

# 29<sup>th</sup> Annual Report 2008 - 2009

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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*

## **Company Secretary**

Mr. N. K. Harjai

## **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 29th Annual General Meeting of CHOKHANI INTERNATIONAL LIMITED will be held at 1, DSIDC Complex, Okhla Industrial Area, Phase-I, New Delhi on Tuesday, 29th September 2009 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, 2009 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. Satendra Singh who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint Auditors and to fix their remuneration.

For Chokhani International Limited

Place : New Delhi  
Date : 27-07-2009

**N. K. Harjai**  
Company Secretary

## 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 in for attending the meeting.
3. The Register of Members and Shares Transfer Books of the Company will be closed from 24th September, 2009 to 29th September, 2009 (both days inclusive). Members are requested to communicate change of address, if any.
4. Members who hold shares in dematerialized 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.

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## DIRECTORS' REPORT

The Directors present the 29th Annual Report and the Audited Accounts for the financial year ended 31st March, 2009.

	(Rs in Lakhs)	
<b>FINANCIAL PERFORMANCE</b>	<b>31.3.2009</b>	<b>31.3.2008</b>
Other Income	0.66	0.19
Excess Provision written back	-	0.87
Total Income	0.66	1.06
Profit / (Loss) before Tax	(84.80)	(44.37)
Profit / (Loss) after Tax	(84.88)	(44.45)

### OPERATIONS :

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

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 also still pending before Debt Recovery Tribunal, Mumbai. The ICICI Bank Limited filed an Appeal. However Debt Recovery Appellate Tribunal, Mumbai has dismissed said appeal of ICICI Bank Limited, 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.

Transfer Petition (Civil) No. 652 of 2006 in the matter of Chokhani International Limited & Anr. (Petitioners) Vs IDBI & Ors. (Respondents) was filed in the Supreme Court by the Company. Hon'ble Supreme Court vide its Order dated 17th April, 2009 disposed of the said Petition with liberty to the Petitioners to file a petition under sub-Section (2) of Section 17A of the Recovery of Debts Due to Banks and Financial Institutions Act, 1993, before the Chairperson of the Appellate Tribunal, who has jurisdiction over all the Tribunals.

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

Case against Shipping Corporation of India for the recovery of dues of Rs. 23.76 Crore (including interest) filed by the Company in respect of ship repair work done on their ship "Dada Bhai Naroji" is pending.

### DIVIDEND :

In view of the existing financial status, Board has not recommended any dividend for the financial year 2008-2009.

### FIXED DEPOSITS :

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

### DIRECTORS :

Mr. Satendra Singh, Director, retires by rotation at this Annual General Meeting and being eligible, offers himself for re-appointment.

### AUDITORS :

M/s Doogar & Associates, Chartered Accountants, Auditors of the Company are retiring at the conclusion of the 29th 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, will be within the prescribed limits.

### AUDITORS' REPORT :

Auditors' Report annexed to the Balance Sheet and the 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 :

Presently Securities of the Company are listed on the Exchanges at Delhi, Bombay and Madras. However, Company has filed applications with Delhi Stock Exchange Limited and Madras Stock Exchange Limited for delisting of Securities.

### SHARE TRANSFER SYSTEM :

The Company's shares are in Demat Form with Central Depository Services (India) Ltd.



Company has appointed "Beetal Financial & Computer Services (P) Limited." as its Registrar and Share Transfer Agents. Transfer of shares is approved by the Shareholders / Investors Grievance Committee of Directors which meets at a regular interval.

#### **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.

#### **DIRECTORS' RESPONSIBILITY STATEMENT :**

Pursuant to Section 217 (2AA) of the Companies Act, 1956, it is hereby confirmed:-

- (i) That in the preparation of the accounts for the financial year ended 31st March, 2009 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 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 safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and

- (iv) That the Directors had prepared the accounts for the financial year ended 31st March, 2009 on a going concern basis except to the extent as noted in the Auditors' Report.

#### **PARTICULARS OF EMPLOYEES :**

During the year under review, Company has no employee who is in receipt of remuneration in excess as provided under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975

#### **PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO :**

Information as required by 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 part of this Report.

#### **ACKNOWLEDGMENT :**

Board places on record its deep appreciation for the services of the Executives & Staff of the Company.

For and on behalf of the Board

Place : New Delhi  
Date : 27/07/2009

**Jagdish Chokhani**  
Chairman

**ANNEXURE - TO DIRECTORS' REPORT :**

1. Particulars required under Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 for the year ended on 31st March, 2009.

**A. Conservation of Energy**

Pursuant to DRT Mumbai's directions all the ship repairing assets of the Company have been sold off. There are no more ship repair operations. Therefore, no measures to conserve the energy are required to be undertaken.

**B. Technology absorption, adoption & innovation**

N.A. (in view of (A) above)

**C. Foreign Exchange Earnings & outgo**

Earnings	:	NIL
Outgo	:	NIL

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

NIL

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**ADDENDUM TO THE DIRECTORS' REPORT :****a) *Accounting of deferred taxes as per AS-22 has not been quantified / disclosed***

The Board noted that the management does not foresee any immediate revival of operation / earnings in near future where the deferred tax assets can be realized against future taxable income.

**b) *Provision of certain expenses has not been made amounting to Rs 57 lacs for the year together with the aggregate liabilities thereof upto 31.03.09 amounting to Rs. 6646.74 lacs***

The board noted that pursuant to the Mumbai High Court, the Court Receiver has taken possession of suit properties i.e Yard on 14.08.1998. Thus the company has not provided the following expenses:

- (i) Custom Bond Officer's salary for the period from 1.10.98 to 31.03.2005 Rs 5.97 lacs.
- (ii) Interest on Term Loan for the period from 15.8.98 to 31.3.2009.
  - On Rupee Loan including Rs. 27.04 lacs for the current year Rs. 2,705.67 lacs  
(Previous year Rs. 27.04 lacs)
  - On Foreign Currency Loan including Rs 29.96 lacs for the current year Rs. 3,003.33 lacs  
(Previous year Rs 29.96 lacs)
- (iii) Penal interest & liquidated damages upto 14.08.1998 Rs. 931.77 lacs

**c) *The Auditor qualification pertaining to confirmation / reconciliation of certain balances are pending, resulting in the balances being as per books of accounts only***

The board noted that most of the balances under the head Term Loans, Loans & Advances, Deposits, Sundry Debtors, Sundry Creditors for Materials and Sub-contractors, remained unconfirmed till the Balance Sheet date.

**d) *The Company's ship repairing operations remained suspended since June, 1998. Company has suffered continuous losses and erosion of equity due to many pending litigations with govt./ autonomous bodies & financial institutions and there is doubt that the Company will be able to continue as a going concern. However in the absence of adequate necessary data for compilation on an alternative basis, the accounts are continued to be prepared on a going concern basis.*****e) *Pending decision in the matter of Company's claim on ICICI amounting to Rs.210 Crores, the cost of fixed assets (net of relevant revaluation reserve) less depreciation provided till the date of disposal / hand over 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***

The above non compliances / Auditors qualifications could not be addressed as the operations of the Company remained suspended since June, 1998 and the Official Receiver appointed by the Mumbai High Court had taken over the possession of the ship yard on 14th August, 1998 and sold-off the entire fixed assets thereof.

On Behalf of the Board

Place : New Delhi  
Date : 27-07-2009

**JAGDISH CHOKHANI**  
CHAIRMAN



## 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 achieve the high standard 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. Board is comprised of Mr. Jagdish Chokhani (Chairman), Mr. Satendra Singh, and Mr. B.P. Hazarika, Directors.

During the year under review 4 Board Meetings were held on **30th April, 2008, 29th July, 2008, 31st October, 2008 and 28th January, 2009**. 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 Board Meetings	AGM	Other Directorship	Committee Membership	Committee Chairman -ship
1.	Mr. Jagdish Chokhani	Promoter/ Executive Chairman	4	Present	—	2	—
3.	Mr. Satendra Singh	Independent Director	4	Present	1	4	1
4.	Mr. B.P. Hazarika	Independent Director	3	Present	1	4	2

Independent Directors do not have any pecuniary relationship or transaction with the Company or with the management that may affect their judgment 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, if any.

### (B) AUDIT COMMITTEE

Pursuant to Clause 49 of the Listing Agreement, the Company has constituted an Audit Committee. The Audit Committee of the Company consists of Mr. Jagdish Chokhani (Promoter/Executive), Mr. Satendra Singh (Chairman, Audit Committee & Non-Executive Independent Director) and Mr. B.P. Hazarika (Non-Executive Independent Director), who are having expertise in accounting & financial management.

During the year 2008-09, the Committee met on **30.04.2008, 29.07.2008, 31.10.2008 and 27.01.2009**.





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

- ☐ Oversee 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 of the same to the Board for approval, with particular reference to:-
  - Matters required to be included in the Directors' Responsibility Statement to be included in the Directors' report in terms of sub-section 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, if any, made in the financial statements arising out of audit findings;
  - Compliance with Listing Agreement and other legal requirements relating to financial statements;
  - Disclosure of any related party transactions;
  - Qualifications, if any, in the draft audit report; and
  - Reviewing, with the management, the quarterly financial statements before submission of the same to the Board for approval.
- ☐ Reviewing, with the management, performance of Statutory Auditors and adequacy of the Internal Control System.
- ☐ 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.
- ☐ Discussions with management and/or internal auditors, if any, of any significant findings and follow up thereon.
- ☐ Reviewing the findings of any internal investigations into matters where there is suspected fraud or irregularity.
- ☐ Discussions with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussions to ascertain any area of concern.
- ☐ To look into the reasons for substantial defaults, if any, in making payments to the specified category of creditors etc.
- ☐ 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 required 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 B.P. Hazarika (Chairman), Mr. Jagdish Chokhani and Mr. Satendra Singh (Members).

The Committee inter-alia 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 the investors in co-ordination with the Company's Registrar and Transfer Agent. The Committee has met 12 times during the year i.e. on 30th April, 2008, 31st May, 2008, 27th June, 2008, 29th July, 2008, 30th August, 2008, 30th September, 2008, 31st October, 2008, 28th November, 2008, 30th December, 2008, 27th January, 2009, 28th February, 2009 and 30th March, 2009.

Status of the complaints received during the period ended 31st March, 2009 is as under-

No. of Complaints received	-	25
No. of Complaints replied	-	25
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 was no transaction with the related parties viz: Promoters, Directors or the Management, their relatives conflicting with Company's interest.

#### b) Disclosure of Accounting Treatment

In the preparation of financial statements for the year ended on March 31, 2009 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

No Director draws any remuneration except the sitting fee from the Company. Therefore, no Remuneration Committee has been constituted.

### (F) GENERAL BODY MEETINGS

The last three annual general meeting were held as under :

Financial Year	Date	Location	Special Resolution
2005-2006	29-09-2006	1, DSIDC Complex, Okhla Industrial Area, Phase-I, New Delhi-110020	Delisting of Securities from Delhi Stock Exchange, Calcutta Stock Exchange, Madras Stock Exchange, Ahmedabad Stock Exchange
2006-2007	28-09-2007	1, DSIDC Complex, Okhla Industrial Area, Phase-I, New Delhi-110020	-
2007-2008	30-09-2008	1, DSIDC Complex, Okhla Industrial Area, Phase-I, New Delhi-110020	Pursuant to Section 149(2A) of the Companies Act, 1956, Special Resolution was passed.