

22nd Annual Report 2001-2002

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CHOKHANI
INTERNATIONAL LIMITED



BOARD OF DIRECTORS

Mr. Jagdish Chokhani
Mr. Lai Ching Chuan
Mr. A.C. Talwani
Mr. Suresh Kumar Goenka
Mr. K.P. Taimni

*Chairman & Managing Director
(Keppel Nominee)
Director
Director
Director*

BANKERS

Indian Bank
Bank of India
Oriental Bank of Commerce

AUDITORS

M/s. Doogar & Associates
Chartered Accountants,
13, Community Centre, East of Kailash,
New Delhi-110 065

REGISTERED OFFICE

D-3/2, Okhla Industrial Area, Phase-II,
New Delhi-110 020

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MADRAS OFFICE & SHIPYARD

CHOKHANI SHIPYARD
Near Container Terminal,
Madras Port Trust, Madras-600 001

REGISTRARS & SHARE TRANSFER AGENTS

Beetal Financial & Computer Services (P) Ltd.
321-S, Chirag Delhi
(Near Shaeed Bhagat Singh College)
New Delhi-110 017

**NOTICE**

NOTICE is hereby given that the 22nd Annual General Meeting of CHOKHANI INTERNATIONAL LIMITED will be held at Kalyan Kendra, Government Servants Co-operative House Building Society Ltd., 9, Paschimi Marg, Vasant Vihar, New Delhi-110057 on Monday, 30th September, 2002 at 10.00 A.M. to transact the following business:

ORDINARY BUSINESS:

1. To consider, approve and adopt the Audited Balance Sheet as at 31st March, 2002 and Profit & Loss Account for the financial year ended as on that date and the reports of the Board of Directors and Auditors thereon.

2. To appoint a Director in place of Mr. Lai Ching Chuan, who retires by rotation and being eligible, offers himself for reappointment.

3. To consider and, if thought fit, to pass with or without modification(s), the following Resolution as a Ordinary Resolution:

"Resolved that Mr. K P Taimni who retires by rotation at the meeting be not reappointed and that the vacancy created be not filled up and that the number of directors be reduced accordingly."

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

"RESOLVED THAT M/s. Doogar & Associates, Chartered Accountants, the retiring Auditors, be and is hereby re-appointed as the Auditors of the company to hold office from the conclusion of the next Annual General Meeting of the company on a remuneration to be fixed by the Board of Directors of the company."

By order of the Board
for CHOKHANI INTERNATIONAL LIMITED

Place : New Delhi
Date : 29-07-2002

Jagdish Chokhani
Managing Director

NOTES:

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the Proxy need not be a member. In order to be effective, the proxy must reach 48 hours before the commencement of the Annual General Meeting.
2. Members/Proxies should bring the attendance slip sent herewith duly filled up for attending the meeting.
3. The Register of Members and Shares Transfer Books of the company will be closed from 24th September, 2002 to 30 September, 2002 (both days inclusive). Members are requested to communicate change of address if any.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956**ITEM NO. 4**

Section 224A of the Companies Act, 1956, inter alia, provides that in the case of a Company in which not less than 25% of the subscribed share capital is held either singly or in any combination by Public Financial Institution, Government Companies, etc., appointment or re-appointment at each Annual General Meeting of an Auditor or Auditors shall be made by a Special Resolution. The subscribed share capital of the Company held collectively by public Financial Institutions and Nationalised Banks is more than 25% thereof, it is, therefore, necessary that the re-appointment of Auditors be made by a Special Resolution. The Resolution is recommended for the approval of the Members.

None of the directors of the Company is concerned or interested in the Resolution.

By order of the Board
for CHOKHANI INTERNATIONAL LIMITED

Place : New Delhi
Date : 29-07-2002

Jagdish Chokhani
Managing Director

CHOKHANI INTERNATIONAL LIMITED



DIRECTOR'S REPORT

The Directors present the 22nd Annual Report and the audited Accounts for the financial year ended 31st March, 2002.

| | (Rs in Lakhs) | |
|---|---------------|-----------|
| FINANCIAL PERFORMANCE | 31.3.2002 | 31.3.2001 |
| Ship repair income | NIL | NIL |
| Increase in work in progress | NIL | NIL |
| | NIL | NIL |
| Less: Credit notes relating to earlier years | NIL | NIL |
| Ship Repair Income Net | NIL | NIL |
| Excess Provision written back | NIL | NIL |
| Other Income | 203.43 | 38.27 |
| Total Income | 203.43 | 38.27 |
| Expenditure before interest, Depreciation & Tax | 28.51 | 117.94 |
| Interest | NIL | NIL |
| Gross Profit/(Loss) | 174.92 | (79.67) |
| Depreciation | 338.07 | 338.24 |
| Profit/(Loss) before tax | (163.15) | (417.91) |
| Provision for Tax | NIL | NIL |
| Profit/(Loss) after tax | (163.15) | (417.91) |

OPERATIONS :

As reported last year, the suit filed by the Lead Institution i.e. ICICI Ltd., is still pending before the Debt Recovery Tribunal, Mumbai. As you are aware that the company's assets (shipyard) along with the two floating dry docks "Bharat" and "Madhusudan" were in the possession of the Court Receiver as per the direction of the Hon'ble Mumbai High Court since August, 1998, as presumably requisite security and safety steps were not taken, we have been informed by the Chennai Port Trust, that company's floating dry dock "Madhusudan" has been sunk in the sea at Chennai Port in the month of April, 2002. However, this will not have any financial impact on the company as the company had filed a counter claim of Rs. 210 crore against the ICICI Ltd. through Mumbai Debt Recovery Tribunal in respect of the value of the assets at the time of handing over the assets to the Receiver appointed by the Mumbai High Court. We have also been informed that ICICI is pursuing the sale of assets as per the order of Debt Recovery Tribunal, Mumbai.

IDBI & IFCI have also filed cases at Debt recovery Tribunal, Chennai for recovery of their dues. The company has sought the permission from the Chennai High Court to transfer these cases to Debt Recovery Tribunal, Mumbai so that the company could fight at one forum, the case is still pending.

In accordance with the directions of Debt Recovery Tribunal, Mumbai the possession of the shipyard has been taken over by the private Receiver M/s Khade Bapat Kabe & Sinha & Associates on 28th May, 2002 from the possession of the Court Receiver appointed by the Mumbai High Court.

The company has also filed a petition for recovery of Rs. 2.72 crore from the Coast Guards at Chennai in respect

of repair work done on their ship "VARHA". Further more the company has also filed case against Shipping Corporation of India in respect of repair of their ship viz. Dada Bhai Nauroji for recovery of sum of Rs. 18.20 crore. The matter is yet to come up for hearing.

DIVIDEND :

In view of the loss, your Directors are unable to recommend payment of any dividend.

FIXED DEPOSITS :

Since your Company has not accepted any deposits from the public, no information is required to be furnished in respect of outstanding deposits.

RETIREMENT OF DIRECTORS :

Mr. Lai Ching Chuan and Mr. K P Taimni are to retire by rotation at the forthcoming Annual General Meeting and Mr. Lai Ching Chuan being eligible, offer himself for the reappointment. The Board places on record its deep appreciation of the valuable services rendered by Mr. K P Taimni during his tenure as a member of the Board of Directors of the company.

AUDITORS :

M/s. Doogar & Associates, Chartered Accountants retire as Auditors of the Company at the conclusion of the forthcoming Annual General Meeting and are eligible for reappointment. The Company has received a certificate from the Auditors to the effect that their appointment, if made, would be within the prescribed limit under Section 224(1-B) of the Companies Act, 1956.

AUDITORS' REPORT :

Auditors observation are self explanatory and are suitably explained in the notes to the accounts.

LISTING OF SECURITIES :

The securities of the company are listed on the following stock exchanges:

1. The Delhi Stock Exchange Association Ltd.
2. The Stock Exchange, Mumbai.

SHARE TRANSFER SYSTEM :

Company has appointed M/s Beetal Financial & Computer Services (P) Ltd., New Delhi as the Registrar & Share Transfer Agents of the company w.e.f. 1st May, 2002 in place of MCS Ltd. Transfer of shares are approved by the Share Transfer Committee of Directors which meets at frequent intervals.

DEMATERIALISATION :

As per the circular of SEBI all listed companies are required to have their shares in compulsory dematerialisation form w.e.f. 31.03.2002. The company is in process of entering into agreement with both NSDL (National Security Depository Limited) and the CDSL (Central Depository Services (India) Ltd.). The shareholder shall have the option to dematerialise their holding.

PARTICULARS REQUIRED AS PER LISTING AGREEMENT :

In accordance with the listing requirements, a note on Corporate Governance together with Auditor's Certificate regarding compliance of Corporate Governance is enclosed.

**DIRECTOR'S RESPONSIBILITY STATEMENT :**

Pursuant to the requirement u/s 217 (2AA) of the Companies Act, 1956 with respect to Director's Responsibility Statement, it is hereby confirmed :

- (i) That in the preparation of the accounts for the financial year ended 31st March, 2002 the applicable accounting standards have been followed along with proper explanations relating to material departure.
- (ii) That the Director's had selected such accounting policies and applied them consistently and made judgements and estimates that were 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 the profit and loss of the company for the year ended under review.
- (iii) That the Director's had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for the safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- (iv) That the Director's had prepared the accounts for the financial year ended 31st March, 2002 on a going concern basis.

PARTICULARS OF EMPLOYEES :

In accordance with the provisions of Section 217(2A) of the Companies Act, 1956, read with the companies (Particulars of Employees) Rules, 1975, there was no employee who was in receipt of remuneration in excess of provisions of Section 217(2) of the Companies Act.

PARTICULARS OF CONSERVATION OF ENERGY TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO :

Information pursuant to Section 217(1)(e) of the Companies Act, 1956, read with companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988, is set out in the annexure and forms a part of this Report.

ACKNOWLEDGMENT :

Your Directors wish to place on record, their deep sense of appreciation for devoted services of the Executives & Staff of the Company.

On behalf of the Board of Directors

Place : New Delhi
Date : 29-07-2002

JAGDISH CHOKHANI
MANAGING DIRECTOR

ANNEXURE - TO DIRECTOR'S REPORT :

1. Particulars under Section 217(1) (e) read with the companies (Disclosure of particulars in the report of the Board of Directors) Rules, 1988 for the year ended on 31st March, 2002.

A. Conservation of Energy

As the ship repair operation of the company remained suspended, during this year also, hence, it could not take any measure to conserve the energy.

B. Technology absorption, adoption & Innovation

In view of (A) above, this is not applicable.

C. Foreign Exchange Earnings & outgo

Earnings : NIL
Outgo : NIL

2. Information regarding Technology imported during the last five years:

| Technology imported | Year of import | Has technology been fully absorbed? | If technology not fully absorbed the reasons thereof |
|---------------------|----------------|-------------------------------------|--|
| NIL | NIL | NIL | NIL |

On Behalf of the Board of Directors

Place : New Delhi
Date : 29-07-2002

JAGDISH CHOKHANI
MANAGING DIRECTOR

**CORPORATE GOVERNANCE****CORPORATE PHILOSOPHY :**

The company believes in the values of transparency, professional accountability and equity in its dealing with the shareholders, Lenders government, Employees and every individual who comes in contact with the company. Company is committed to achieving the high standards of corporate governance.

The company is in compliance with most of the requirement prescribed on corporate governance. In addition a Audit Committee of directors has also been constituted.

LISTING AGREEMENT COMPLIANCES :

The Securities of the company are presently listed at Ahmedabad, Mumbai, Chennai, Calcutta and Delhi Stock Exchanges. Due to financial constraints the company is in arrear of listing fees to the Stock Exchanges. The company proposes delisting from Ahmedabad, Chennai & Calcutta Stock Exchanges.

BOARD OF DIRECTORS

The Board of Director's is headed by Mr. Jagdish Chokhani.

During the year 4 Board Meetings were held as on 23rd June, 2001, 28th July, 2001, 15th December, 2001 and 23rd March, 2002.

Details of Board Meetings attended by Director's during the period from 01-04-2001 to 31-03-2002.

| S.No. | Name | Designation | No. of meeting | Attendance at no. of meetings |
|-------|----------------------|-------------------|----------------|-------------------------------|
| 1. | Mr. Jagdish Chokhani | Managing Director | 4 | 4 |
| 2. | Mr. K P Taimni | Director | 4 | 4 |
| 3. | Mr. A C Talwani | Director | 4 | 2 |
| 4. | Mr. Suresh Goenka | Director | 4 | 4 |
| 5. | Mr. Lai Ching Chuan | Director | 4 | 0 |

AUDIT COMMITTEE :

The Board of directors has constituted Audit Committee comprising of three directors Mr. Jagdish Chokhani, Mr. A C Talwani & Mr. Suresh Kumar Goenka. Mr. Suresh Kumar Goenka has been appointed as the chairman of the Audit Committee and the attended the Annual General Meeting of the company held on 28-09-2001.

GENERAL BODY MEETINGS :

The last three annual general meeting were held as under:

| Financial Year | Date | Time | Location |
|----------------|----------|------------|--|
| 2000-2001 | 28-09-01 | 10.00 A.M. | Convention Centre, Hamdard Nagar New Delhi-110062 |
| 1999-2000 | 29-09-00 | 10.30 A.M. | Convention Centre, Hamdard Nagar New Delhi-110062 |
| 1998-1999 | 29-09-99 | 10.00 A.M. | Convention Centre, Hamdard Nagar New Delhi-110062 |

**CERTIFICATE**

To the Members of
CHOKHANI INTERNATIONAL LIMITED

We have examined the compliance of conditions of Corporate Governance by Chokhani International Limited, for the year ended on 31st March, 2002, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementations thereof adopted by the Company for ensuring compliance with the conditions of the certificate of Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of 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 Company have maintained the records of investor grievances and certified that as at 31st March, 2002 there were no investor grievances remaining unattended/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 of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

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For DOOGAR & ASSOCIATES
Chartered Accountants

New Delhi
29th July, 2002

MUKESH GOYAL
Partner