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# 24th Annual Report 2003-2004

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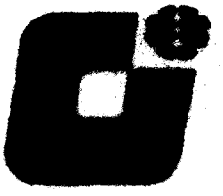

# CHOKHANI INTERNATIONAL LIMITED

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## BOARD OF DIRECTORS

| | |
|---|---|
| Mr. Jagdish Chokhani | *Chairman & Managing Director* |
| Mr. Suresh Kumar Goenka | *Director* |
| *Mr. Naresh Tulshan* | *Director* |
| Mr. Vivek Garg | *Director* |
| Mr. Satendra Singh | *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

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## 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

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## NOTICE

NOTICE is hereby given that the 24th Annual General Meeting of CHOKHANI INTERNATIONAL LIMITED will be held at 1, DSIDC Complex, Okhla Industrial Area, Phase-I, New Delhi-110020 on Thursday, 30th September, 2004 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, 2004 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. Naresh Kumar Tulshan, who retires by rotation and being eligible, offers himself for reappointment.

3. To consider and, if thought fit, to pass with or without modification, the following resolution as an 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 till the conclusion of next Annual General Meeting of the company on a remuneration to be fixed by the Board of Directors of the company."

**SPECIAL BUSINESS :**

4. To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

   "RESOLVED THAT Mr. Satendra Singh, 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 though fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

   "RESOLVED THAT Mr. Deepak Nemani, 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."

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

   "RESOLVED THAT, in accordance with the provisions of section 198, 269 and 309 read with schedule XIII and all other provisions applicable provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the consent of the company be and is hereby accorded to the appointment of Shri Jagdish Chokhani as Chairman and Managing Director of the company for the period of 5 (five) years with effect from 1st November, 2004 on the terms and conditions as are set out in the agreement to be entered into between the company and Shri Jagdish Chokhani, a draft whereof is placed before this meeting which agreement is hereby sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment including remuneration and/or agreement subject to the same not exceeding the limit specified in schedule XIII of the Companies Act, 1956, including any statutory modification or re-enactment thereof for the time being in force or as may hereafter be made by the Central Government in that behalf from time to time, or any amendments thereto as may be agreed to between the Board and Shri Jagdish Chokhani.

   "RESOLVED FURTHER, that the Board be and is hereby authorised to take all such steps as may be necessary, proper or expedient to give effect to his resolution."

By order of the Board
**for CHOKHANI INTERNATIONAL LIMITED**

Place : New Delhi
Date : 31-07-2004

**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 filed up for attending the meeting.
3. The Register of Members and Share Transfer Books of the company will be closed from 24th September, 2004 to 30 September, 2004 (both days inclusive). Members are requested to communicate change of address if any.
4. Members who hold shares in dematerialised from are requested to write their client ID and DP ID numbers and those who hold shares in physical form are requested to write their folio number in the attendance slip for attending the meeting.
5. All documents referred to in the accompaning notice and explanatory statement are open for inspection at the registered office of the company on all working days, except saturdays between 11.00 A.M. and 1.00 P.M. upto the date of the Annual General Meeting.

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

**ITEM NO. 3**

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



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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.

**ITEM NO. 4**

Mr. Satendra Singh was appointed as an Additional Director of the Company w.e.f. 31.07.2004 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. Satendra Singh 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 Board it would be in the interest of the company that Mr. Satendra Singh be appointed as a Director of the Company.

Other than Mr. Satendra Singh, none of the Directors of the Company are in anyway, concerned or interested in this resolution.

**ITEM NO. 5**

Mr. Deepak Nemani was appointed as an Additional Director of the Company w.e.f. 31.07.2004 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. Deepak Nemani 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 Board it would be in the interest of the company that Mr. Deepak Nemani be appointed as a Director of the Company.

Other than Mr. Deepak Nemani, none of the Directors of the Company are in anyway, concerned or interested in this resolution.

**ITEM NO. 6**

The present term of office of Shri Jagdish Chokhani as Chairman and Managing Director expired on 30th October, 2003. Subject to shareholder's approval, the Board of Director at their meeting held on 30th October, 2003 have reappointed him for a further period of 5 (five) years from the expiry of his earlier term with no remuneration except the sitting fees.

The terms and conditions setout for reappointment and payment of remuneration herein and/or in the respective agreement may be treated and varied from time to time by the Board of Directors of the company as it may, at its discretion deem fit.

The respective agreement may be terminated by either party (the company or the Managing Director) by giving three months prior notice in writing.

Other than Mr. Jagdish Chokhani, none of the Directors of the Company are in anyway, concerned or interested in this resolution.

By order of the Board
for **CHOKHANI INTERNATIONAL LIMITED**

Place : New Delhi
Date : 31-07-2004

**Jagdish Chokhani**
Managing Director



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## DIRECTOR'S REPORT

The Directors present the 24th Annual Report and the audited Accounts for the financial year ended 31st March, 2004.

| FINANCIAL PERFORMANCE | (Rs in Lakhs) 31.3.2004 | 31.3.2003 |
|---|---|---|
| Ship repair income | NIL | NIL |
| Excess Provision written back | NIL | NIL |
| Other Income | 7.77 | 1.79 |
| *Profit on sale of fixed assets* | 15.30 | NIL |
| Total Income | 25.06 | 1.79 |
| Expenditure before interest, Depriciation & Tax | 21.76 | 23.90 |
| Interest | NIL | NIL |
| Gross Profit/(Loss) | 3.30 | 22.11 |
| Depreciation | 193.70 | 338.00 |
| Profit/(Loss) before tax | (190.40) | (360.11) |
| Provision for Tax | NIL | NIL |
| Profit/(Loss) after tax | (190.40) | (360.11) |

**OPERATIONS :**
As reported last year, the suit filed by the Lead Institution i.e. ICICI Bank Ltd., is still pending before the Debt Recovery Tribunal, Mumbai. The company's assets (Shipyard) alongwith the two floating dry docks "Bharat" and "Madhusudan" were in the possession of DRT 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. As per direction of the DRT, the Receiver sold the moveable and immoveable assets of the company at Chennai Shipyard i.e. both the docks, vehicles, other moveables including Plant & Machinery, furniture & fixture, stores, spares etc.

The company had filed a counter claim of Rs. 210 crores against the ICICI Bank Ltd., through Mumbai Debt Recovery Tribunal in respect of the value of assets at the time of handing over the assets to the Receiver appointed by the Hon'ble Mumbai High Court.

Pending decision in the matter of company's claim on ICICI Bank Ltd. amounting to Rs. 210 crores, the cost of fixed assets (net of relevant revaluation reserve) less depreciation provided till the date of disposal and value of inventories aggregating to Rs. 40.90 crores as intimated by DRT Receiver has been deducted from secured loans.

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.

**DIRECTORS :**
Mr. Naresh Tulshan 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 following 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. About 10% of the companies paid up capital has been dematerialised up to 31st March, 2004.

**CORPORATE GOVERNANCE CLAUSE 49 OF THE LISTING AGREEMENT :**
In accordance with the listing Agreements, a note on Corporate Governance together with 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



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*Responsibility Statement, it is hereby confirmed :*

(i) That in the preparation of the accounts for the financial year ended 31st March, 2004 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, 2004 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 : 31-07-2004

**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, 2004.

**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 : 31-07-2004

**JAGDISH CHOKHANI**
MANAGING DIRECTOR



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## 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 managed in accordance with most of the requirement prescribed on corporate governance. In addition an audit committee, shareholders'/investors' 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 30th April 2003, 30th July 2003, 30th October 2003 and 22nd January 2004.

Details of Board Meetings attended by Directors during the period from 01.04.2003 to 31.03.2004.

| 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 | 1 | 2 | 0 |
| 2. | Mrs. Anita Chokhani (upto 22.01.2004) | Non-Executive Director | 1 | LOA | 1 | 1 | 0 |
| 3. | Mr. S.K. Goenka | Independent Director | 4 | Present | 4 | 3 | 2 |
| 4. | Mr. Naresh Tulshan | Independent Director | 2 | LOA | 0 | 2 | 0 |
| 5. | Mr. Vivek Garg (from 22.01.2004) | Independent Director | 0 | N.A. | 0 | 1 | 0 |

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

**Mr. Naresh Tulshan,** is a Commerce Graduate and has vast experience of more than 35 years in the field of Business Administration, Export/Import & Real Estate Development. He is the Member of Audit Committee and Shareholders'/Investors' Grievance Committee of the company.



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## AUDIT COMMITTEE

The Board of Directors has constituted Audit Committee. The present Audit Committee comprises of three directors Mr. Vivek Garg, 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 30.09.2003.

The Audit Committee Meetings were held on 25th April 2003, 19th July 2003, 18th October 2003.

## REMUNERATION COMMITTEE

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

## SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE

The Board of Directors of the company has constituted shareholders'/Investors' Grievance Committee comprising of Mr. Jagdish Chokhani, Mr. Vivek Garg & 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 2004 is as under:-
Complaints received — 143
Complaints replied — 143
Complaints pending — NIL

## GENERAL BODY MEETINGS

The last three annual general meeting were held as under :

| Financial Year | Date | Time | Location |
|---|---|---|---|
| 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 |
| 2002-2003 | 30-09-2003 | 10.00 A.M. | 1, DSIDC Complex, Okhla Industrial Area, Phase-I, New Delhi-110020 |

**Postal Ballot**
There was no resolution passed by the company through postal ballot during the year ended 31st March, 2004.

## MEANS OF COMMUNICATION

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

## GENERAL INFORMATION FOR SHAREHOLDERS

**Annual General Meeting :**

| | | |
|---|---|---|
| Date and Time | : | 30th September 2004 at 10.00 A.M. |
| Venue | : | 1, DSIDC Complex, Okhla Industrial Area, Phase-I, New Delhi-110020 |
| **Book Closure Date** | : | **24th September 2004 to 30th September 2004** |



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