

23rd

Annual Report

2002-2003

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CHOKHANI
INTERNATIONAL LIMITED

CHOKHANI INTERNATIONAL LIMITED



BOARD OF DIRECTORS

Mr. Jagdish Chokhani
Mr. Suresh Kumar Goenka
Mrs. Anita Chokhani
Mr. Naresh Tulshan

Chairman & Managing Director
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

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

CHOKHANI INTERNATIONAL LIMITED**NOTICE**

NOTICE is hereby given that the 23rd Annual General Meeting of CHOKHANI INTERNATIONAL LIMITED will be held at 1, DSIDC Complex, Okhla Industrial Area, Phase-I, New Delhi-110020 on Tuesday, 30th September, 2003 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, 2003 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. Suresh Kumar Goenka, who retires by rotation and being eligible, offers himself for reappointment.

SPECIAL BUSINESS :

3. To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:
"RESOLVED THAT Mrs. Anita Chokhani, who was appointed as Additional Director of the Company by Board of Directors and who ceases to hold office under section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing proposing her candidature for the office of the Director, be and is hereby appointed as Director of the Company, liable to retire by rotation."
4. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:
"RESOLVED THAT Mr. Naresh Tulshan, who was appointed as Additional Director of the Company by the Board of Directors and who ceases to hold office under section 260 of the Companies Act, 1956 and in respect of whom the company has received a notice in writing proposing his candidature for the office of the Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."
5. To consider and, if thought fit, to pass with or without modification, 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 this Annual General Meeting until 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 : 30-07-2003

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 Share Transfer Books of the company will be closed from 24th September, 2003 to 30 September, 2003 (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. 3**

Mrs. Anita Chokhani was appointed as an Additional Director of the Company with effect from 29.11.2002 pursuant to Section 260 of the Companies Act, 1956, she will hold office of Director upto the date of ensuing Annual General Meeting. The Company has received a notice in writing from a member (alongwith the deposit of Rs.500/-) proposing the candidature of Mrs. Anita Chokhani for the office of Director under the provisions of Section 257 of the Companies Act, 1956. In view of her considerable human relation experience, in the opinion of the Director it would be in the interest of the Company that Mrs. Anita Chokhani be appointed as a Director of the Company. Other than Mrs. Anita Chokhani, none of the Directors of the Company are in anyway, concerned or interested in this resolution.

ITEM NO. 4

Mr. Naresh Tulshan was appointed as an Additional Director of the Company w.e.f. 25.01.2003 pursuant to Section 260 of the Companies Act, 1956, he will hold office of Director upto the date of ensuing Annual General Meeting. The Company has received a notice in writing from a member (alongwith the deposit of Rs. 500/-) proposing the candidature of Mr. Naresh Tulshan for the office of Director under the provisions of Section 257 of the Companies Act, 1956. In view of his considerable financial and administration experience, in the opinion of the Director it would be in the interest of the company that Mr. Naresh Tulshan be appointed as a Director of the Company. Other than Mr. Naresh Tulshan, none of the Directors of the Company are in anyway, concerned or interested in this resolution.

ITEM NO. 5

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 : 30-07-2003

Jagdish Chokhani
Managing Director

GHOKHANI INTERNATIONAL LIMITED



DIRECTOR'S REPORT

The Directors present the 23rd Annual Report and the audited Accounts for the financial year-ended 31st March, 2003.

	(Rs in Lakhs)	
FINANCIAL PERFORMANCE	31.3.2003	31.3.2002
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	1.79	203.43
Total Income	1.79	203.43
Expenditure before interest,		
Depreciation & Tax	23.90	28.51
Interest	NIL	NIL
Gross Profit/(Loss)	22.11	174.92
Depreciation	338.00	338.07
Profit/(Loss) before tax	(360.11)	(163.15)
Provision for Tax	NIL	NIL
Profit/(Loss) after tax	(360.11)	(163.15)

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. 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. The floating dry dock "Madhusudan" has sunk in the sea at Chennai Port in the month of April, 2002. We have also been informed that ICICI has as per the order of DRT, Mumbai, sold the dry dock "Madhusudan" and vehicles lying at the Shipyard. 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.

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.

The company has filed a petition for recovery of Rs. 2.72 crores from the Coast Guards at Chennai in respect of repair work done on their Ship "VARHA".

The company has also filed a case against Shipping Corporation of India for the recovery of dues of Rs. 23.76 crore (including interest) in respect of repair work done on their ship "Dada Bhai Nauroji". The matter is yet to come up for hearing at Mumbai High Court.

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. Suresh Kumar Goenka retires by rotation at this Annual General Meeting and is eligible for reappointment.

Brief resume of the Director, nature of his expertise in specific functional areas and names of companies in which he is holding the directorship and the membership/ chairmanship of committee of the Board as stipulated under clause 49 of the listing agreement with the stock exchanges are given in the section on Corporate Governance elsewhere in Annual Report.

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 stock exchanges at Delhi, Mumbai, Calcutta, Madras and Ahmedabad.

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 has entered into agreement with CDSL [Central Depository Services (India) Ltd.] for dematerialisation of its shares. The shareholders now have the option to dematerialise their Equity Shares.

CORPORATE GOVERNANCE CLAUSE 49 OF THE LISTING AGREEMENT :

In accordance with the listing Agreements, 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, 2003 the applicable accounting standards have been followed along with proper explanations relating to material departure.

CHOKHANI INTERNATIONAL LIMITED



- (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, 2003 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 : 30-07-2003

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, 2003.

A. Conservation of Energy

As the ship repair operation of the company remained suspended, during this year also, hence, it could not take any measures 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 : 30-07-2003

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, shareholders grievance committee of directors has also been constituted.

LISTING AGREEMENT COMPLIANCES

The securities of the company are presently listed at Ahmedabad, Calcutta, Chennai, Delhi and Mumbai Stock Exchanges. Due to financial constraints the company is in arrears of Listing fees to the stock exchanges.

BOARD OF DIRECTORS

The Board of Directors is headed by Mr. Jagdish Chokhani. During the year 4 Board Meetings were held as on 27th June 2002, 29th July 2002, 29th November 2002 and 25th January 2003.

Details of Board Meetings attended by Directors during the period from 01.04.2002 to 31.03.2003.

S. No.	Name	Category	Attendance		No. of Directorship and Membership/Chairmanship		
			No. of Meetings	AGM	Other Directorship	Committee Membership	Committee Chairmanship
1.	Mr. Jagdish Chokhani	Promoter/ Executive Director	4	Present	2	5	3
2.	Mr. Lai Ching Chuan (upto 25.01.2003)	Promoter/ Non-Executive Director	0	LOA	0	—	—
3.	Mrs. Anita Chokhani (from 29.11.2002)	Non-Executive Director	1	N.A.	1	2	0
4.	Mr. A.C. Talwani (upto 29.11.2002)	Independent Director	2	Present	—	—	—
5.	Mr. S.K. Goenka	Independent Director	4	Present	10	4	1
6.	Mr. K.P. Taimni (upto 30.09.2002)	Independent Director	2	LOA	—	—	—
7.	Mr. Naresh Tulshan (from 25.01.2003)	Independent Director	1	N.A.	1	1	—

Brief resume of the Directors being reappointed at the ensuing Annual General Meeting is provided as under :-

Mr. S.K. Goenka, was appointed as the Director of the Company from 14th August 2000. He has an experience of about 25 years in the field of finance & accounting. He is also the Director of Chokhani



Business Ltd., Udyogika Ltd., Sugan Fertilizers and Chemicals Ltd., Okhla Steel Industries (P) Ltd., Rishab Marketings Pvt. Ltd., Vani Holdings Pvt. Ltd. He is the Chairman of the Audit Committee and is the member of Shareholder's/Investors' Grievance Committee of the Company.

Mrs. Anita Chokhani, was appointed as the Additional Director of the Company from 29th November 2002. As an Arts graduate, she has vast experience in Human relations and fund planning. She is also the Director of Marwari Investments Pvt. Ltd. She is also the member of Audit Committee and the Shareholder's/Investors' Grievance Committee of the Company.

Mr. Naresh Tulshan, was appointed as the Additional Director of the Company w.e.f. 25.01.2003. He is the Commerce Graduate and has an experience of more than 35 years in the field of business administration and Export/Import. He is also the Director of M/s Neat Wood Industry (P) Ltd. He is the member of Audit Committee of the Company.

AUDIT COMMITTEE

The Board of Directors has constituted Audit Committee. The present Audit Committee comprises of three directors Mr. Jagdish Chokhani, Mr. Naresh Tulshan & Mr. Suresh Kumar Goenka.

Mr. Suresh Kumar Goenka has been appointed as the chairman of the Audit Committee and attended the Annual General Meeting of the company held on 30.09.2002.

The Audit Committee Meetings were held on 12th June 2002, 22nd July 2002, 28th November 2002.

REMUNERATION COMMITTEE

The directors draw no remuneration except the sitting fee, from the company, hence no remuneration committee has been constituted.

SHAREHOLDER'S/INVESTORS' GRIEVANCE COMMITTEE

The Board of Directors of the company has constituted shareholder's/Investors' Grievance Committee. The Committee comprises of Mr. Jagdish Chokhani, Mrs. Anita Chokhani & Mr. Suresh Kumar Goenka.

The Committee interalia oversees and reviews matters pertaining to share transfer. The Committee looks into redressal of shareholders complaints like transfer of shares, non-receipt of balance sheet etc.

The status of the no. of complaints received during the year ended 31st March 2003 is as under:-

Complaints received — 26

Complaints replied — 26

Complaints pending — NIL

GENERAL BODY MEETINGS

The last three annual general meeting were held as under :

Financial Year	Date	Time	Location
1999-2000	29-09-2000	10.30 A.M.	Convention Centre, Hamdard Nagar New Delhi-110062
2000-2001	28-09-2001	10.00 A.M.	Convention Centre, Hamdard Nagar New Delhi-110062
2001-2002	30-09-2002	10.00 A.M.	Kalyan Kendra, Government Servants Co-operative House Building Society, New Delhi-110057

**Postal Ballot**

There was no resolution passed by the company through postal ballot during the year ended 31st March, 2003.

DISCLOSURES

The company has paid a penalty of Rs. 60,000/- on account of non disclosure under regulation 6 & 8 of the Securities and Exchange Board of India. (Substantial Acquisition of Shares and Takeover) Regulations, 1997.

MEANS OF COMMUNICATION

The quarterly results of the company were published in 'Financial Express' and 'Jansatta'.

GENERAL SHAREHOLDER INFORMATION**Annual General Meeting :**

Date and Time : 30th September 2003 at 10.00 A.M.
Venue : 1, DSIDC Complex, Okhla Industrial Area, Phase-I,
New Delhi-110020

Book Closure Date : 24th September 2003 to 30th September 2003

Listing of Equity Shares on Stock Exchanges at : Ahmedabad, Calcutta, Chennai, Delhi, Mumbai

Demat ISIN No. in CDSL : INE-772F01015

Registrar & Transfer Agent : M/s Bestal Financial & Computer Services (P) Ltd.
(share transfer and communications regarding share certificates, change of address etc.)
321-S, Chirag Delhi (Near Shaheed Bhagat Singh College)
New Delhi-110017

Distribution of Shareholding

Promoters	—	30.26%
Associates	—	2.15%
Foreign Investors	—	1.58%
Banks/MFs/FII's	—	29.14%
Others	—	36.87%

Plant Location : CHOKHANI SHIPYARD
Near Container Terminal, Madras Port Premises, Rajaji Salai
Chennai-600001

Address for Correspondence : D-3/2, Okhla Industrial Area, Phase-II, New Delhi-110020

Transfer of Unclaimed amounts to Investor Education & Protection Fund :

During the year under review the company has credited a sum of Rs. 68,936/- to the Investor Education & Protection Fund pursuant to Section 205C of the Companies Act, 1956 and the Investor Education & Protection Fund (Awareness and Protection of Investor) Rules, 2001.