

25th

Annual Report

2004-2005

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CHOKHANI
INTERNATIONAL LIMITED



BOARD OF DIRECTORS

Mr. Jagdish Chokhani
Mr. Naresh Tulshan
Mr. Vivek Garg
Mr. Satendra Singh

Chairman & Managing Director
Director
Director
Director

BANKERS

Indian Bank

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

REGISTRARS & SHARE TRANSFER AGENTS

Beetal Financial & Computer Services (P) Ltd.
Beetal House, 3rd Floor,
99, Madangir, Near Dada Harsukh Das Mandir
New Delhi-110 062

**NOTICE**

NOTICE is hereby given that the 25th Annual General Meeting of CHOKHANI INTERNATIONAL LIMITED will be held at 1, DSIDC Complex, Okhla Industrial Area, Phase-I, New Delhi-110020 on Friday, 30th September, 2005 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, 2005 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. Satender Singh, 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 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. Vivek Garg, 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."

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

Place : New Delhi
Date : 30-07-2005

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 23rd September, 2005 to 30 September, 2005 (both days inclusive). Members are requested to communicate change of address if any.
4. Members who hold shares in dematerialised form 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 accompanying 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 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. Vivek Garg was appointed as an Additional Director of the Company w.e.f. 30.04.2005 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. Vivek Garg for the office of Director under the provisions of Section 257 of the Companies Act, 1956. In view of his considerable administrative experience, in the opinion of the Board it would be

in the interest of the company that Mr. Vivek Garg be appointed as a Director of the Company.

Other than Mr. Vivek Garg, 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 : 30-07-2005

Jagdish Chokhani
Managing Director



**DIRECTOR'S REPORT**

The Directors present the 25th Annual Report and the audited Accounts for the financial year ended 31st March, 2005.

	(Rs in Lakhs)	
FINANCIAL PERFORMANCE	31.3.2005	31.3.2004
Ship repair income	NIL	NIL
Excess Provision written back	4.67	1.99
Other Income	NIL	7.77
Profit on sale of fixed assets	63.48	15.30
Total Income	68.15	25.06
Expenditure before interest,		
Depreciation & Tax	24.44	21.76
Interest	NIL	NIL
Gross Profit/(Loss)	43.71	3.30
Depreciation	23.13	193.70
Profit/(Loss) before tax	20.58	(190.40)
Provision for Tax	NIL	NIL
Profit/(Loss) after tax	20.58	(190.40)

OPERATIONS :

As reported earlier, 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 (Shipyards) along with 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 Receiver sold the entire moveable and immoveable assets of the Company at Chennai Shipyards i.e. both, the docks, vehicles, other moveables including Plant & Machinery, furniture & fixture, stores, spares etc. Further the possession of Land and Water area, at Chennai Port, comprising of building and sheds/structures and Marine Construction, has been handed over to Chennai Port Trust as per DRT, Mumbai directions.

The company had filed a counter claim of Rs. 210 crores against the ICICI Bank Ltd., through Debt Recovery Tribunal, Mumbai in respect of the value of assets as handed over to the Receiver appointed by the Hon'ble Mumbai High Court. The company filed an application to allow the payment of requisite fee on this set off and/or counter claim. The same was granted by DRT, Mumbai and accordingly the company has deposited the requisite court fee. The ICICI Bank Ltd., filed an appeal (appeal No. 121/2005) against above order. However Debt Recovery Appellate Tribunal, Mumbai has dismissed said appeal of ICICI Bank Ltd. and allowed the company to move its counter claim.

Pending decision in the matter of company's counter 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/handover of possession of Land and Water Area comprising of building and sheds/structures and Marine construction to the Chennai Port Trust and value of inventories aggregating to Rs. 48.81 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. Satender Singh 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 Ahmedabad, Chennai, Calcutta, Delhi & Mumbai.

DEMATERIALIZATION :

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 15% of the companies paid up capital has been dematerialised up to 31st March, 2005.

CHOKHANI INTERNATIONAL LIMITED

**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 Responsibility Statement, it is hereby confirmed :

- (i) That in the preparation of the accounts for the financial year ended 31st March, 2005 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 Directors 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 Directors had prepared the accounts for the financial year ended 31st March, 2005 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(2A) 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 : 30-07-2005

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, 2005.

A. Conservation of Energy

As the entire ship repair assets of the company have been sold off vide DRT Mumbai's direction, there are no more ship repair operations, hence no 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 : 30-07-2005

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 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 28th April 2004, 31st July 2004, 30th October 2004 and 25th January 2005.

Details of Board Meetings attended by Directors during the period from 01.04.2004 to 31.03.2005.

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	3	Present	0	1	0
2.	Mr. S.K. Goenka (upto 9.8.2004)	Independent Director	2	N.A.	3	3	2
3.	Mr. Naresh Tulshan	Independent Director	3	Present	0	2	1
4.	Mr. Vivek Garg (from 9.8.2004)	Independent Director	1	N.A.	0	1	0
5.	Mr Deepak Nemani (from 31.7.2004)	Independent Director	0	LOA	0	1	0
6.	Mr. Satender Singh (from 31.7.2004)	Independent Director	2	Present	0	2	1

AUDIT COMMITTEE

The Board of Directors has constituted Audit Committee comprising of three Directors Mr. Vivek Garg, Mr. Naresh Tulshan & Mr. Satender Singh.



Mr. Satender Singh has been appointed as the Chairman of the Audit Committee.

The Audit Committee Meetings were held on 21.04.2004, 31.07.2004, 30.10.2004, 25.01.2005.

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. N.K. Tulshan & Mr. Satender Singh.

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 2005 is as under:-

Complaints received — 100

Complaints replied — 100

Complaints pending — NIL

GENERAL BODY MEETINGS

The last three annual general meeting were held as under :

Financial Year	Date	Time	Location
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
2003-2004	30-09-2004	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, 2005.

MEANS OF COMMUNICATION

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

- i. 3rd August, 2004
- ii. 1st November, 2004
- iii. 28th January, 2005
- iv. 3rd May, 2005

GENERAL INFORMATION FOR SHAREHOLDERS

Annual General Meeting :

Date and Time	: 30th September 2005 at 10.00 A.M.
Venue	: 1, DSIDC Complex, Okhla Industrial Area, Phase-I, New Delhi-110020
Book Closure Date	: 23rd September 2005 to 30th September 2005