial year are revalued at the contracted and/ or appropriate exchange rates at the close of the year. The gain or loss due to decrease/increase in rupee liability on account of fluctuations in the rate of exchange is adjusted to the cost of assets if it relates to acquisition of assets, and is charged to Profit & Loss Account in other cases.

10. Taxation

- a. Provisions for Current Tax are made on the assessable income at the tax rate applicable to the relevant assessment year.
- b. Deferred Tax for Timing differences between the Taxable profit and Accounting profit is accounted for using the tax rates and laws that have been enacted or substantially enacted as of the Balance Sheet date. Deferred tax assets are recognized to the extent there is reasonable certainty that these assets can be realized in future wherever applicable.

11. Borrowing Costs.

Borrowing cost of the company on working capital requirement is recognized as an expense in Profit & Loss Account.

12. Intangible Assets.

Specified computer software's purchased are recognized as intangible Assets, as per the criteria specified in Accounting Standards (AS) 26 "Intangible Assets" and the same are amortized at par with the computers.

13. Leases

Lease rentals in respect of operating leases are charged to Profit & Loss Account as an expense.

14. Earning per share

Earning per share is calculated by dividing net profit or loss for period, attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Company has received application money of Equity Share warrants during the year amounting to Rs 1,94,82,498/- which are outstanding rights as on 31st March 2011 which can be converted in to Equity shares but it does not have diluting effect as it is issued on fair price.

15. Impairment of Asset

The carrying amount of assets is reviewed at each Balance Sheet date for indication of any impairment based on internal / external factors. An asset is treated as impaired when the carrying cost of an asset exceeds its recoverable value and impairment loss is charged to the Profit & Loss account. The impairment of loss recognized in the prior accounting period is reversed if there has been a change in estimates of recoverable amount.

NOTES TO ACCOUNTS

1.Sundry Creditors,Debtors,Loans & advances and Deposits are subject to confirmation & Reconciliation. During the year Company have not sent any letter of confirmation to the parties. The management, however ,does not expect any material changes.

2. Foreign Currency Transaction

Particulars	Rs.in Lacs	
	2010-11	2009-10
(A) F.O.B.Value of Exports	514.14	468.00
(B) C.I.F.Value of Imports	29.50	64.49
(C) Foreign Traveling Expenses	0.06	4.39
(D) Bank Charges & Commission	0.89	0.09

3.Auditor remuneration

Particulars	Rupees	
	2010-11	2009-10
(A) Audit Fees	50,000	45,000
(B) Tax Audit Fees	25,000	15,000
(C) Service tax on above	7,725	6,180
TOTAL	82,725	66,180

4.Remuneration to directors

Particulars	Rupees	
	2010-11	2009-10
(A) Salary & Allowances	18,00,000	18,00,000
TOTAL	18,00,000	18,00,000

5. There was no employee, getting salary in excess of Rs. 5 lacs per month or more throughout or part of the financial year under review.

6. **Sundry Creditors** include amount due to Small Scale and ancillary industrial Undertaking Rs 327.74 Lacs (Previous year Rs. 367.55 Lacs) to the extent such parties have been identified from available information with the Company.

7. Contingent Liabilities

Particulars	Rs.in Lacs	
	2010-11	2009-10
(I) Bank Guarantees	4.90	13.05
(II) Preference shares Dividend	10.26	5.13
(III)Income tax Liablity(A.Y.2006-07)(excluding interest)	1.15	1.15

8. Installed Capacity, Production, Stock & Sales

(I) Installed Capacity, Production & Sales:

Class of Goods	Installed Capacity (Nos.)		Actual Production (Nos.)		Sales (Nos.)	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Nonstick Cookware	750,000	750,000	92,086	230,946	98,191	292,586
Pressure Cooker	600,000	600,000	119,687	107,928	122,260	107,165
Mixer & Wet Grinder	420,000	420,000	109,783	150,405	84,673	132,635
Fan	-	-	408	120	501	139

(II) Stocks

Class of Goods	Opening Stock		Closing Stock	
	Nos.	Rs. In Lacs	Nos.	Rs. In Lacs
Non Stick Cookware	20,643.00 (47,937.00)	47.32 (78.91)	14,538.00 (20,643.00)	50.74 (47.32)
Pressure Cooker	7,775.00 (5,921.00)	41.09 (35.44)	5,202.00 (7,775.00)	33.53 (41.09)
Mixer & wet Grinder	22,478.00 (3,482.00)	68.83 (24.47)	47,588.00 (22,478.00)	44.70 (68.83)
Fans	2,659.00 (1,166.00)	10.87 (8.90)	395.00 (2,659.00)	2.70 (10.87)
Iron YPF	5,499.00 (6,454.00)	24.41 (28.26)	2,581.00 (5,499.00)	11.70 (24.41)
Toaster	620.00 (1,427.00)	3.00 (4.50)	486.00 (620.00)	1.64 (3.00)
Water Filter	73.00 (87.00)	0.21 (0.27)	13.00 (73.00)	0.04 (0.21)
Mini Fridge	195.00 (195.00)	7.80 (7.80)	195.00 (195.00)	7.80 (7.80)
Fruit Juicers	262.00 (252.00)	0.27 (0.26)	262.00 (262.00)	0.27 (0.27)
Microwave Oven	47.00 (380.00)	11.33 (15.50)	47.00 (47.00)	11.33 (11.33)
Emergency Lantern	7,577.00 (12.00)	24.03 (0.04)	3,040.00 (7,577.00)	14.89 (24.03)
Hand Blender	302.00 (736.00)	0.98 (2.45)	251.00 (302.00)	0.82 (0.98)
S.S. Bowl	1,264.00 (2,896.00)	0.88 (1.69)	1,065.00 (1,264.00)	0.75 (0.88)
Induction Cooker	1,606.00 (9.00)	32.55 (0.13)	406.00 (1,606.00)	4.98 (32.55)
Pressure cooker Inner lid	81.00 -	0.23 -	71.00 (81.00)	0.20 (0.23)

Figures in the bracket relates to previous year

(III) Purchase & Sales of Traded Goods:

Class of Goods	Purchase (Nos.)		Sales (nos.)	
	2010-11	2009-10	2010-11	2009-10
Gas Cooker	NIL	NIL	NIL	NIL
Iron YPF	NIL	7,370	2918	8,325
Rice cooker	5,642	3,760	5625	1,783
Rice cooker Inner Pot	NIL	5,040	NIL	4,030
Pressure Cooker (Inner Lid)	342	17,104	352	17,023
Induction Cooker	NIL	3,467	1200	1,870
Toaster	1800	NIL	1934	807
Fans	800	7,768	3064	8,890
Emergency Lantern	NIL	18,116	4537	10,551
Hand Blender	NIL	293	51	727
S.S. Bowl	NIL	NIL	199	1,632
Microwave Oven	NIL	168	NIL	501
Fruit Juice	NIL	10	NIL	NIL
Water Filter	60	NIL	120	14
LPG gas stove	576	NIL	1013	NIL

(IV) Raw material Consumption :

Particulars	2010-11		2009-10	
	Quantity	Value(in Lacs)	Quantity	Value(in Lacs)
Allumn.(Kgs.)	754,437	1,132	406,141	609
Coatings (Ltrs.)	3,728	22	8,695	52
Whistle & Ventube (Nos.)	533,430	165	488,484	151
Gasket (Nos.)	282,755	42	279,183	42
ABS Powder (Kgs.)	165,123	215	207,779	270
Poly Carbonate (Kgs.)	15,150	20	7,302	9
Copper (Kgs.)	63,545	254	57,014	228

9. Segment information

(a) The Company deals in home appliances and is treated as the only segment.

(b) Secondary Segment - Geographical by Sale

Segment Revenue	2010-11	2009-10
In India	3801.18	3195.55
Outside India	617.95	508.06
Total	4419.14	3703.61

10. Related Party Information

(i) Relationship

(a) Individuals Controlling the Enterprise and Key Management Personnel

- | | |
|-------------------------|---------------------|
| 1. Mr.Dinesh C.Khimavat | Managing Director |
| 2. Mr.Bharat H.Pipalia | Whole Time Director |
| 3. Mr Ashok Khimavat | Director |

(b) Relative of key Management personnel

- | | |
|--------------------------|-----------------------------|
| 1. Mrs. Usha D. Khimavat | Wife of Mr. Dinesh Khimavat |
| 2. Mishal Khimavat | Son of Mr. Dinesh Khimavat |

(c) Subsidiary Company

Kanchan International Middle East F.Z.E. (100% Subsidiary)

(d) Enterprises in which key management Personnel & their Relatives are interested

- | | |
|-------------------------------|---|
| 1.Kanchan Kitchenaid Pvt.Ltd. | – Mr. Dinesh Khimavat is one of the Director |
| 2.Kanchan Engineering Pvt.Ltd | – Mr. Dinesh Khimavat is one of the Director |
| 3.Marlex Appliances Pvt.Ltd.- | -- Mr. Dinesh Khimavat is one of the Director |
| 4.Marlex Products Ltd.- | -- Mr. Mishal Khimavat is one of the Director |
| 5 Parshwnath Industries | -- Mrs. Usha D Khimavat is proprietor |

Note: Related party relationship on the basis of the requirements of Accounting Standard 18 (AS-18) as in I(a),I (b),I(c)& I(d) above is certified by the management and relied by the auditors

11.(ii) Transaction with related parties

Nature of Transaction	Rs.In Lacs			
	2010-11		2009-10	
	Referred in(I)	Referred in(I)	Referred in(I)	Referred in(I)
	(a&b)	(c&d)	(a&b)	(c&d)
Purchase				
Sales		21.83		219.63
Expenses:				
Rent		5.64		5.64
Remuneration	18.00		18.00	
Outstanding:				
Payable		51.23		67.09
Receivable		421.92		541.45
Investment :		4.53		4.53

12.Disclosure as required by Accounting Standard 19,"Leases". Issued by the institute of Chartered Accountants of India are given below:

- (i) The Company has taken various Residential Flats & Other Premises under Operating lease or leave & license agreements. These are generally cancelable after giving notice to party and contracts are for for 11 month under leave and license or longer for other leases and are renewable by mutual consent on mutually agreeable terms.
- (ii) Lease payments are recognized in the statement of Profit & Loss Account under "Rent" in Schedule M. (III) All Operating Leases entered into by the Company . are cancelable on giving a notice of 1 to 3 months.

13.Computation of Earning per share (Basic & Diluted)

		2010-11	2009-10
Profit (Loss) after taxation	Rs.	(6022049)	(10912770)
Weighted average number of share Outstanding	No.	3,210,100	3,210,100
Nominal Value per share	Rs.	10	10
Earning per share – Basic	Rs.	(1.88)	(3.40)
Diluted	. Rs	(1.88)	(3.40)

14.Deferred Tax

The break up of net deferred tax assets & liability into major components at the year-end is as below:

Particulars	Liabilities		Assets	
	2010-11	2009-10	2010-11	2009-10
Depreciation	5398617	5391376		
Advertisement	2162168	4262188		
Loss			7063301	14782439
Provision for Doubtful Debts			3844528	3844528
Disallowance of 43B			890589	17555040
Total	7560785	9653564	11798418	36182007
Net Deferred Tax Liability/ Asset			4237632	26528444

15. During the year, the company has reviewed its fixed assets for impairment loss as required by accounting standards 28-“ Impairment of Assets”.In the opinion of management no provision for impairment is considered necessary.
16. During the year , The company has received application money of 25,00,000 Equity share warrants amounting to Rs Rs 1,94,82,498/- .Equity warrants carrying an entitlement to subscribe to an equivalent number of equity shares of Rs 10/-each at an exercise price calculated as prescribed under Chapter VII of SEBI .The option to acquire the 25,00,000 equity shares shall be exercised by the warrant holder in one or more tranches within the period of 18 months from the date of allotment of warrants i.e.10th November 2010.
17. As per Opinion of Management, the debtors are considered as good hence no provision for doubtful debts have been made in current year, also provision made in earlier year are considered adequate.
18. During the year, the Bank has waived off Bank interest amounting to Rs 3,54,79,213 on Cash credit loan & the balance interest of Rs 3,50,00,000 is converted into the Funded Interest Term loan Scheme which results to reduce the losses of the company by Rs 3,54,79,213/-
19. The Management has taken appropriate steps for Claiming outstanding export benefits amounts to Rs 67,77,972/- which are outstanding from long period which were considered as doubtful during the F.Y.2010-11.The management is hopeful of realizing the export benefits and hence the management has decided not to Write off the balances during the year .

20. During the year, Company has written-back Sundry Balances of Rs.9,90,488/-(NET) out of various Creditors and Provisions which are not payable as decided by the Management which are shown in Other Income due to which losses are reduced by Rs.9,90,488/-

21. Figures of the previous year have been regrouped, rearranged and recasted so as to make them comparable with the figures.

As per our Report of even date
For M.B.Ladha & Company
Chartered Accountants
FRN No.105503W

For and on behalf of the Board

Dinesh C. Khimavat
(Chairman& Managing Director)

Mukesh Ladha
(Proprietor)
M.No 35544
Place : Mumbai
Dated : 30-09-2011

Bharat Pipalia
(Wholetime Director)

KANCHAN INTERNATIONAL LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2011

Particulars	31st March, 2011		31st March, 2010	
	Rupees	Rupees	Rupees	Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES :				
Net profit/Loss before Tax & Extraordinary item		16,268,763		(13,340,638)
Adjustments for :				
Depreciation	4,829,417		4,823,599	
Interest (Net)	23,464,796		19,754,910	
Deferred Advertisement W/off	6,979,128		-	
Provision for MAT	-		-	
Excess Depreciation of Last Year	-		-	
Prior Period Items		35,273,341	9,000	24,587,509
Insurance Claim	-		-	
Operating Profit before working capital changes		51,542,103		11,246,871
Adjustments for :				
Trade and Other Receivables	(900,439)		(1,333,086)	
Inventories	(35,524,822)		(18,322,040)	
Trade Payable & Other Liabilities	40,870,020	4,444,759	(42,476,099)	(62,131,225)
Net Cash generated Before Exceptional Items		55,986,862		(50,884,354)
Provision for MAT		-		-
Prior period Items		-		(9,000)
Insurance Claim		-		-
Net cash generated from operating activities (A)		55,986,862		(50,893,354)
B. CASH FLOW FROM INVESTING ACTIVITIES :				
Sale of Fixed Assets		-		-
Purchase of Fixed Assets/Capital Expenditure		(2,328,627)		(5,566,318)
Investment in Subsidiary Company		-		-
Net cash used in investing activities (B)		(2,328,627)		(5,566,318)
C. CASH FLOW FROM FINANCING ACTIVITIES :				
Interest Paid		(23,464,796)		(19,754,910)
Repayment of long term borrowings		773,809		(907,352)
Increase in Working Capital Loan		(46,409,879)		65,229,547
Receipt of Share Application Money for Preference Share		(25,003,502)		6,935,000
Net cash from financing activities (C)		(94,104,369)		51,502,285
Net increase/(decrease) in cash and cash equivalents (A+B+C)		(40,446,133)		(4,957,387)
Opening Balance of cash and cash equivalents		1,844,695		6,802,082
Closing Balance of cash and cash equivalents		2,049,560		1,844,695

(1)

Notes:

1. The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard - 3 on Cash Flow Statement issued by ICAI
2. Previous periods's figures have been regrouped wherever necessary to confirm to the current year's classification.
3. Figures in the brackets represents outflows.

As per our Report of even date
For M.B. Ladha & Company
Chartered Accountants
F.R. no. 105503W

Mumkesh Ladha
M.N. no. 35544

Place : Mumbai
Date : 30.09.2011

For and on behalf of the Board

Dinesh C. Khimavat
[Chairman & Managing Director]

Bharat Pipalia
[Wholetime Director]

KANCHAN INTERNATIONAL LTD.
The Companies Act (1 of 1956) Schedule 6 - Part 4
BALANCE SHEET ABSTRACT AND
COMPANY'S GENERAL BUSINESS PROFILE
(As required under part IV Schedule VI to the Companies Act, 1956)

I. Registration Details

Registration No.	: 78695
State Code	: 11
Balance Sheet Date	: 31.03.2011

II. Capital Raised During The Year

	Rupees
Public Issue	Nil
Bonus Issue	Nil
Right Issue	Nil
Private Placement	Nil

III Position of Mobilisation and Deployment of Funds

Total Liabilities	305,018,232
Total Assets	305,018,232
Sources of Funds	
Paid-up Capital	40,651,000
Share application Money	5,450,000
Reserves and Surplus	-
Secured Loans	241,809,734
Unsecured Loans	3,075,000
Deferred Tax Liability	-
Application of Funds	
Net Fixed Assets	51,770,917
Investments	452,700
Deferred Tax Assets	4,237,632
Net Current Assets	213,059,290
Misc. Expenditure	Nil
Accumulated Losses	28,312,021

IV Performance of Company

Turnover	441,914,389
Total Expenditure	455,898,068
Profit/Loss Before Tax	16,268,763
Profit/Loss After Tax	(6,022,049)
Earning per share in Rs.	(1.88)
Dividend	-

V Generic Names of Three Principal Products/Services of Company

(As per monetary terms)					
Product Description	-	Non-Stick Cookware	Pressure Cooker	Mini Fridge	Mixer Grinder
Item Code No.	-	N.A.	7311101	84182100	N.A.

KANCHAN INTERNATIONAL LIMITED

Statement Pursuant to Section 212 of the Companies Act, 1956, relating to Company's
Interest in Subsidiary Companies for the financial year 2010 -11

1. Name of the Company	Kanchan International Middle East F. Z. E.
2. Financial year ending	31st March 2011
3. Holding Company's interest at the end of financial year of the subsidiary	One Share of Dhs 36,750each (100%)
4. The net aggregate amount of the subsidiary's profits/ (losses) so far as it concerns the member of the holding company and is not dealt with in holding company's accounts:	
(a) Profit / (loss) for the financial year of the subsidiary	Rs. (28.42) Lacs.
(b) Profit/ (loss) for the previous financial years since it became subsidiary	Rs. (176.46) Lacs.
5. The net aggregate amount of the subsidiary's profits / (losses) so far as it concerns the member of the holding company and is dealt with in holding company's accounts:	
(a) For the financial year	Nil
(b) For the previous financial year	Nil

For and on behalf of the Board

Dinesh C. Khimavat
(Chairman & Managing Director)

Place : Mumbai
Dated : 30-9-2011

Bharat Pipalia
(Whole time Director)

KANCHAN INTERNATIONAL MIDDLE EAST F.Z.E.

BALANCE SHEET AS AT 31ST MARCH, 2011

	Sche- dules	31st March, 2011 Rupees	31st March, 2010 Rupees	31st March, 2010 Rupees
SOURCES OF FUNDS				
Shareholder's Funds				
Share Capital	A	452,700		452,700
Total		452,700		452,700
APPLICATION OF FUNDS				
Fixed Assets				
Gross Block	B	130,257	111,015	
Less: Depreciation		<u>78,365</u>	<u>61,230</u>	
Net Block		51,892		49,785
Current Assets, Loans & Advances				
Inventories	C	6,472,118	6,547,326	
Loans & Advances		465,498	117,435	
Sundry Debtors		4,944,430	10,442,472	
Cash & Bank Balances		<u>(1,569,806)</u>	<u>128,368</u>	
		<u>10,312,240</u>	<u>17,235,601</u>	
Less: Current Liabilities & Provisions				
Liabilities	D	<u>22,634,511</u>	<u>25,185,388</u>	
		<u>22,634,511</u>	<u>25,185,388</u>	
Net Current Assets		(12,322,271)		(7,949,787)
Miscellaneous Expenditure				
(To the extent not written off or adjusted)				
Preliminary Expenses		-		-
Profit & Loss A/c	E	12,723,078		8,352,703
Total		452,700		452,700

Schedules referred to above and notes attached thereto form an integral part of the Balance Sheet.

For Kanchan International Middle East F.Z.E.

Place : Mumbai
Date : 30-09-2011

Dinesh C. Khimavat
[Designated Manager]

KANCHAN INTERNATIONAL MIDDLE EAST F.Z.E.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

	Sche- dules	31st March, 2011 Rupees	31st March, 2010 Rupees
INCOME			
Sales		-	-
Other Income	F	-	-
Total		<u>-</u>	<u>-</u>
EXPENDITURE			
Materials & Manufacturing Expenses	G	274,193	820,522
Personnel Expenses	H	13,192	8,879
Sales & Distribution Expenses	I	2,402,536	-
Administration Expenses	J	133,994	3,667,219
Interest & Finance Charges	K	1,502	85,508
Depreciation		17,135	16,777
Total		<u>2,842,551</u>	<u>4,598,906</u>
Profit (Loss) before Exceptional Items		<u>(2,842,551)</u>	<u>(4,598,906)</u>
Less:- Prior Period Items		-	-
Profit (Loss) before taxation		<u>(2,842,551)</u>	<u>(4,598,906)</u>
Less: provision for taxation		-	-
profit\ (loss) after tax		<u>(2,842,551)</u>	<u>(4,598,906)</u>
Balance Brought forward from last year		<u>(14,803,672)</u>	<u>(10,204,765)</u>
Amount available for appropriations		<u>(17,646,223)</u>	<u>(14,803,672)</u>

Schedules referred to above and notes attached thereto form an integral part of the Profit & Loss Account

For Kanchan International Middle East F.Z.E.

Place : Mumbai
Date : 30-09-2011

Dinesh C. Khimavat
[Designated Manager]

KANCHAN INTERNATIONAL MIDDLE EAST F.Z.E.

Schedules Forming Part of the Balance Sheet

	31st March, 2011		31st March, 2010	
	Rupees	Rupees	Rupees	Rupees
SCHEDULE 'A' - SHARE CAPITAL				
Issued, Subscribed & Paid-up				
One Shares of Dha.36,750/- each fully paid up.		452,700		452,700
TOTAL		<u>452,700</u>		<u>452,700</u>
SCHEDULE 'B' - FIXED ASSETS				
Gross Block		130,257		111,015
Less : Depreciation		78,365		61,230
Net Block		<u>51,892</u>		<u>49,785</u>
SCHEDULE 'C' - CURRENT ASSETS, LOANS AND ADVANCES				
INVENTORIES				
Finished Goods Stock		6,472,118		6,547,326
LOANS AND ADVANCES				
Pre Paid Expenses	-	-	-	-
Loans & Advances	362,571		13,312	
Deposits	102,927	465,498	104,123	117,435
SUNDRY DEBTORS				
(Unsecured, Considered Good unless otherwise stated)				
Over Six Months				
Others	4,944,430	4,944,430	10,442,472	10,442,472
CASH & BANK BALANCES				
Cash in hand	54,730		474,064	-
Bank Balance	(1,624,536)	(1,569,806)	(345,696)	128,368
TOTAL		<u>10,312,240</u>		<u>17,235,601</u>
SCHEDULE 'D' - CURRENT LIABILITIES AND PROVISIONS				
CURRENT LIABILITIES				
Sundry Creditors	22,634,511		25,185,388	
Other Liabilities	0	22,634,511		25,185,388
TOTAL		<u>22,634,511</u>		<u>25,185,388</u>
SCHEDULE 'E' - RESERVES & SURPLUS				
Profit & Loss Account				
Reserve For Exchange Rate Fluctuation		17,646,223		14,803,672
		(4,923,145)		(6,450,969)
TOTAL		<u>12,723,078</u>		<u>8,352,703</u>

KANCHAN INTERNATIONAL MIDDLE EAST F.Z.E.

Schedules Forming Part of the Profit and Loss Account

	31st March, 2011 Rupees	Rupees	31st March, 2010 Rupees	Rupees
SCHEDULE ' F ' - OTHER INCOME				
Miscellaneous Income		-		-
TOTAL		<u>-</u>		<u>-</u>
SCHEDULE ' G ' - MATERIAL & MFG. EXP				
Cost of Goods Sold				
Opening Stock		6,746,311		5,128,485
Add : Purchases		-		2,239,363
		<u>6,746,311</u>		<u>7,367,848</u>
Less : Closing Stock		6,472,118		6,547,326
Cost of Goods Sold		<u>274,193</u>		<u>820,522</u>
SCHEDULE ' H ' - PERSONNEL EXPENSES				
Salaries, Wages, Bonus & Allowances		-		-
House Keeping expense		3,148		
Workmen & Staff Welfare Expenses		9,970		8,227
Parking and Mobile Allowance		74		652
TOTAL		<u>13,192</u>		<u>8,879</u>
SCHEDULE ' I ' - SALES & DISTRIBUTION EXPENSES				
Brokerage, Commission & Discounts		210,009		-
Sales Promotion Expenses		-		-
Freight outward & Forwarding Charges & Others		-		-
Rent warehouse (Ajman)		2,146,461		
Loading & Unloading Expenses		4,513		-
Travelling Expenses		40,318		-
Parking Charges		1,237		-
Service Centre Expenses - Sharjah		-		-
TOTAL		<u>2,402,538</u>		<u>-</u>
SCHEDULE ' J ' - ADMINISTRATION EXPENSES				
Conveyance Expenses		2,844		5,800
Office Rent		-		2,762,220
House keeping expense				
Car Parking Charges		2,337		-
Car Expenses		22,258		-
Registration Charges-Car		5,503		-
Petrol Expenses		3,413		-
Postage & Courier Expenses		495		4,579
Printing & Stationery		12,885		-
Medical Expenses		15,395		-
Repair and Maintenance		-		-
Telephone and Fax charges		50,507		-
Internet Expense		18,357		-
Rates & Taxes		-		93,948
Trade License Expenses		-		791,865
Other Expenses		-		8,808
Preliminary Expenses Written off		-		-
TOTAL		<u>133,994</u>		<u>3,667,219</u>
SCHEDULE ' K ' - INTEREST & FINANCE CHARGES				
Interest		-	39,888	-
Bank Charges & Commission		1,502		90,307
Foreign Exchange Gain/Loss		-		(4,799)
TOTAL		<u>1,502</u>		<u>85,508</u>

CONSOLIDATED AUDITOR'S REPORT

To the Board of Directors of Kanchan International Limited

We have audited the accompanying consolidated financial statements of Kanchan International Limited and its subsidiaries, which comprise the Consolidated Balance Sheet as at March 31, 2011, and the Consolidated Statement of Profit and Loss Account and Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Directors' Responsibility for the Consolidated Financial Statements

Board of Directors is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation & presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances (but not for the purposes of expressing an opinion on the effectiveness of the Company's internal control).

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

Neither we nor any other auditor has audited the financial statement of the subsidiary viz. Kanchan International Middle East F.Z.E, Ajman (UAE) whose unaudited financial statements reflect total assets of Rs. 4,52,700.00 as at 31st March, 2011, the total revenue of Rs. (28,42,551.00) after tax for the year then ended which have been converted at the closing rates and the resultant transaction exchange gain on Non-integral foreign operations has been disclosed as Reserve for exchange rate fluctuation (Non-Integral Operations) in the Consolidated Balance Sheet as per Accounting Standard 11- The Effects of Changes in Foreign Exchange Rates, issued by Institute of Chartered Accountants of India.

Note no 1 of Shedule "O" of "Notes to accounts" in respect of balances of sundry creditors ,Debtors ,Loans & Advances & Deposit which are subject to Confirmation.

Retirement benefits & Leave encashment is made on accrual basis & charges to P&L/A/c on the basis of valuation certified by Management instead of Actuarial Valuation as required by Accounting Standard -15 "Employee benefits".

We report that the consolidated financial statement have been prepared by the Kanchan International Limited management in accordance with the requirement of Accounting Standards (AS) 21, Consolidated Financial Statement, issued by the Institute of Chartered Accountants of India.

Based on our audit of the holding company and the unaudited financial statements of the subsidiary and on the basis of other financial information, in our opinion and to the best of our information and according to the explanations given to us, the attached Consolidated Financial Statements read together with the significant accounting policies and other notes thereon give the information required by in the Companies Act, 1956, in the manner so required and subject to our comments above give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2011;
- b) in the case of the Consolidated Profit and Loss Account, of the Loss for the year ended on that date; and
- c) in the case of the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

For M.B.Ladha & Company
Chartered Accountants
F.R.N.105503W

Mukesh Ladha
[Proprietor]
M.No. 35544

Place : Mumbai
Dated: 30-9-2011

KANCHAN INTERNATIONAL LIMITED
CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011

	Sche- dules	31st March, 2011 Rupees	31st March, 2010 Rupees	31st March, 2010 Rupees
SOURCES OF FUNDS				
Shareholder's Funds				
Share Capital	A	40,651,000	40,651,000	
Share Application Money		<u>19,482,498</u>	<u>3,835,000</u>	44,486,000
Loan Funds				
Secured Loans	B	241,809,734	287,153,247	
Unsecured Loans	C	<u>3,075,000</u>	<u>3,367,558</u>	290,520,805
Total		<u>305,018,232</u>		<u>335,006,805</u>
APPLICATION OF FUNDS				
Fixed Assets				
Gross Block	D	95,634,581	93,286,712	
Less: Depreciation		<u>43,811,771</u>	<u>38,965,221</u>	
Net Block			51,822,809	54,321,491
Deferred Tax Assets			4,237,632	26,528,444
Current Assets, Loans & Advances				
Inventories	E	128,361,823	92,912,208	
Sundry Debtors		138,346,488	146,571,826	
Cash & Bank Balances		479,754	1,973,062	
Loans & Advances		<u>59,951,386</u>	<u>53,179,716</u>	
		<u>327,139,451</u>	<u>294,636,812</u>	
Less: Current Liabilities & Provisions				
Liabilities	F	125,890,247	84,775,231	
Provisions		<u>512,186</u>	<u>512,185</u>	
		<u>126,402,433</u>	<u>85,287,416</u>	
Net Current Assets			200,737,018	209,349,397
Miscellaneous Expenditure				
(To the extent not written off or adjusted)				
Preliminary Expenses		-	-	
Profit & loss A/c	G	41,035,100		30,642,676
Deffered Advertisement		<u>7,185,671</u>		<u>14,164,799</u>
Total		<u>305,018,231</u>		<u>335,006,806</u>
Significant Accounting Policies & Notes forming part of the Accounts	O			

Schedules referred to above and notes attached thereto form an integral part of the Balance Sheet.

As per our Report of even date
For M.B.Ladha & Company
Chartered Accountants
F.R. no. 105503W

For and on behalf of the Board

Mukesh Ladha
M.No.:35544

Dinesh C. Khimavat
[Chairman & Managing Director]

Place : Mumbai
Date : 30.09.2011

Bharat Pipalia
[Wholetime Director]

KANCHAN INTERNATIONAL LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

	Sche- dules	31st March, 2011 Rupees	31st March, 2010 Rupees
Income			
Sales		441,914,389	370,361,340
Other Income	H	33,398,652	7,315,426
Increase/(Decrease) in Stock	I	(3,113,907)	6,042,273
Total		472,199,134	383,719,038
Expenditure			
Materials & Manufacturing Expenses	J	315,123,772	249,726,476
Personnel Expenses	K	25,709,756	37,728,653
Sales & Distribution Expenses	L	62,162,487	45,747,979
Administration Expenses	M	13,251,038	20,980,277
Interest & Finance Charges	N	25,844,785	25,686,674
Excise Duty		11,802,230	16,939,148
Depreciation		4,846,551	4,840,376
		458,740,619	401,649,583
Profit (loss) before Exceptional Item		13,458,515	(17,930,545)
Less:- Exceptional Item			
Provision for Doubtful Debts			
Add:- Prior Period Income		32,304	9,000
Profit (loss) before Taxation		13,426,211	(17,939,545)
Less : Provision for taxation			
Deferred taxes		22,290,812	(2,427,868)
Fringe Benefit Tax		-	-
Current tax		-	-
Profit (loss) after tax		(8,864,600)	(15,511,677)
Balance Brought forward from last year		(79,362,527)	(63,850,850)
Surplus carried to Balance Sheet		(88,227,127)	(79,362,527)
Appropriation			
Proposed Dividend on Equity Shares		-	-
Distribution Tax on Dividend		-	-
General Reserve		-	-
Surplus carried to Balance Sheet		(88,227,127)	(79,362,527)
Total		(88,227,127)	(79,362,527)
Significant Accounting Policies & Notes forming part of the Accounts	O		
Earning per Share - Basic & Diluted (Rs.)		(2.76)	(4.83)

Schedules referred to above and notes attached thereto form an integral part of the Profit & Loss Account

As per our Report of even date
For **M.B.Ladha & Company**
Chartered Accountants
F.R. no. 105503W

For and on behalf of the Board

Mukesh Ladha
M.No.:35544

Place : Mumbai
Date : 30.09.2011

Dinesh C. Khimavat
[Chairman & Managing Director]

Bharat Pipalia
[Wholetime Director]

KANCHAN INTERNATIONAL LIMITED

Schedules Forming Part of the Consolidated Balance Sheet

	31st March, 2011		31st March, 2010	
	Rupees	Rupees	Rupees	Rupees
SCHEDULE 'A' - SHARE CAPITAL				
Authorised				
66,50,000 Equity Shares of Rs. 10/- each		66,500,000		36,500,000
13,50,000- 6% Cumulative Redeemable Preference Shares Rs. 10/- each		13,500,000		13,500,000
		<u>80,000,000</u>		<u>50,000,000</u>
Issued, Subscribed & Paid-up				
32,10,100 Equity Shares of Rs.10/- each fully paid up.		32,101,000		32,101,000
8,55,000 6% Cumulative Redeemable Preference Shares Rs. 10/- each		8,550,000		8,550,000
TOTAL		<u>40,651,000</u>		<u>40,651,000</u>
SCHEDULE 'B' - SECURED LOANS				
Working Capital Borrowings from Bank				
(Refer note 1 to 3 below)				
Rupee Loan				
Cash Credit	240,743,368		231,303,651	
Interest On CC	<u>-</u>	<u>240,743,368</u>	<u>55,849,596</u>	<u>287,153,247</u>
Other Borrowings				
Vehicle Loan (Refer note 4 below)		1,066,367		-
TOTAL		<u>241,809,734</u>		<u>287,153,247</u>
SCHEDULE 'C' - UNSECURED LOANS				
Loans & Advances				
From Corporate Body	3,075,000		3,075,000	
From Parshwanath Industries	-		-	
From Others (Bank)	<u>0</u>	<u>3,075,000</u>	<u>292,558</u>	<u>3,367,558</u>
TOTAL		<u>3,075,000</u>		<u>3,367,558</u>

Notes:-

1. Secured by Equitable mortgage of Land and Building constructed at plot no. 41 & 42 , survey no. 653/1, Daman and Hypothecation of all Plant and Machineries present and future of the companies.

2. Secured by hypothecation of stock of raw materials , semi-finished goods, finished goods, packing materials, stores and spares and book-debts and further secured by equitable mortgage of immovable properties of the Company.

3. Further secured by personal guarantees of three Directors and Corporate guarantees of companies under the same management viz. Kanchan Kitchenaid Pvt. Ltd. and Marlex Appliances Pvt. Ltd.

4. Car Loans are secured against hypothecation of Cars.

KANCHAN INTERNATIONAL LIMITED

Schedules Forming Part of the Consolidated Balance Sheet (contd.)

SCHEDULE ' D ' - FIXED ASSETS

Sr. No.	Description of Assets	Gross Block			Depreciation			Net Block			
		As on 01.04.2010	Addi- tion	Deduc- tions	As on 31.03.2011	Upto 31.03.2010	For the year	Deduc- tions	Upto 31.03.2011	AS ON 31.03.2011	As on 31.03.2010
A	Tangible Assets										
1	Freehold Land	853,300	-	-	853,300	-	-	-	-	853,300	853,300
2	Buildings	18,800,847	115,743	-	18,916,590	4,055,840	631,684	-	4,687,523	14,229,066	14,745,007
3	Plant & Machinery	40,819,012	203,912	-	41,022,924	23,015,846	1,812,490	-	24,828,337	16,194,587	17,803,165
4	Electrical Installation	4,499,232	-	-	4,499,232	2,281,039	213,066	-	2,494,104	2,005,127	2,218,193
5	Furniture, Fixture & Office Equipments	17,018,200	150,803	-	17,169,003	3,484,562	1,077,787	-	4,562,350	12,606,653	13,533,638
6	Computers	3,673,137	130,007	-	3,803,144	2,967,304	532,024	-	3,499,327	303,816	705,833
7	Vehicles	4,097,872	1,625,794	-	5,723,666	2,544,223	429,539	-	2,973,763	2,749,903	1,553,649
B	Intangible Assets										
	computer Software	925,113	-	-	925,113	616,406	149,961	-	766,367	158,746	308,707
C	Capital WIP										
	TOTAL	93,286,712	2,347,869	-	95,634,581	38,965,270	4,846,551	-	43,811,771	51,822,809	54,321,492
	Previous Year	87,720,394	5,566,318	-	93,286,712	34,124,844	4,840,376	-	38,965,220	54,321,491	53,595,550

Note: i) None of the Fixed Assets have been revalued during the year

ii) Capital WIP pertains to Capital expenses incurred on the lease hold Premises occupied by the Company, however items wise amount spent on respective assets are not available and all the Capital expenditure is capitalised under the head of Furniture and Fixture

KANCHAN INTERNATIONAL LIMITED

Schedules Forming Part of the Consolidated Balance Sheet (Contd.)

Particulars	31st March, 2011		31st March, 2010	
	Rupees	Rupees	Rupees	Rupees
SCHEDULE 'E' - CURRENT ASSETS, LOANS AND ADVANCES				
INVENTORIES				
Raw Materials	86,197,437		41,461,666	
Work In Process	11,375,666		10,426,792	
Finished Goods	22,981,592		27,119,735	
Finished Goods (Trade)	<u>7,807,128</u>	<u>128,361,823</u>	<u>13,904,015</u>	<u>92,912,208</u>
SUNDRY DEBTORS				
(Unsecured, Considered good unless otherwise stated)				
Over Six Months	124,808,395		103,303,904	
Less:- Provision for Doubtful Debts	<u>12,776,764</u>		<u>12,776,764</u>	
Others	<u>26,314,857</u>	<u>138,346,488</u>	<u>56,044,686</u>	<u>146,571,826</u>
CASH & BANK BALANCES				
Cash on hand	1,168,443		1,298,982	
Balance with Scheduled Banks:				
In Current Accounts	(1,426,689)		325,580	
In Fixed Deposit Account	<u>738,000</u>	<u>479,754</u>	<u>348,500</u>	<u>1,973,062</u>
(Fixed Deposit receipts of Rs. 348500/- Previous Year Rs. 2309100/- Deposited with the Bankers towards margin against guarantees/letter of credit facilities to the Company)				
LOANS AND ADVANCES				
(Unsecured, Considered Good unless otherwise stated)				
Loans & Advances	11,651,637		11,651,637	
Other Current Assets	44,737,373		38,580,793	
Tax paid in advance incl. Tax deducted at source	1,220,567		1,217,235	
Advance tax paid in fbt	-			
Advances for Vehicle				
Deposits	1,466,538		1,447,734	
Balance with Excise Authorities	<u>875,271</u>	<u>59,951,386</u>	<u>282,317</u>	<u>53,179,716</u>
TOTAL		<u>327,139,451</u>		<u>294,636,812</u>
SCHEDULE 'F' - CURRENT LIABILITIES AND PROVISIONS				
CURRENT LIABILITIES				
Acceptances	3,868,407		-	
Sundry Creditors	73,806,685		60,026,921	
Advances Received from Customers	12,518,550		5,344,766	
Other Liabilities	<u>35,696,603</u>	<u>125,890,245</u>	<u>19,403,544</u>	<u>84,775,231</u>
PROVISIONS				
Provision for FBT		512,185		512,185
provision for income tax		-		-
TOTAL		<u>126,402,430</u>		<u>85,287,416</u>
SCHEDULE 'G' - PROFIT AND LOSS ACCOUNT				
Balance As per last Balance Sheet		(42,268,882)		(42,268,882)
Profit and Loss Account		88,227,127		79,362,527
Reserve for Exchange Rate Fluctuation (Non Integral Operations)		<u>(4,923,145)</u>		<u>(6,450,969)</u>
TOTAL		<u>41,035,100</u>		<u>30,642,676</u>

KANCHAN INTERNATIONAL LIMITED

Schdeules Forming Part of the Consolidated Profit & Loss Account

Particulars	31st March, 2011		31st March, 2010	
	Rupees	Rupees	Rupees	Rupees
SCHEDULE 'H' - OTHER INCOME				
Miscellaneous Income		516,354		523,705
Exchange Rate Fluctuation (Net)		-		-
Other Income		990,488		6,791,721
Profit on sale of Fixed Assets		-		-
TOTAL		1,506,842		7,315,426
SCHEDULE 'I' - INCREASE / (DECREASE) IN STOCK				
Stock at close:				
Work in Process	11,375,666		10,426,792	
Finished Goods	16,509,473	27,885,139	20,572,409	30,999,201
Less: Stock at commencement:				
Work in Process	10,426,792		10,712,462	
Finished Goods	20,572,409	30,999,201	14,244,466	24,956,928
TOTAL		(3,113,907)		6,042,273
SCHEDULE 'J' - MATERIALS & MANUFACTURING EXPENSES				
Raw Materials Consumed				
Opening Stock	48,207,977		39,698,124	
Add : Purchases	316,985,788		189,241,079	
	365,193,765		228,939,203	
Less : Closing Stock	92,669,555	272,524,210	48,008,992	180,930,210
Cost of traded Goods		21,009,952		47,076,256
Manufacturing Expenses				
Processing Charges	9,875,011		10,789,924	
Power & Fuel	1,651,943		1,970,671	
Other Manufacturing Expenses	9,126,773		7,529,399	
Repairs & Maintenance				
- Plant & Machinery	243,613		576,128	
- Building				
- Others	228,073		146,303	
Freight, Clearing and Handling Expenses	464,197	21,589,610	707,585	21,720,010
TOTAL		315,123,772		249,726,476
SCHEDULE 'K' - PERSONNEL EXPENSES				
Salaries, Wages, Bonus & Allowances		23,221,589		34,832,056
Contribution to Provident & other Funds		1,426,211		1,806,335
Workmen & Staff Welfare Expenses		1,061,956		1,090,262
TOTAL		25,709,756		37,728,653
SCHEDULE 'L' - SALES & DISTRIBUTION EXPENSES				
Brokerage, Commission & Discounts		7,298,160		6,967,781
Sales Promotion Expenses		1,772,756		1,895,947
Rent warehouse (Ajman)		2,146,461		
Advertising & Publicity Expenses		7,040,638		33,065,013
Freight outward & Forwarding Charges		3,483,717		3,819,237
Loading & Unloading Expenses		41,555		-
Rebate and discount		40,379,199		
TOTAL		62,162,487		45,747,979

KANCHAN INTERNATIONAL LIMITED

Schdeules Forming Part of the Consolidated Profit & Loss Account (Contd.)

Particulars	31st March, 2011		31st March, 2010	
	Rupees	Rupees	Rupees	Rupees
SCHEDULE 'M' - ADMINISTRATION EXPENSES				
Legal & Professional Fees		1,341,446		1,080,640
Insurance Charges		132,157		131,524
Auditors Remuneration		75,000		60,000
Traveling & Conveyance Expenses		3,618,882		7,803,357
Delivery Van Expenses		160,864		127,860
Rent		1,189,802		4,426,061
Rates and Taxes		1,500,232		864,135
Postage & Telephone Expenses		988,859		1,446,363
Printing & Stationery		480,840		500,343
Other Expenses		3,296,961		3,748,130
Preliminary Expenses Written off		-		-
Loss on sale of Fixed Assets		-		-
Telephone & Fax Charges		50,507		791,865
Car Parking Charges		33,511		-
MOTAR CAR		381,979		-
Repairs & Mainrenance Expenses		-		-
TOTAL		13,251,040		20,980,277
SCHEDULE 'N' - INTEREST & FINANCE CHARGES				
Interest		23,464,796		19,754,910
Bank Charges & Commission		1,095,767		1,632,248
Exchange Rate Fluctuation (Net)		1,284,222		4,299,515
TOTAL		25,844,785		25,686,674

SCHEDULE “O” - SIGNIFICANT ACCOUNTING POLICIES & NOTES TO THE CONSOLIDATED ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES

1. Basis of preparation of financial statement

The financial statements have been prepared under historical cost convention, in accordance with the generally accepted accounting principles and accounting standard referred to in section 211(3C) of the Companies Act 1956.

2. Principles of Consolidation

a. The financial statements of the wholly owned subsidiary are included in the consolidated financial statements.

b. The financial statements have been combined on a line by line basis by adding together book value of like items of assets, liabilities, income & expenses after fully eliminating intra-group balances and transaction and unrealized profit/loss resulting from intra-group transactions related to transfer of assets/liabilities as per Accounting standard 21- Consolidated Financial statement, issued by ICAI.

c. While preparing consolidated financial statement foreign exchange adjustments have been carried out on the following basis, as per Accounting Standard 21-Consolidated Financial statement issued by ICAI.

The summarized revenue and expense transaction at the year-end reflected in profit and loss account of the Kanchan International Middle East F.Z.E. in UAE Dhs. have been translated into Indian Rupees at the average exchange rates at the close of the year.

The assets and liabilities reflected in the balance sheet of Kanchan International Middle East F.Z.E. in UAE Dhs. have been translated in to Indian Rupees at the appropriate exchange rates at the close of the year.

The resultant transaction exchange gain/loss on Non-integral foreign operations has been disclosed as Reserve for exchange rate fluctuation(Non-Integral Operations) in the Consolidated Balance Sheet as per Accounting Standard 11- The Effects of Changes in Foreign Exchange Rates, issued by ICAI.

3. Other Significant Accounting Policies

These are set out in the Significant Accounting Policies under Significant Accounting Policies & Notes to the Accounts of the respective financial statements of the respective company.

NOTES TO ACCOUNTS

1.Sundry Creditors,Debtors,Loans & advances and Deposits are subject to confirmation & Reconciliation.During the year Company have not sent letter of confirmation to the parties.The management, however ,does not expect any material changes.

2.Auditor remuneration**Rupees**

Particulars	2010-11	2009-10
(A) Audit Fees	50000	45000
(B) Tax Audit Fees	25000	15000
(C) Service tax on above	7725	6180
TOTAL	82725	66,180

3.Remuneration to directors**Rupees**

Particulars	2010-11	2009-10
(A) Salary & Allowances	18,00,000	18,00,000
TOTAL	18,00,000	18,00,000

4. There was no employee, getting salary in excess of Rs. 5 lacs per month or more throughout or part of the financial year under review.

5. Contingent Liabilities**Rs.in Lacs**

Particulars	2010-11	2009-10
(I) Bank Guarantees	4.90	13.05
(II) Preference Dividend	10.26	5.13
(III) Income tax Liability(A.Y.2006-07)(Excluding interest)	1.15	1.15

Related Party Information**(i) Relationship****(a) Individuals Controlling the Enterprise and Key Management Personnel**

1. Mr.Dinesh C.Khimavat Managing Director
2. Mr.Bharat H.Pipalia Whole Time Director
3. Mr Ashok Khimavat Director

(b) Relative of key Management personnel

1. Mrs. Usha D. Khimavat Wife of Mr. Dinesh Khimavat
- 2.Mr. Mishal Khimavat Son of Mr. Dinesh Khimavat

(C) Enterprises in which key management Personnel & their Relatives are interested

- 1.Kanchan Kitchenaid Pvt.Ltd. – Mr. Dinesh Khimavat is one of the Director
- 2.Kanchan Engineering Pvt.Ltd – Mr. Dinesh Khimavat is one of the Director
- 3.Marlex Appliances Pvt.Ltd.- -- Mr. Dinesh Khimavat is one of the Director
- 4.Marlex Products Ltd.- -- Mr. Mishal Khimavat is one of the Director
- 5 Parshwnath Industries -- Mrs. Usha D Khimavat is proprietor

Note: Related party relationship on the basis of the requirements of Accounting Standard 18 (AS-18) as in I(a),I (b),I(c)& I(d) above is pointed out and relied upon by the auditors

6.(ii) Transaction with related parties

Rs.In Lacs

Nature of Transaction	2010-11		2009-10	
	Referred in(I)	Referred in(I)	Referred in(I)	Referred in(I)
	(a&b)	(c&d)		(a&b)
Purchase				
Sales		21.83		219.63
Expenses:				
Rent		5.64		5.64
Remuneration	18.00		18.00	
Outstanding:				
Payable		51.23		67.09
Receivable		421.92		541.45
Investment		4.53		4.53

7. Disclosure as required by Accounting Standard 19, "Leases". Issued by the institute of Chartered Accountants of India are given below:

(i) The Company has taken various Residential Flats & Other Premises under Operating lease or leave & license agreements. These are generally cancelable after giving notice to party and range between 11 month and 3 years under leave and license or longer for other leases and are renewable by mutual consent on mutually agreeable terms.

(ii) Lease payments are recognized in the statement of Profit & Loss Account under "Rent" in Schedule M. (III) All Operating Leases entered into by the Company . are cancelable on giving a notice of 1 to 3 months.

8. Computation of Earning per share (Basic & Diluted)

		2010-11	2009-10
Profit (Loss) after taxation	Rs.	(88,64,600)	(1,55,11,677)
Weighted average number of share Outstanding	No.	3,210,100	3,210,100
Nominal Value per share	Rs.	10	10
Earning per share – Basic	Rs.	(2.76)	(4.83)
Diluted	.Rs	(2.76)	(4.83)

9. Deferred Tax

The break up of net deferred tax assets & liability into major components at the year-end is as below:

Particulars	Liabilities		Assets	
	2010-11	2009-10	2010-11	2009-10
Depreciation	5398617	5391376		-
Advertisement	2162168	4262188		-
Loss			7063301	14782439
Provision for Doubtful Debts			3844528	3844528
Disallowance of 43B			890589	17555040
Total	7560785	9653564	11798418	36182007
Net Deferred Tax Liability/ Asset			4237632	26528444

10. During the year, the company has reviewed its fixed assets for impairment loss as required by accounting standards 28-“ Impairment of Assets”. In the opinion of management no provision for impairment is considered necessary.
11. During the year, The company has received application money of 25,00,000 Equity share warrants amounting to Rs Rs 1,94,82,498/- .Equity warrants carrying an entitlement to subscribe to an equivalent number of equity shares of Rs 10/-each at an exercise price calculated as prescribed under Chapter VII of SEBI .The option to acquire the 25,00,000 equity shares shall be exercised by the warrant holder in one or more tranches within the period of 18 months from the date of allotment of warrants.
12. The Management has taken appropriate steps for recovery of debts which were considered as doubtful during the F.Y.2010-11.The Board has reviewed its decision during the year and its hopeful of recovering the dues from the debtors and hence the management has decided not to make any further provision for doubtful debts during the year ,apart from the provisions made in the earlier year.
13. During the year, the Bank has waived off Bank interest amounting to Rs 3,54,79,213 on Cash credit loan & the balance interest of Rs 3,50,00,000 is converted into the Funded Interest Term loan Scheme which results to reduce the losses of the company by Rs 3,54,79,213/-
14. The Management has taken appropriate steps for Claiming outstanding export benefits amounts to Rs 67,77,972/- which are outstanding from long period which were considered as doubtful during the F.Y.2010-11.The management is hopeful of realizing the export benefits and hence the management has decided not to Write off the balances during the year .
- 15 . During the year, Company has written-back Sundry Balances of Rs.9,90,488/-(NET) out of various Creditors and Provisions which are not payable as decided by the Management which are shown in Other Income due to which losses are reduced by Rs.9,90,488/-
16. Figures of the previous year have been regrouped, rearranged and recasted so as to make them comparable with the figures.

As per our Report of even date

For and on behalf of the Board

For M.B.Ladha & Company
Chartered Accountants
FRN No.105503W

Dinesh C. Khimavat
(Chairman&
Managing Director)

Mukesh Ladha
(Proprietor)
M.No 35544
Place : Mumbai
Dated :30.09.2011

Bharat Pipalia
(Wholetime Director)

KANCHAN INTERNATIONAL LIMITED
CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH,2011

Particulars	31st March, 2011		31st March, 2010	
	Rupees	Rupees	Rupees	Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES :				
Net profit/Loss before Tax & Extraordinary item		13,426,212		(17,939,544)
Adjustments for :				
Depreciation	4,846,551		4,840,376	
Interest (Net)	23,464,796		19,754,910	
Profit(Loss) on sale of Assets/Investments (Net)	6,979,128		-	
Preliminary Expenses W/Off	-		-	
Excess Depreciation of Last Year	-		-	
Exchange Fluctuation Reserve	(1,527,824)		(1,587,165)	
Prior Period Items	-		9,000	
Provision for MAT	-		-	
Insurance claim	-	33,762,651	-	23,017,121
Operating Profit before working capital changes		47,188,863		5,077,577
Adjustments for :				
Trade and Other Receivables	1,453,668		7,202,725	
Preliminary Expenses	-		-	
Inventories	(35,449,614)		(19,740,881)	
Trade Payable & Other Liabilities	41,115,018	7,119,071	(43,316,777)	(55,854,933)
Net Cash generated Before Exceptional Items		54,307,934		(50,777,356)
Provision for doubtful debts				
Prior Period Items		-		(9,000)
Insurance claim				
Net cash generated from operating activities (A)		54,307,934		(50,786,356)
B. CASH FLOW FROM INVESTING ACTIVITIES :				
Sale of Fixed Assets		-		-
Purchase of Fixed Assets/Capital Expenditure		(2,347,869)		(5,566,318)
Net cash used in investing activities (B)		(2,347,869)		(5,566,318)
C. CASH FLOW FROM FINANCING ACTIVITIES :				
Interest Paid		(23,464,796)		(19,754,910)
Repayment of Long Term Borrowing		773,809		(907,352)
Increase in Working Capital Loan		(46,409,879)		65,229,547
Receipt of Share Application Money		15,647,498		6,935,000
Net cash from financing activities (C)		(53,453,369)		51,502,285
Net increase/(decrease) in cash and cash equivalents (A+B+C)		(1,493,302)		(4,850,388)
Opening Balance of cash and cash equivalents		1,973,062		6,823,450
Closing Balance of cash and cash equivalents		479,754		1,973,063

Notes:

1. The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard - 3 on Cash Flow Statement issued by ICAI
2. Previous periods's figures have been regrouped wherever necessary to confirm to the current year's classification.
3. Figures in the brackets represents outflows.

As per our Report of even date

For and on behalf of the Board

For M.B.Ladha & Company
Chartered Accountants
F.R. no. 105503W

Mukesh Ladha
M.no. 35544

Place : Mumbai
Date : 30.09.2011

Dinesh C. Khimavat
[Chairman]

Bharat Pipalia
[Wholetime Director]

KANCHAN INTERNATIONAL LTD.

The Companies Act (1 of 1956) Schedule 6 - Part 4
CONSOLIDATED BALANCE SHEET ABSTRACT AND
COMPANY'S GENERAL BUSINESS PROFILE
(As required under part IV Schedule VI to the Companies Act, 1956)

I. Registration Details

Registration No.	: 78695
State Code	: 11
CIN	: L29301MH1994LC078695
Balance Sheet Date	: 31.03.2011

Rupees

II. Capital Raised During The Year

Public Issue	Nil
Bonus Issue	Nil
Right Issue	Nil
Private Placement	Nil

III Position of Mobilisation and Deployment of Funds

Total Liabilities	305,018,232
Total Assets	305,018,231

Sources of Funds

Paid-up Capital	40,651,000
Share Application Money	19,482,498
Reserves and Surplus	-
Secured Loans	241,809,734
Unsecured Loans	3,075,000

Application of Funds

Net Fixed Assets	51,822,809
Investments	-
Net Current Assets	200,737,018
Misc. Expenditure	-
Deffered Tax Assets	4,237,632
Accumulated Losses	41,035,100

IV Performance of Company

Turnover	441,914,389
Total Expenditure	458,740,619
Profit/Loss Before Tax	13,458,515
Profit/Loss After Tax	(8,864,600)
Earning per share in Rs.	(2.76)
Dividend	-

V Generic Names of Three Principal Products/Services of Company

(As per monetary terms)

Product Description	-	Non-Stick Cookware	Pressure Cooker	Mini Fridge	Mixer Grinder
Item Code No.	-	N.A.	7311101	84182100	N.A.

KANCHAN INTERNATIONAL LIMITED
Financial Highlights

Financial Year Ended	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Sales	4419.14	3,703.61	3,466.43	2,852.00	2,814.32	4,087.02	3,688.94	3,584.83	3,170.33	2,082.89	1,504.42	1,051.77	827.29
Profit before depreciation, Interest & Tax (EBDIT)	163.15	170.93	242.21	(262.97)	(156.28)	256.94	373.57	276.88	244.44	129.68	112.00	85.05	53.78
Depreciation	48.29	48.24	45.08	44.92	42.81	37.16	35.01	31.94	26.71	17.06	18.20	8.00	5.32
Profit After Tax	(89.99)	(109.13)	3.59	(437.41)	(387.75)	105.83	219.59	110.82	108.16	58.38	64.42	54.49	35.47
Equity Share Capital	321.01	321.01	321.01	321.01	321.01	321.01	321.01	321.01	321.01	321.01	321.01	321.01	321.01
Reserves & Surplus	-	-	-	-	320.04	680.70	611.16	427.79	316.97	211.13	152.75	88.33	33.84
Net Worth (Equity+Reserves)	601.33	444.86	375.51	321.01	641.05	1,001.71	928.93	742.32	628.26	519.17	457.56	409.34	354.85
Gross Fixed Assets	955.04	931.76	876.09	871.22	865.94	623.54	581.38	570.16	495.56	440.63	246.42	173.36	147.33
Net Fixed Assets	517.71	547.22	535.29	565.66	597.28	438.12	433.12	456.91	414.04	385.82	207.22	145.99	134.33
Earning per Share (Rs.)	(1.88)	(3.40)	0.11	(13.63)	(12.08)	3.30	6.84	3.45	3.37	1.82	2.00	1.70	1.11
Cash Earning per Share (Rs.)	(1.30)	(1.90)	1.51	(12.23)	(10.75)	4.56	8.03	4.55	4.30	2.45	2.53	1.98	1.27
Sales per Share (Rs.)	137.66	115.37	107.99	88.86	87.67	127.32	114.92	111.67	98.76	64.89	46.86	32.76	25.77
Book Value per Share (Rs.)	8.99	8.52	6.46	10.00	19.97	31.20	28.94	23.12	19.57	16.17	14.25	12.75	11.05

(Rs. In Laacs)

Kanchan International Limited.

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

PROXY

I/We _____ of _____ being a Member/Members of the above named Company, hereby appoint _____ of _____ in the district of _____ or falling him _____ of _____ in the district of _____ as my/our Proxy to attend and vote for me/us on my/our behalf at the 17th Annual General Meeting of the Company, to be held on Thursday, 24th November 2011 at 11.00 A.M at Ajanta Hall, Sumer Nagar, Adjacent to Flyover, S. V. Road, Borivali (W), Mumbai - 400 092.

Signature

Affix One
Rupee
Revenue
Stamp

Folio No.

No. Of shares

NOTES:

1. The Proxy must be returned so as to reach the Registered Office of the Company, not less than FORTY-EIGHT HOURS before the time for holding the aforesaid meeting.
2. A Proxy need not be a member of the Company.

-----TEAR HERE-----

Kanchan International Limited.

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

ATTENDANCE SLIP

(Name & Address of Member/Proxy)

Folio No.

No. Of shares

I hereby record my presence at the 17th Annual General Meeting of the Company held on Thursday, 24th November 2011 at 11.00 A.M at Ajanta Hall, Sumer Nagar, Adjacent to Flyover, S. V. Road, Borivali (W), Mumbai - 400 092.

Signature of the attending Member/Proxy

NOTES:

1. A Shareholder/Proxy holder wishing to attend the meeting must bring the Attendance Slip to the meeting and handover at the entrance duly signed.
2. A Shareholder/Proxy holder desiring to attend the meeting should bring his copy of the Annual Report for reference at the meeting.

Date: