



NOTICE

NOTICE is hereby given that the 32nd Annual General Meeting of CHOKHANI INTERNATIONAL LIMITED will be held on Friday, 28th day of September, 2012 at 1, DSIDC Complex, Okhla Industrial Area, Phase-I, New Delhi-110 020 at 10.30 a.m. to transact the following business:

ORDINARY BUSINESS:

1. To consider, approve and adopt the Audited Balance Sheet as at 31st March, 2012 and the Profit & Loss Account for the period ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Shri Naresh Kumar Tulshan who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint the Auditors and to fix their remuneration.

For Chokhani International Limited

Place : New Delhi
Date : 30-07-2012

B. K. Jha
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, 2012 to 28th September, 2012 (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.



DIRECTORS' REPORT

The Directors present the 32nd Annual Report and the Audited Accounts for the financial year ended 31st March, 2012.

FINANCIAL PERFORMANCE

Particulars	(Rs in Lakhs)	
	<u>31.3.2012</u>	<u>31.3.2011</u>
Total Revenue	0.37	2.33
Profit / (Loss) before Tax	(49.41)	(62.32)
Profit / (Loss) after Tax	(49.41)	(62.32)

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 still pending before Debt Recovery Tribunal, Mumbai. The ICICI Bank Limited filed an Appeal. However Debt Recovery Appellate Tribunal, Mumbai has dismissed the said appeal of ICICI Bank Limited, and allowed the Company to move its counter claim.

Pending decision in the matter of company's claim on ICICI (Lead Bank) amounting to Rs.210 crores, on account of their loss and negligence which resulted in a total loss of company's most valuable assets which had a value more than sufficient to meet the claims of all secured and/or unsecured creditors. By failing to carry out timely maintenance despite reminders from the Court Receiver, High Court, Mumbai and others, the financial institutions allowed dissipation and ultimate destruction of the two dry docks and other imported & indigenous machineries. Therefore, 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.48.81 crores, as intimated by DRT Receiver, has been deducted from secured loans. In view of above, the management is of the considered opinion that no amount whatsoever is due and payable to the Financial Institutions.

Amount due and payable to Financial Institutions i. e. ICICI, IDBI and IFCI in terms of loan agreements executed by the Company with them were secured by way of first mortgage by deposit of title deeds with the lead institution of all immoveable properties, both present and future, and first charge by way of hypothecation of two Floating Dry Docks of 14000 M.T. and 2400 M.T. lifting capacity and all the other movable assets (save and except book debts) including movable machinery, machinery spares, tools and accessories present and future, which have since been disposed of by DRT Receiver during the preceding years.

DIVIDEND :

In view of the existing financial status, Board is not in a position to recommend any dividend for the financial year 2011-2012.

FIXED DEPOSITS:

Since your Company has not accepted any deposits under Section 58A of the Companies Act, 1956 from the public, no information need to be furnished in respect of deposits.

DIRECTORS:

Shri N. K. Tulshan, Director is to retire by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

Brief resume of the above retiring Director, nature of his expertise in specific functional areas and names of companies in which he holds the other directorships, as required by clause 49 of the Listing Agreement with the stock exchanges, are given in the section on Corporate Governance elsewhere in this Annual Report.

AUDITORS:

M/s. Doogar & Associates, Chartered Accountants, Auditors of the Company are retiring at the conclusion of the 32nd 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 Bombay Stock Exchange (BSE).

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.

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

CORPORATE GOVERNANCE CLAUSE 49 OF THE LISTING AGREEMENT:

In compliance with Clause 49 of the Listing Agreement with the Stock Exchange, a report on Corporate Governance along with certificate regarding compliance of Corporate Governance as stipulated under Clause 49 of the Listing Agreement and Management Discussion and Analysis are annexed as a part of Annual Report.

PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUT GO:

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.

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, 2012 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, 2012 on a going concern basis except to the extent as noted in the Auditors' 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 : 30/07/2012

Jagdish Chokhani
Chairman
DIN- 00304040

**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, 2012.

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

	Current Year (2011-12)	Previous Year (2010-11)
Earnings	NIL	NIL
Outgo	Rs. 73,047	Rs. 2,70,940

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

NIL



ADDENDUM TO DIRECTORS' REPORT

Sl. No. of Auditors' Report	Qualification/Observation in the Auditors' Report	Reply/remarks
(iv)	<i>Accounting of deferred taxes as per AS-22, which is neither quantified nor disclosed. (Refer note no.28.)</i>	The Board noted that as 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.
(vi)a	<i>Confirmation/reconciliation of certain balances are pending, resulting in the balances being as per books of accounts only. (Refer to note no.24)</i>	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.
(vi)b	<i>The company's ship repairing operations remained suspended since June 1998. The company has suffered continued losses including in the current year and erosion of equity due to many pending litigation with Govt. / Autonomous bodies & financial institutions and there is substantial 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. In view of:(i) Non- confirmation/reconciliation of certain debit & credit balances (refer to para a), which on final confirmation /reconciliation may effect our disclosures, (ii) Non-adjustment in the compilation of accounts consequent to company no longer remaining a going concern (refer para b), and their consequent impact on the financial statement for the year ended 31.03.12</i>	The Board noted the said observation/qualification. This could not be addressed since the matter is sub-judice.
11	<i>The Company has disputed the repayment of dues to the Financial Institutions (Refer point no.1 to 6) of note 4). Pending disputes with Financial Institutions the period & amount of default could not be ascertained.</i>	Have been explained adequately in the notes on accounts.

Place: New Delhi
Date: 30/07/2012

On behalf of the Board

Jagdish Chokhani
Chairman
DIN 00304040



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 Shri Jagdish Chokhani (Chairman and Managing Director), Shri Satendra Singh, and Shri N. K. Tulshan, Independent Directors.

During the year under review 4 Board Meetings were held on 14th May, 2011, 30th July, 2011, 31st October, 2011 and 30th January, 2012. 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 attended	AGM	Other Directorship	Committee Membership	Committee Chairmanship
1.	Sh. Jagdish Chokhani	Promoter/ Executive Chairman	4	Present	—	2	—
2.	Sh. Satendra Singh	Independent Director	4	Present	3	4	1
3.	Shri N. K. Tulshan	Independent Director	4	Present	2	4	1

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 Shri Jagdish Chokhani (Promoter/Executive Director), Shri Satendra Singh (Chairman, Audit Committee & Non-Executive Independent Director) and Shri N. K. Tulshan (Non-Executive Independent Director), having expertise in accounting & financial management.



During the year 2011-12, the Committee met on 14.05.2011, 30.07.2011, 31.10.2011 and 31.01.2012.

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 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.
- ☐ 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 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 Shri N. K. Tulshan (Chairman), Shri Jagdish Chokhani and Shri 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 investors in co-ordination with the Company's Registrar and Transfer Agent. The Committee has met 12 times during the year i.e. on 29th April, 2011, 31st May, 2011, 30th June, 2011, 30th July, 2011, 30th August, 2011, 29th September, 2011, 31st October, 2011, 30th November, 2011, 30th December, 2011, 30th January, 2012, 29th February, 2012 and 31st March, 2012.

Status of complaints received during the period ended 31st March, 2012 is as under-

No. of Complaints received - 10
 No. of Complaints replied - 10
 No. of Complaints pending - NIL

(D) SUBSIDIARY COMPANIES

The Company does not have any Subsidiary Company.

(E) DISCLOSURES

a) Basis of related Party Transaction

Related party transactions during the year ended March 31, 2012 are detailed below:

(a) Key Management Personnel and their relatives

Shri Jagdish Chokhani
 Shri B. P. Hazarika
 Shri Satender Singh
 Shri N. K. Tulshan
 Shri Madhusudan Chokhani
 Smt. Anita Chokhani

Related party transaction of Key Management Personnel and their relatives

Particulars	Transaction during the year 2011-12	Balance as on 31.03.2012	Transaction during the year 2010-11	Balance as on 31.3.2011
Sitting fee paid to				
Shri Jagdish Chokhani	10000	-	9500	-
Shri B. P. Hazarika	-	-	8000	-
Shri Satendra Singh	10000	-	10000	-
Shri N. K. Tulshan	10000	-	500	-



(b) Enterprises over which any person described in (a) is able to exercise significant influence.

Particulars	Transaction during the year 2011-12 (Rs.)	Balance as on 31.03.2012 (Rs.)	Transaction during the year 2010-11 (Rs.)	Balance as on 31.3.2011 (Rs.)
Rent paid to (Okhla Steel Ind (P) Ltd)		-	45000	-

b) Disclosure of Accounting Treatment

In the preparation of financial statements for the year ended on March 31, 2012 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
2008-2009	29.09.2009	1, DSIDC Complex, Okhla Industrial Area, Phase-I, New Delhi-110020	Nil
2009-2010	30.09.2010	1, DSIDC Complex, Okhla Industrial Area, Phase-I, New Delhi-110020	Nil
2010-2011	30.09.2011	1, DSIDC Complex, Okhla Industrial Area, Phase-I, New Delhi-110020	Nil

Postal Ballot

There was no resolution passed by the Company through postal ballot during the year ended 31st March, 2012.

(G) MEANS OF COMMUNICATION

Quarterly Results are sent to the Stock Exchanges regularly and also published in the following newspapers

Sl. No.	Quarter	News Papers	Date of Publication
1.	30/06/2011	Financial Express & Jansatta	31/07/2011
2.	30/09/2011	Financial Express & Jansatta	01/11/2011 & 02/11/2011
3.	31/12/2011	Financial Express & Jansatta	01/02/2012
4.	31/03/2012	Financial Express & Jansatta	01/05/2012 & 02/05/2012

**(H) GENERAL INFORMATION FOR SHAREHOLDERS****Annual General Meeting :**

Date and Time : Friday, 28th September, 2012 at 10.30 am
 Venue : 1, DSIDC Complex, Okhla Industrial Area, Phase-I,
 New Delhi-110020.

Book Closure Date : **24th September, 2012 to 28th September, 2012 (both days inclusive)**

Listing of Securities : The Securities of the Company are presently listed at Bombay Stock Exchange Limited. The proceedings for revocation of suspension of Securities of the Company are in process with the Bombay Stock Exchange.

Demat ISIN No. in CDSL : **INE-772F01015**

Registrar & Transfer Agent : **M/s Beetal Financial & Computer Services (P) Ltd.**
 (share transfer and communications
 regarding share certificates,
 change of address etc.) Beetal House, 3rd Floor,
 99, Madangir, Near Dada Harsukh Das Mandir,
 New Delhi-110062.

Distribution of Shareholding	%
Promoters & Promoters Group -	17.03
Foreign Investors -	20.60
MFs / FIB / FIIs -	15.37
Others -	47.00

TOTAL 100 .00

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

For CHOKHANI INTERNATIONAL LIMITED

JAGDISH CHOKHANI

CHAIRMAN
 DIN 00304040