

27th
Annual Report
2006-2007

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CHOKHANI
INTERNATIONAL LIMITED



BOARD OF DIRECTORS

Mr. Jagdish Chokhani
Mr. Satendra Singh
Mr. B.P. Hazarika

Chairman & Managing Director
Director
Director

BANKERS

Indian Bank

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

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 27th Annual General Meeting of CHOKHANI INTERNATIONAL LIMITED will be held at 1, DSIDC Complex, Okhla Industrial Area, Phase-I, New Delhi-110020 on Friday, 28th September, 2007 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, 2007 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 appoint Auditors and to fix their remuneration.

For and on behalf of the Board of Directors

Place : New Delhi
Date : 31-07-2007

Jagdish Chokhani
Chairman

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, 2007 to 28th September, 2007 (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.

For and on behalf of the Board of Directors

Place : New Delhi
Date : 31-07-2007

Jagdish Chokhani
Chairman



DIRECTOR'S REPORT

The Directors present the 27th Annual Report and the Audited Accounts for the financial year ended 31st March 2007.

| FINANCIAL PERFORMANCE | (Rs in Lakhs) | |
|---|---------------|-----------|
| | 31.3.2007 | 31.3.2006 |
| Ship repair income | NIL | NIL |
| Excess Provision written back | 0.02 | NIL |
| Other Income | 0.09 | 0.13 |
| Profit on sale of fixed assets | 335.53 | NIL |
| Total Income | 335.64 | 0.13 |
| Expenditure before interest, Depreciation & Tax | 45.83 | 25.82 |
| Interest | NIL | NIL |
| Gross Profit/(Loss) | 289.81 | (25.69) |
| Depreciation | 0.31 | 0.35 |
| Profit/(Loss) before tax | 289.50 | (26.04) |
| Provision for Tax (FBT) | 0.09 | 0.10 |
| Profit/(Loss) after tax | 289.41 | (26.14) |

OPERATIONS :

The company had no material operations during the year under review. The recovery suit filed by the lead Institution i.e. ICICI Bank Ltd., is still pending before the Debt Recovery Tribunal, Mumbai.

As reported earlier, the counter claim of Rs.210 crores filed by the Company against ICICI Bank Ltd., in respect of the value of assets as handed over to the Receiver appointed by the Hon'ble Mumbai High Court is still pending before Debt Recovery Tribunal, Mumbai. 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.

As reported earlier, IDBI & IFCI had also filed a case at Debt Recovery Tribunal (DRT), Chennai for recovery of their dues. During the year under review, the Company filed petition before the Supreme Court praying for transfer of this case from DRT, Chennai to DRT Mumbai. Accordingly, the Supreme Court by order stayed further proceedings by DRT, Chennai in the original case till the said transfer petition is heard and disposed of by it.

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 Naroji". The matter is yet to come up for hearing at Mumbai High Court.

DIVIDEND :

In view of the accumulated losses, your Directors do not recommend any dividend for the financial year under review.

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 :

Shri Satender Singh retires by rotation at this Annual General Meeting and is eligible for reappointment.

AUDITORS :

M/s. Doogar & Associates, Chartered Accountants retire as Auditors of the Company at the conclusion of the forthcoming Annual General Meeting and being eligible, offer themselves 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(1B) of the Companies Act, 1956.

AUDITORS' REPORT :

Auditors' Report annexed to the Balance Sheet and Profit and Loss Account are self-explanatory. However, the Board discussed the qualifications raised by the auditors in their reports and noted the same along with the explanations provided by the management as annexed to this report.

**LISTING OF SECURITIES :**

The securities of the company are listed on the Bombay Stock Exchange Limited, Stock Exchanges at Ahmedabad, Chennai, Calcutta and Delhi.

SHARE TRANSFER SYSTEM :

The company's shares are in dematerialization mode with Central Depository Services (India) Ltd.

Company has appointed "Beetal Financial & Computer Services (P) Ltd. as the Registrar and Share Transfer Agents. Transfer of shares are approved by the Shareholders / Investors Grievance Committee of Directors which meets at frequent intervals.

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 Directors Responsibility Statement, it is hereby confirmed :

- (i) That in the preparation of the accounts for the financial year ended 31st March 2007 the applicable accounting standards have been followed along with proper explanations relating to material departure.
- (ii) That the Directors had selected such accounting policies and applied them consistently and made judgments 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 2007 on a going concern basis except to the extent as noted in the Auditors' Report.

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.

For and on behalf of the Board of Directors

JAGDISH CHOKHANI **SATENDER SINGH**
CHAIRMAN DIRECTOR

Place : New Delhi

Date : 31-07-2007

**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, 2007.

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 : 117150 (Rs.)

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 : 31-07-2007

JAGDISH CHOKHANI
CHAIRMAN

SATENDER SINGH
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.

[A] BOARD OF DIRECTORS

The Board of Directors is headed by Executive Chairman. During the year under review the Board comprised of Sh. Jagdish Chokhani (Chairman), Sh. Satender Singh, Sh. Naresh Tulshan, Sh. Vivek Garg and Sh. B. P. Hazarika. However, Sh. Vivek Garg and Sh. Naresh Tulshan ceased to be on Board w.e.f. 28th April 2006 and 1st March 2007 respectively and Sh. Badri Prasad Hazarika was appointed as director w.e.f. 28th April 2006.

During the year under review 4 Board Meetings were held- on 28th April 2006, 29th July 2006, 28th October 2006 and 25th January 2007. The details of composition of Board, other Directorship and Committee Chairmanship/Membership of the Members of the Board and their attendance at the Board Meeting and Annual General Meeting of the Company are as under:

| S. No. | Name | Category | Attendance | | No. of Directorship and Membership/Chairmanship | | |
|--------|---|------------------------------|-----------------|---------|---|----------------------|------------------------|
| | | | No. of Meetings | AGM | Other Directorship | Committee Membership | Committee Chairmanship |
| 1. | Sh. Jagdish Chokhani | Promoter/ Executive Director | 4 | Present | 1 | 1 | 0 |
| 2. | Sh. Naresh Tulshan (Ceased to be Director w.e.f. 01.03.2007) | Independent Director | 3 | Present | 1 | 4 | 2 |
| 3. | Sh. Satender Singh | Independent Director | 4 | Present | 0 | 2 | 2 |
| 4. | Sh. B.P. Hazarika (Appointed on 28.04.06) | Independent Director | 3 | Present | 0 | 2 | 0 |
| 5. | Sh. Vivek Garg (Ceased to be Director w.e.f. 28.04.2006) | Independent Director | 0 | — | 1 | 2 | 0 |

The Independent Directors do not have any relationships or transactions with the Company or with the management that may affect their judgement in any manner. The Company endeavors to place all statutory and other material information before the Board to render it to discharge its responsibilities of strategic supervision of the Company as trustee of shareholders. The Board reviews on periodical



basis the compliances status of all laws applicable to the company as well as the steps taken by the company to rectify instances of non-compliances.

(B) AUDIT COMMITTEE

Pursuant to Clause 49 of Listing Agreement, the company has constituted an audit committee. The Audit Committee of the Company comprises of Non-Executive Independent Directors, all having accounting & financial management expertise. Sh. Naresh Tulshan (ceased w.ef. 01/03/2007), Sh. Satender Singh (Chairman of the Committee) & Sh. Badri Prasad Hazarika have been the members of the Committee during the year under review.

During the year 2006-07, the Committee met on 24.04.2006, 22.07.2006, 28.10.2006 and 25.01.2007.

The functions of the Audit Committee of the company include the following:

- Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - Matters required to be included in the Director's Responsibility Statement to be included in the board Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956.
 - Changes, if any, in accounting policies and practices and reasons for the same.
 - Major accounting entries involving estimates based on the exercise of judgment by management.
 - Significant adjustments made, if any, in the financial statements arising out of audit findings.
 - Compliance with listing and other legal requirements relating to financial statements.
 - Disclosure of any related party transactions.
 - Qualifications, if any, in the draft audit report.
- Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
- Reviewing, with the management, performance of statutory auditors and adequacy of the internal control systems.
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- Discussion with management and/or internal auditors, if any of any significant findings and follow up there on.
- Reviewing the findings of any internal investigations into matters where there is suspected fraud or irregularity.
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.



- To look into the reasons for substantial defaults, if any, in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

The Audit Committee is empowered, pursuant to its terms of reference, to:

- Investigate any activity within its terms of reference and to seek any information it requires from any employee.
- Obtain legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise, when considered necessary.

(C) SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE

The Board of Directors of the company has constituted shareholders'/Investors' Grievance Committee comprising one executive and two independent directors. The present members of the committee are- Sh. Jagdish Chokhani, Sh. Satender Singh and Sh. B.P. Hazarika. An independent director is the chairman of this committee.

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 Annual Report etc. received from investors in co-ordination with the Company's Registrar and Transfer Agent. The Committee has met 12 times during the year i.e. on 28th April 2006, 29th May 2006, 26th June 2006, 29th July 2006, 28th August 2006, 28th September 2006, 28th October 2006, 30th November 2006, 26th December 2006, 25th January 2007, 28th February 2007 and 29th March 2007.

Status of the complaints received during the period ended 31st March 2007 is as under:-
 No. of Complaints received — 44
 No. of Complaints replied — 44
 No. of Complaints pending — NIL.

(D) SUBSIDIARY COMPANIES

The company does not have any subsidiary company.

(E) DISCLOSURES

A) Basis of related Party Transaction

There were no materially significant transactions with the related parties viz: Promoters, Directors or the Management, their relatives conflicting with Company's interest at large.

B) Disclosure of Accounting Treatment

In the preparation of financial statements for the year ended on March 31, 2007 no treatment different from that prescribed in an accounting standard has been followed.

C) Details of Non-Compliance by the Company

No penalties / strictures have been imposed on the company by any regulatory authority for non-compliance of any law or any matter related to capital market, during the last three years.

D) Remuneration of Directors

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