

**THIRTEENTH ANNUAL REPORT
2005 – 2006**



CHOKHANI SECURITIES LIMITED

Regd. Office :

9/16, D, Fort Mansion, British Hotel Lane,
Off Bombay Samachar Marg, Fort,
Mumbai – 400 023.

Tel.: (91-22) 22007772
Fax: (91-22) 22007722.

CHOKHANI SECURITIES LTD.

BOARD OF DIRECTORS

SHRI RAMAKANT R. CHOKHANI (Chairman)

SHRI SHRIKANT CHATURVEDI

MRS. NEELAM R. CHOKHANI

MR. YOGESH RAJA

MR. RAJESH CHOKHANI

AUDITORS

P.C. Ghadiali & Co.
Chartered Accountants
206, Arun Chambers,
Tardeo, Mumbai – 400 034.

BANKERS

ICICI BANK LTD.
UTI BANK LTD.

REGISTRARS & SHARE TRANSFER AGENTS

Mondkar Computers Private Limited.
101, Madhukunj,
Sher-E-Punjab Society,
Mahakali Caves Road
Andheri (E),
Mumbai – 400 093.

REGISTERED OFFICE

9/16-D, Fort Mansion,
British Hotel Lane,
Off Bombay Samachar Marg,
Fort, Mumbai – 400 023.
Tel.: 22007772
Fax: 22007722.

13th

ANNUAL

REPORT

2005-2006

NOTICE

NOTICE is hereby given that the **Thirteenth Annual General Meeting** of the Members of **CHOKHANI SECURITIES LIMITED** will be held at 11.00 a.m. on **Friday, the 21st of July 2006** at the Registered Office of the Company, 9/16-D, Fort Mansion, British Hotel Lane, Off Bombay Samachar Marg, Fort, Mumbai – 400 023, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as on 31st March, 2006 and Profit & Loss Account for the year ended on that date along with Directors' Report and Auditors' Report thereon.
2. To appoint a Director in place of Mr. Yogesh Raja, who retires by rotation and being eligible offers himself for reappointment.
3. To appoint Auditors and fix their remuneration.

**ON BEHALF OF BOARD OF DIRECTORS
FOR CHOKHANI SECURITIES LTD.**

Registered Office:
9/16-D Fort Mansion,
British Hotel Lane,
Off Bombay Samachar Marg,
Fort, Mumbai – 400 023.

Sd/-
RAMAKANT R. CHOKHANI
(CHAIRMAN)

Place: Mumbai

Date : June 23, 2006.

NOTES:

1. **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.**
2. The proxy to be effective should be deposited at the registered office of the Company not less than forty eight hours before the commencement of the Meeting.
3. Information pursuant to Clause 41 of the Listing Agreement with the Stock Exchange about the Directors to be appointed/reappointed is enclosed.
4. The Register of Members and the Share Transfer Books will remain closed from 9th July 2006 to 21st July, 2006 (both days inclusive).

Information pursuant to Clause 41 of the Listing Agreement

A brief resume of the Director seeking appointment / reappointment at the forthcoming AGM.

Name	Mr. Yogesh Raja	
Date of Birth	12/10/1972	
Date of Appointment	10/03/2003	
Qualifications	C.A. Inter	
List of other Directorship held as on 31st March, 2006. (Other than Private Cos.)	Nil	
Membership of Other Cos./ Committees (Other than Private Cos.)	Nil	

DIRECTORS' REPORT

The Members,

Your Directors hereby present their Thirteenth Annual Report on the working of the Company together with the audited statements of accounts for the year ended 31st March, 2006.

Financial Results:

	Current Year 31.03.2006	Previous Year 31.03.2005
Profit before Interest & Depreciation	63,86,463.00	72,77,515.00
Interest Paid	45,550.00	NIL
Profit before Depreciation	63,40,913.00	72,77,515.00
Depreciation	7097.00	9470.00
Profit before Tax	63,33,816.00	72,68,045.00
Provision for Tax	1,30,100.00	8,41,000.00
Current tax	100000	
Deferred tax	11500	
Fringe Benefit tax	15100	
Profit after Tax	62,03,716.00	64,27,045.00
Balance brought forward	801,74,816.00	7,37,68,655.00
Extra ordinary adjustment	(4473)	NIL
Appropriations	NIL	NIL
Balance carried forward	8,63,74,059.00	8,01,74,816.00

Dividend:

Directors have not recommended any dividend.

Performance of the Company:

Due to increased competition from FII/Mutual funds the arbitrage margin was under pressure.

Though the gross income for the year under review was higher compared to previous year.

The company earned lower pre tax profit due to steep increase in STT and administrative expenses.

The total income for the year are Rs.112.50 lakhs as against Rs. 92.90 lakhs in previous year and pre tax profit was Rs.63.33 lakhs as against Rs.72.68 lakhs for the last year.

MANAGEMENT DISCUSSION AND ANALYSIS FOR 2005-2006.**Industry Structure and development:**

High volatility in the stock prices and depressed margins in arbitrage and derivatives trading effects profitability of the Company. In such situation the Company has to act very cautiously.

Regulations

The Capital Market is regulated by stringent rules and regulations of the Securities & Exchange Board of India (SEBI) and the Stock Exchanges.

Opportunity and threats

The Government is committed to encourage the healthy growth of Capital Market for development of the Economy. The Governments incremental expenditure on infrastructure & agriculture will boost the economy.

Future Outlook

Your Directors foresee a bright future. Directors foresee a bullish trend for both economy and capital market in year to come.

Internal Control System

There are reasonable internal control systems at all levels in the Company.

Directors' Responsibility Statement :

The Directors hereby confirm that:

- a) in the preparation of the accounts the applicable accounting standards have been followed along with proper explanations relating to material departure.
- b) appropriate accounting policies have been selected and applied consistently and have made judgement and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company.
- c) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d) the annual accounts have been prepared on a going concern basis.

Conservation of Energy etc.

Since the Company is not engaged in any manufacturing activity, information as required under the provisions of Section 217(1)(e) of the Act is not furnished. During the year under consideration, there was no foreign exchange earning or outgo.

Employees:

None of the employees of the Company was in receipt of remuneration in excess of the limit prescribed under Section 217(2A) of the Act read with the Rules made thereunder.

Directors:

To comply with the requirement of the Companies Act, 1956 and the Articles of Association of the Company Mr. Yogesh Raja retires by rotation and being eligible offers himself for re-appointment.

Auditors:

M/s P. C. Ghadiali & Co, Chartered Accountants, Statutory Auditors of your Company shall retire at the forthcoming Annual General Meeting. However, they are eligible for reappointment. Members are requested to appoint the Auditors and fix their remuneration.

Corporate Governance :

As required under clause 49 of the Listing Agreement a report on Corporate Governance alongwith Management discussion & analysis and Auditors' Certificate are annexed.

Acknowledgement :

The Directors wish to place on record their deep sense of appreciation to the Company's Banker, registrars and all the staff members for their unstinted support. Your directors also wish to thank the shareholders for confidence reposed in the management of the Company.

Place: Mumbai

Date: June 23, 2006.

For and on Behalf of the Board

**Sd/-
Mr. Ramakant R Chokhani
Chairman**

REPORT ON CORPORATE GOVERNENCE**A. Philosophy:**

The Company is committed to good corporate governance practices. The Company continues to take such steps which ensures good corporate governance practices and enhance the shareholders value.

B. Board of Directors:**Composition, Meetings and Attendance:**

The Board of Director comprises of five Directors with all of them being Non-Executive Directors. One third of the total strength of the Board comprises of independent Directors.

During the financial year ended 31st March 2006, the Board met four times on 30.04.2005, 30.7.2005, 29.10.2005 and 31.01.2006.

Last Annual General Meeting was held on June 14, 2005.

The composition of the Board of Directors as on March 31, 2006 and other details are as under:

Name of Director	Category	No. of other Directorship Other than Pvt. Ltd. Cos.	Committee Membership of other Companies	No. of Board meetings attended	Attendance at last AGM of the Company
Mr. Ramakant R. Chokhani	Non-Executive Promoter	Nil	Nil	4	Yes
Mrs. Neelam R. Chokhani	Non-Executive Promoter	Nil	Nil	4	Yes
Mr. Shrikant Chaturvedi	Non-Executive Independent	Nil	Nil	4	Yes
Mr. Yogesh Raja	Non-Executive	Nil	Nil	4	Yes
Mr. Rajesh Chokhani	Non-Executive Independent	Nil	Nil	4	Yes.

C. Audit Committee:

The Company has constituted an Audit Committee on March 10, 2003.

The Audit Committee comprises of Mr. Shrikant Chaturvedi, Mr. Rajesh Chokhani both independent Directors and Mr. Ramakant R. Chokhani and Mr. Chaturvedi are having financial and accounting knowledge.

The Audit Committee met four times in the financial year ended March 31, 2006.

The Audit Committee had adequate powers and detailed terms of reference to play effective role as required under Clause 49 of the Listing Agreement.

The Compliance Officer acts as the Secretary of the Committee.

D. Remuneration Committee:

Since entire Board comprises of Non Executive Directors and none of the Directors is in receipt of any remuneration including sitting fees, Remuneration Committee is not formed.