



NOTICE

NOTICE is hereby given that the 31st Annual General Meeting of CHOKHANI INTERNATIONAL LIMITED will be held on Friday, the 30th day of September, 2011 at 1, DSIDC Complex, Okhla Industrial Area, Phase-I, New Delhi-110 020 at 11.00 a.m. to transact the following business:

ORDINARY BUSINESS:

1. To consider, approve and adopt the Audited Balance Sheet as at 31st March, 2011 and the Profit & Loss Account for the period ended as on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Sh. Satendra Singh, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint the Auditors and to fix their remuneration.

SPECIAL BUSINESS:

4. To pass the following resolution, with or without modification(s), as an **Ordinary Resolution:-**

"RESOLVED THAT Sh. Naresh Kumar Tulshan be and is hereby appointed as a Director of Chokhani International Limited."

For Chokhani International Limited

Place : New Delhi
Date : 30-07-2011

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 23rd September, 2011 to 30th September, 2011 (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.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No. 4

Due to sudden demise of Sh. B. P. Hazarika, Director, Sh. Naresh Kumar Tulshan was appointed by the Board as Additional Director on 5th March, 2011 in terms of Section 260 of the Companies Act, 1956. Sh. Naresh Kumar Tulshan will hold the office of Director up to the date of the 31st Annual General Meeting.

A notice U/s 257 of the Companies Act, 1956 along with a requisite deposit has been received from a member signifying the intention about the reappointment of Sh. Naresh Kumar Tulshan as Director on the Board of the Company. Board is also of the considered view that his appointment as an Independent Director on the Board will be of immense benefit to the Company.

Sh. Naresh Kumar Tulshan is a Commerce Graduate and having vast experience of more than 40 years in the field of business administration and Export/Import.

Except Sh. Naresh Kumar Tulshan, none of the Directors are in any way concerned or interested in this resolution.



DIRECTORS' REPORT

The Directors present the 31st Annual Report and the Audited Accounts for the financial year ended 31st March, 2011.

FINANCIAL PERFORMANCE	(Rs in Lakhs)	
	31.3.2011	31.3.2010
Other Income	2.33	1.64
Fall in value of investments written back	-	2.06
Total Income	2.33	3.70
Profit / (Loss) before Tax	(62.32)	(67.48)
Profit / (Loss) after Tax	(62.32)	(67.49)

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 2010-2011.

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:

Sh. Satendra Singh, Director is to retire by rotation at 31st Annual General Meeting and being eligible offers himself for re-appointment.

Due to sudden demise of Sh. B. P. Hazarika, Director, Sh. Naresh Kumar Tulshan was appointed by the Board as Additional Director in terms of section 260 of the Companies Act, 1956, who shall be holding the office up to the conclusion of the 31st Annual general Meeting. As per the provisions of Section 257 of the Companies Act, 1956 notice for the appointment of Sh. Naresh Kumar Tulshan has been received by the Company from a member of the Company for his 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 exchange, 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 31st 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 alongwith 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 AND OUTGO :

Information under 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, which 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, 2011 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, 2011 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 : 30/07/2011

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, 2011.

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 (2010-11)	Previous Year (2009-10)
Earnings	NIL	NIL
Outgo	2,70,940	Rs. 4,96,540

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.12 of Schedule 13.)</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.7 of Schedule 13)</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 31.03.10</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 in repayment of dues to the Financial Institutions (Refer note no.3 (a) to (d) of Schedule 13). Pending disputes with Financial Institutions the period & amount of default could not be ascertained</i>	Have been explained adequately in the notes on accounts in schedule 13

Place: New Delhi
Date: 30/07/2011

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 Sh. Jagdish Chokhani (Chairman and Managing Director), Sh. Satendra Singh, and Sh. Naresh Kumar Tulshan, Independent Directors.

Shri Satendra Singh, Director, who retires by rotation and being eligible offers himself for re-appointment. Shri Satendra Singh is a Commerce Graduate having more than 25 years experience in the field of Business Administration, beside he is also Director in other Company. With his re-appointment, Chokhani International Limited will have his expert opinions, deliberations, advices from time to time, which will have great importance for the Company.

During the year under review 4 Board Meetings were held on 27th April, 2010, 30th July, 2010, 29th October, 2010 and 31st January, 2011. 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	1	4	1
3.	Sh. B.P. Hazarika	Independent Director	4	Present	1	4	1
4.	Sh. Naresh Kumar Tulshan	Independent Director	-	-	1	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 re-constituted an Audit Committee. The Audit Committee of the Board consists of Sh. Jagdish Chokhani (Promoter/Executive Director), Sh. Satendra Singh (Chairman, Audit Committee & Non-Executive Independent Director) and Sh. Naresh Kumar Tulshan (Non-Executive Independent Director), having expertise in accounting & financial management.

During the year 2010-11, the Committee met on 27.04.2010, 30.07.2010, 29.10.2010 and 31.01.2011.

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 are 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 related party transactions;
 - Qualifications, if any, in the 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.

The Audit Committee has reviewed following information:

- Management discussions and analysis of financial conditions and results of operations.
- Statement of significant related party transactions (as defined by the Audit Committee) submitted by management.
- Management letters / letters of internal control weaknesses issued by the Statutory Auditors.

(C) SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE

The Board of Directors of the Company has re-constituted Shareholders'/Investors' Grievance Committee comprising one executive and two Independent Directors. The present members of the Committee are Naresh Kumar Tulshan (Chairman), Sh. Jagdish Chokhani and Sh. 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 27th April, 2010, 24th May, 2010, 30th June, 2010, 30th July, 2010, 31st August, 2010, 28th September, 2010, 29th October, 2010, 30th November, 2010, 30th December, 2010, 31st January, 2011, 28th February, 2011 and 30th March, 2011.

Status of the complaints received during the period ended 31st March, 2011 is as under-

No. of Complaints received -	18
No. of Complaints replied -	18
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, 2011 are detailed below:

(a) Key Management Personnel and their relatives

Shri Jagdish Chokhani
Shri B. P. Hazarika
Shri Satender Singh
Shri Naresh Kumar Tulshan
Shri Madhusudan Chokhani
Smt. Anita Chokhani



Related party transaction of Key Management Personnel and their relatives

Particulars	Transaction during the year 2010-11	Balance as on 31.03.2011	Transaction during the year 2009-10	Balance as on 31.3.2010
Sitting fee paid to				
Sh. Jagdish Chokhani	9500	-	7000	-
Sh. B.P. Hazarika	8000	-	9000	-
Sh. Satendra Singh	10000	-	8500	-
Sh. Naresh Kumar Tulshan	500	-	-	-

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

Particulars	Transaction during the year 2010-11 (Rs.)	Balance as on 31.03.2011 (Rs.)	Transaction during the year 2009-10 (Rs.)	Balance as on 31.3.2010 (Rs.)
Rent paid to (Okhla Steel Ind (P) Ltd)	45000	-	600000	45000 Cr.
Other advance (East Buildtech Ltd)	-	-	14900000 (Dr)	-

b) Disclosure of Accounting Treatment

In the preparation of financial statements for the year ended on March 31, 2011 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
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.
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

**Postal Ballot**

There was no resolution passed by the Company through postal ballot during the year ended 31st March, 2011.

(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.	30/06/2010	Financial Express & Jansatta	31/07/2010
2.	30/09/2010	Financial Express & Jansatta	30/10/2010
3.	31/12/2010	Financial Express & Haribhoomi	01/02/2011
4.	31/03/2011	Financial Express & Jansatta	15/05/2011

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

Date and Time : 30th September, 2011. 11 a.m.
 Venue : 1, DSIDC Complex, Okhla Industrial Area, Phase-I,
 New Delhi-110020.

Book Closure Date : **23rd September, 2011 to 30th September, 2011 (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	- 17.29
Foreign Investors	- 20.60
MFs / FIB / FIIs	- 18.04
Others	- 44.07
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



MANAGEMENT DISCUSSIONS AND ANALYSIS REPORT (CIL)

INDUSTRY STRUCTURE AND DEVELOPMENT

Global sentiments have shown slight recovery towards the beginning 2009 after the steep slowdown. However demand recovery is still undermined by short to medium term uncertainties emerging from global market conditions.

OUTLOOK

Chokhani International Limited (hereinafter referred as "CIL") was established to construct, purchase, take on lease, Import or Export or otherwise acquire and to carry-on the business or to undertake or take part in management, supervision or control of the business or operation of ship repairs and ship building industry including shipyards on land and on water including seasm, and operation of dry-dock and other related facilities and know how.

CIL's ship repairing operations are suspended since June 1998. The Company has suffered continued losses including the current year and erosion of equity due to many pending litigations with Govt. / Autonomous bodies and Financial Institutions.

Loans were recalled by all Indian Financial Institutions viz. IDBI, IFCI, ICICI (including SCICI). IDBI & IFCI filed a suit before the Debt Recovery Tribunal (DRT), Madras and ICICI filed a suit before the Debt Recovery Tribunal, Mumbai for recovery of their dues. Receiver was appointed by the authorities, who disposed of the assets of the Company. CIL filed the claim for negligence which resulted in a total loss of CIL'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 which made CIL purportedly defunct.

Notwithstanding anything stated above, management is trying its best to come out of sub-judice matters and no stone will be left unturned to revive the Company, no sooner circumstances are favorable.

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

The Company has an audit process to ensure adequacy and effectiveness of controls. The internal controls are formulated and implemented by the management with an objective to achieve an effective monitoring and compliance with applicable laws. The independent Audit Committee of the Board of Directors regularly reviews, significant audit findings, compliance with accounting standards and other legal requirements relating to financial statements.

FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

The financial statements have been prepared in accordance with the requirements of the Companies Act, 1956 and the applicable accounting standards issued by the ICAI. The management of Chokhani International Limited accepts the integrity and objectivity of these financial statements as well as the various estimates and judgments used therein.

CAUTIONARY STATEMENT

Certain Statements made in this report relating to Company's objectives, outlook, etc. may constitute "forward looking statement" within the meaning of applicable laws and regulations. Actual performance may differ from such estimates, whether express or implied. Important factors that could make a difference to the Company's operations; include Government Regulations, Tax regimes, Economic developments and other allied factors.



REPORT ON CORPORATE GOVERNANCE

The Members of
CHOKHANI INTERNATIONAL LIMITED

We have examined the compliance of conditions of Corporate Governance by **Chokhani International Limited** for the year ended on 31st March, 2011, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement.

We state that no investor grievance is pending for a period exceeding one month with the Company.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For **VLA & ASSOCIATES**
Company Secretaries

Place : New Delhi
Date : 30-07-2011

(**VISHAL LOCHAN AGGARWAL**)
Proprietor
C.P. No. 7622

CEO CERTIFICATION

The Members
CHOKHANI INTERNATIONAL LTD.

This is to certify that:

- a) a) We have reviewed financial statement for the year ended 31st March, 2011 and the cash flow statement for the year (consolidated and unconsolidated) and that to the best of our knowledge and belief:
 - i) these statements do not contain any materially untrue statement or omit any material fact or contain statement that might be misleading; and
 - ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- c) We accept that Company is maintaining and evaluating internal controls systems and have disclosed to the auditors and the Audit Committee, deficiencies, if any, and the steps taken or proposed to be taken to rectify these deficiencies.
- d) We have indicated to the Auditors and the Audit committee
 - i) that there were no significant changes in the accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - ii) that there were no instances of any significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having such significant role in the Company's internal control system.
- e) We further declare that all the Board Members and senior managerial personnel have affirmed compliance with the Code of Conduct for the current year;

For **CHOKHANI INTERNATIONAL LTD.**

Place : New Delhi
Date : 30th July, 2011

JAGDISH CHOKHANI
CHIEF EXECUTIVE OFFICER
DIN 00304040



AUDITORS' REPORT

To the Members of CHOKHANI INTERNATIONAL LIMITED

We have audited the attached Balance Sheet of M/s. Chokhani International Ltd. as at 31st March 2011, and Profit & Loss Account and the Cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our audit in accordance with auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Central Government of India in terms of section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 & 5 of the said Order.

Further to our comments in the Annexure referred to above, we report that:

- i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - ii) In our opinion, proper books of account as required by law have been kept by the company so far as it appears from our examination of those books.
 - iii) The Balance Sheet, Profit & Loss Account and Cash Flow statement dealt with by this report are in agreement with the books of account.
 - iv) In our opinion, the Balance Sheet and Profit & Loss Account dealt with by this report comply with the Accounting Standards referred to in the Companies (Accounting Standards) Rules 2006 issued by the Central Government in exercise of the power conferred under sub-section (1) (a) of section 642 of Companies Act 1956, to the extent applicable except accounting of deferred taxes as per AS-22, which is neither quantified nor disclosed. (Refer note no.12 of Schedule 13.)
 - (v) On the basis of the written representations received from the Directors, and taken on 31st March, 2011 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2011 from being appointed as a Director in terms of Clause (g) of Sub-section (1) of Section 274 of the Companies Act, 1956.
- (vi)a. Confirmation/reconciliation of certain balances are pending, resulting in the balances being as per books of accounts only. (Refer to note no.7 of Schedule 13)
 - b. 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 31.03.11, the necessary particulars in respect of the remaining items have been disclosed by the company as required by the Companies Act, 1956 in the manner so required and are conformity with the accounting principles generally accepted in India.
- (i) in the case of Balance Sheet of the state of affairs of the Company as at 31st March, 2011,
 - (ii) in the case of Profit & Loss Account of the Loss for the year ended on that date.
 - (iii) in the case of Cash Flow statement of the cash flows for the year ended on that date.

for DOOGAR & ASSOCIATES
CHARTERED ACCOUNTANTS
Firm Reg. No.-000561N

Place : New Delhi

MUKESH GOYAL

Date : 14.05.2011

MG. PARTNER
M.No. 081810

ANNEXURE TO AUDITOR'S REPORT

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situations of Fixed assets.
- (b) The Company has a programme of physical verification of its fixed asset which, in our opinion, is reasonable having regard to the size of the Company and nature of its assets.
- (c) In our opinion, a substantial part of fixed assets has not been disposed off during the year however A substantial part of Fixed Asset have been disposed off during the prior years due to which the company no longer remains a going concern.
2. The Company does not have any inventory and therefore clause of the said order in it entirety is not applicable.



3. The Company has not accepted/granted any unsecured loan from/to Company, firms or other Parties Covered in the register maintained under section 301 of the Companies Act, 1956. Therefore no comments are being offered as to the rate of interest, terms & conditions, repayments, overdue etc.
4. In our opinion and according to the information and explanations given to us during the course of audit, there are adequate internal control procedures for the purchase of stores, including components, plant and machinery, equipments and materials and other assets commensurate with the size of the Company and nature of its business.
5. (a) In our opinion, and according to the information and explanations given to us, there are no transactions that are required to be entered in the register maintained under section 301 of the Companies Act, 1956.
- (b) In our opinion and according to the information and explanations given to us where are no transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and aggregating during the year Rs. 5 Lakhs or more have been made at prices which are reasonable having regard to prevailing market price, where such market prices are available. However, no such transaction takes place during the year.
6. The Company has not accepted any deposits from public within the meaning of section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and Companies (Acceptance of Deposits) Rules, 1975.
7. In view of suspended operations, no internal audit was conducted during the year.
8. The Company is not required to maintain the cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956.
9. (a) In our opinion, the company is regular in depositing undisputed statutory dues including Provident Fund, and other statutory dues with the appropriate authorities. There is no undisputed amount of Income tax, Custom Duty and Excise Duty outstanding as at the last day of the financial year of more than six month except amount payable to Madras Port Trust Rs. 23,360,045/-.
- (b) According to the information and explanations given to us, there are no dues of income tax, sales tax, wealth tax, service tax, excise duty, custom duty and cess which have not been deposited on account of any dispute.
10. The accumulated losses of the company are more than fifty percent of its net worth. The company has incurred cash losses during the current financial year. Cash Loss was incurred in the immediately preceding financial year.
11. **In our opinion, and according to the information and explanations given to us, the Company has disputed in repayment of dues to the Financial Institutions (Refer note no.3 (a) to (d) of Schedule 13). Pending disputes with Financial Institutions the period & amount of default could not be ascertained. The company has no debentures.**
12. The Company has not granted loans and advances on the basis of security by way of pledge of shares and other securities.
13. The Company does not fall within the category of chit fund / Nidhi / Mutual Benefit fund / Society and hence related reporting requirements are not applicable.
14. In respect of dealing/trading in shares, securities and other investment in our opinion and according to the information and explanations given to us, proper records have been maintained of the transactions and contracts and timely entries have been made therein. The shares securities and other investment have been held by the company in its own name.
15. According to the information and explanations given to us, the Company has not given any guarantee of any type of loans taken by others.
16. The Company has not raised any Term Loans during the financial year, hence the related reporting requirements are not applicable. However the loan raised in earlier years have been utilized for the purpose for which they were obtained.
17. According to the information and explanations given to us, the funds raised in the previous year by the Company on Short term basis has not been used for Long term investment.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
- 19.. The Company has not issued debentures of any type during the financial year
20. The Company has not raised any money by public issue during the financial year.
21. Based on our examination of the books and records of the Company according to information and explanations given to us, no fraud on or by the Company has been noticed.

for DOOGAR & ASSOCIATES
 CHARTERED ACCOUNTANTS
 Firm Reg. No.-000561N

Place : New Delhi
 Date : 14.05.2011

MUKESH GOYAL
 MG. PARTNER
 M.No. 081810



BALANCE SHEET AS AT 31ST MARCH, 2011

PARTICULARS	SCHEDULE	As at 31.03.2011		As at 31.03.2010	
		Rs.	Rs.	Rs.	Rs.
SOURCES OF FUNDS:					
1. SHARE HOLDERS' FUNDS					
(a) Capital	1		327,741,500		327,741,500
(b) Reserves & Surplus					
(i) Capital Reserve	2		216,500		216,500
2. LOAN FUNDS					
(a) Secured Loans	3		296,734,310		296,734,310
TOTAL			<u>624,692,310</u>		<u>624,692,310</u>
APPLICATION OF FUNDS:					
1. FIXED ASSETS	4				
(a) Gross Block		3,778,224		3,778,224	
(b) LESS: Depreciation		<u>1,220,631</u>		<u>937,016</u>	
(c) Net Block			2,557,593		2,841,208
2. INVESTMENTS	5		23,568,000		19,968,000
3. CURRENT ASSETS, LOANS & ADVANCES	6				
(a) Sundry Debtors		112,977,833		112,977,833	
(b) Cash & Bank Balance		231,327		10,303,799	
(c) Loans & Advances		<u>880,537</u>		<u>856,276</u>	
		114,089,697		124,137,908	
4. LESS: CURRENT LIABILITIES	7	<u>59,231,962</u>		<u>59,731,348</u>	
NET CURRENT ASSETS			54,857,735		64,406,560
5. PROFIT & LOSS ACCOUNT	8		543,708,982		537,476,542
TOTAL			<u>624,692,310</u>		<u>624,692,310</u>
NOTES ON ACCOUNTS	13				

As per our report of even date
for DOOGAR AND ASSOCIATES
CHARTERED ACCOUNTANTS
Firm Regn. No. 000561N

For and on behalf of Board of Directors

PLACE: NEW DELHI
DATE: 14-05-2011

MUKESH GOYAL
MANAGING PARTNER
M.No. 081810

JAGDISH CHOKHANI
MANAGING DIRECTOR
DIN-00304040

SATENDRA SINGH
DIRECTOR
DIN-01289658

N. K. HARJAI
COMPANY SECRETARY


PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

PARTICULARS	SCHEDULE	For the year ended 31.03.2011 Rs.	For the year ended 31.03.2010 Rs.
I. INCOME			
Other Income	9	232,724	163,817
Fall in value of Investments written back		-	206,496
	TOTAL I	<u>232,724</u>	<u>370,313</u>
II. EXPENDITURE			
Salaries, Wages & Employee Benefits	10	1,157,068	1,229,923
Admn. & Other Expenses	11	5,019,466	5,653,728
Financial Expenses	12	5,015	1,640
Depreciation		283,615	233,520
	TOTAL II	<u>6,465,164</u>	<u>7,118,811</u>
Profit/(Loss) before Tax	(TOTAL I-II)	(6,232,440)	(6,748,498)
Less: Provision for Income Tax		—	—
Fringe Benefit Tax (Earlier Year)		—	801
Profit/(Loss) after Tax (Carried to Balance Sheet)		<u>(6,232,440)</u>	<u>(6,749,299)</u>
Earning per Share (Refer Note No.11 of Schedule 13) Basic		(0.19)	(0.21)
Diluted :		(0.19)	(0.21)
NOTES ON ACCOUNTS	13		

As per our report of even date
for DOOGAR AND ASSOCIATES
CHARTERED ACCOUNTANTS
Firm Regn. No. 000561N

For and on behalf of Board of Directors

PLACE: NEW DELHI
DATE: 14-05-2011

MUKESH GOYAL
MANAGING PARTNER
M.No. 081810

JAGDISH CHOKHANI
MANAGING DIRECTOR
DIN-00304040

SATENDRA SINGH
DIRECTOR
DIN-01289658

N. K. HARJAI
COMPANY SECRETARY



SCHEDULES FORMING PART OF THE BALANCE SHEET AS ON 31ST MARCH, 2011

	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
SCHEDULE : 1 SHARE CAPITAL		
AUTHORISED:		
4,00,00,000 Equity Shares of Rs.10/- each	400,000,000	400,000,000
ISSUED, SUBSCRIBED & PAID UP:		
3,02,40,000 Equity Shares of Rs.10/- each fully paid up in cash and 25,34,150 Equity Shares issued to Financial Institutions on conversion of loans at par	327,741,500	327,741,500
TOTAL	327,741,500	327,741,500

SCHEDULE: 2 RESERVES & SURPLUS
CAPITAL RESERVES

(i) Profit on reissue of forfeited shares	216,500	216,500
TOTAL	216,500	216,500


SCHEDULE: 3 LOAN FUNDS

	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
SECURED LOANS:		
i. Rupee Term Loans:		
ICICI Bank Ltd.	81,362,670	81,362,670
Industrial Development Bank of India (IDBI)	133,104,950	133,104,950
Industrial Finance Corporation of India (IFCI)	34,246,979	34,246,979
ii. Foreign Currency Loans:		
ICICI Bank Ltd.	106,752,364	106,752,364
Industrial Development Bank of India (IDBI)	78,498,651	78,498,651
Industrial Finance Corporation of India (IFCI)	90,342,470	90,342,470
iii. Interest Accrued and due	260,546,353	260,546,353
Less: Assets sold/disposed off by DRT Receiver (Refer foot note No. 6)	784,854,437 488,120,127	784,854,437 488,120,127
TOTAL	296,734,310	296,734,310

NOTES:

- 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 off by DRT Receiver during the preceding years.
- The above term loans stand recalled by all the financial institutions i e ICICI, IDBI and IFCI (Refer note no.3 of Notes on Account Schedule 13)
- (I) Rupee Term Loan includes amount due to erstwhile SCICI Ltd amount Rs.35,951,120/- "(Previous Year Rs.35,951,120/-)"

(II) Foreign Currency Loan includes amount due to erstwhile SCICI Ltd amount Rs.69,603,824/- "(Previous Year Rs.69,603,824/-)"
- The Financial Institution (ICICI, IDBI & IFCI) had an option to convert at par Rs. 518.35 lakhs out of the total sanctioned rupee term loan of Rs.2990 lakhs into fully paid equity shares of the company during the period from July 01, 1992 to June 30, 1995. In exercise of this option the institutions have converted rupee term loans to extent of Rs. 253.42 lakhs during the year 1992-93.
- Cost of Fixed Assets (Less Depreciation Provided till the date of disposal) and value of inventories disposed off by DRT Receiver (also refer note No.3 (C) of Schedule 13)



SCHEDULE: 4 FIXED ASSETS DEPRECIATION

(Amount in Rupees)

Sl. No.	PARTICULARS	GROSS BLOCK		DEPRECIATION		NET BLOCK					
		As at 01.04.2010	Addition during the year	Deletions during the year	Cost as at 31.03.2011	Upto 31.03.2010	For the year	Deletion during the year	Upto 31.03.2011	As at 31.03.2011	As at 31.03.2010
1.	Furniture & Fixtures	940,472	-	-	940,472	60,861	58,710	-	119,571	820,901	879,611
2.	Office Equipments	876,008	-	-	876,008	715,319	88,539	-	753,858	122,150	160,689
3.	Car	1,961,744	-	-	1,961,744	160,836	186,366	-	347,202	1,614,542	1,800,908
	Total :-	3,778,224	-	-	3,778,224	937,016	283,615	-	1,220,631	2,557,593	2,841,208
	Previous Year:-	848,930	2,929,294	-	3,778,224	703,496	233,520	-	937,016	2,841,208	-

**SCHEDULE : 5 INVESTMENTS (Valued at Cost)**

SCHEDULES FORMING PART OF THE BALANCE SHEET AS ON 31ST MARCH, 2011

Particulars	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
Non Trade Long Term in Nature		
A. Quoted Shares		
Investment in INDRATNA (Quoted)	10,641	10,641
1000 units of Rs.10/- each fully paid up. *Present market value Rs. Nil (Previous Year Rs. Nil)		
Investment in Equity Shares of IDBI (Quoted)	468,000	468,000
**5760 Shares (Previous year 5760 Share) of Rs. 10/- each at a premium of Rs.120/- each, fully paid up Present Market Value Rs.820512/- (Previous year Rs.662400/-)		
200000 Equity Shares of Rs. 10/- each of Electro Steels Limited fully paid up present Market Values Rs. 16,32,000/-	2,000,000	-
	2,478,641	478,641
Less: Provision for Demuniton in value of Investments	10,641	10,641
TOTAL A	2,468,000	468,000
B. UNQUOTED SHARES		
2050000 Equity Shares (Previous year 1750000 shares) of Rs. 10/- each of JCO Gas Pipe Limited fully paid up	21,100,000	17,500,000
200000 Equity Shares of Rs. 10/- each of Electrosteel Steels Ltd. Fully paid up	-	2,000,000
	21,100,000	19,500,000
TOTAL A+B	23,568,000	19,968,000

Note : *Market Quotation .not available

** 5760 shares include 2160 Bonus shares.

SCHEDULE: 6 CURRENT ASSETS, LOANS & ADVANCES**A. CURRENT ASSETS:****a. Inventories**

(Refer note No.3(C) of Schedule 13)

Sub Total (A)

	—	—
	—	—
	—	—



Particulars	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
B. Sundry Debtors (Considered good unless otherwise stated) (also refer Note No. 8 of Sch.13)		
(i) For a period exceeding 6 months	112,977,833	112,977,833
(ii) For a period less than 6 months	—	—
Sub Total : (B)	<u>112,977,833</u>	<u>112,977,833</u>
C. Cash and Bank Balances		
i) Cash in Hand	134,807	151,627
Bank Balances (with Scheduled Banks)		
ii) In Current Accounts	<u>96,520</u>	<u>10,152,172</u>
Cash & Bank Balance Sub Total (C)	<u>231,327</u>	<u>10,303,799</u>
D. LOANS & ADVANCES: (Unsecured Considered good)		
1. Advances (Recoverable in Cash or in kind for value to be received)	1,359,872	1,335,611
Less: Provision for doubtful Loans & Advances	479,335	479,335
	<u>880,537</u>	<u>856,276</u>
Total : (A+B+C+D)	<u>114,089,697</u>	<u>124,137,908</u>

SCHEDULE : 7 CURRENT LIABILITIES & PROVISIONS

Current Liabilities

Sundry Creditors - Micro & Small Enterprises	-	-
Sundry Creditors -Others	35,623,350	36,081,916
Other Liabilities	23,608,612	23,649,432
Total :-	<u>59,231,962</u>	<u>59,731,348</u>

* Note : Net of Rs. 7,83,567/- being the amount recoverable from Contractors and Suppliers.

SCHEDULE: 8 PROFIT & LOSS ACCOUNT

Loss: Brought forward	(537,476,542)	(530,727,243)
Add: Loss for the year	(6,232,440)	(6,749,299)
TOTAL	<u>(543,708,982)</u>	<u>(537,476,542)</u>

SCHEDULE : 9 OTHER INCOME

Fall in value of Investments written back	-	206,496
Misc. Balances written back	60,178	3,346
Dividend	17,280	14,400
Interest Received	151,766	146,071
Misc. Income	3,500	-
Total :-	<u>232,724</u>	<u>370,313</u>



Particulars	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
-------------	-------------------------	-------------------------

SCHEDULE : 10 SALARIES, WAGES & OTHER EMPLOYEE BENEFITS

Salaries & Wages	1,055,799	1,131,143
Contribution to Provident Fund	52,598	50,874
Gratuity	23,629	20,704
Bonus	7,000	10,500
Staff Welfare Expenses	18,042	16,702
Total :-	1,157,068	1,229,923

SCHEDULE: 11 ADMINISTRATIVE & OTHER EXPENSES

Rent	-	1,350,000
Staff Recruitment Expenses	-	10,424
Travelling & Conveyance	781,353	963,483
Communication Expenses	13,158	13,907
Printing & Stationery	56,779	71,882
Legal & Professional Charges	3,448,697	2,405,309
Directors Sitting Fees	28,000	24,500
Auditor's Fees & Expenses	50,188	48,534
AGM Exp. & Board Meeting Exps.	300,106	299,226
Listing Fees	43,845	111,679
Registrar & Transfer Agent Fees	130,203	119,214
Repair & Maintenance (Other)	-	28,938
Insurance exp.	29,482	
Share Depository Expenses	55,150	55,150
Notice Publishing Expenses	43,240	39,888
Other Miscellaneous Expenses	39,265	111,594
Total :-	5,019,466	5,653,728

SCHEDULE : 12 FINANCIAL EXPENSES

Bank charges	5,015	1,640
TOTAL	5,015	1,640



SCHEDULE : 13

NOTES ON ACCOUNTS FOR THE YEAR ENDED ON 31st MARCH, 2011

1. Figures for the previous year have been regrouped / rearranged wherever necessary to conform to the current year's classification.

2. Contingent Liabilities

	Current Year (Rs. in Lacs)	Previous Year (Rs. in Lacs)
(a) Bonds executed in favour of Custom Authorities	152.44	152.44
(b) Madras Port Trust (including interest thereon)	338.76	338.76
3. Notices of recall of loans have been received from All Indian Financial Institutions viz. IDBI, IFCI, ICICI (including SCICI). IDBI & IFCI have filed a suit before the Debt Recovery Tribunal (DRT), Madras and ICICI have filed a suit before the Debt Recovery Tribunal, Mumbai for recovery of their dues.		
(b) ICICI has also sued the Company before the Mumbai High Court & an Official Receiver has been appointed who has taken possession of the suit securities on 14.08.1998. Mumbai High Court transferred this case to DRT Mumbai. On request of ICICI, DRT Mumbai has appointed a Private Receiver in place of Court Receiver. As per direction of DRT Mumbai, ICICI / Receiver inserted an advertisement in the newspaper on 27.11.2002 for sale / disposal of Assets of the company viz Floating Dry Docks, machineries, furniture and fixtures, vehicle and stores and spares etc. on as is where is basis and as is what is basis. These assets as intimated by DRT Receiver have since been disposed off.		
(c) 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.		
(d) Owing to the recall of loans by the Financial Institutions, the liability in respect of foreign currency loans has been accounted in terms of Indian rupees. Hence the adjustment with respect to variation in the foreign exchange rates from 1st April 1997 has neither been considered necessary, nor provided.		
4. Income Tax Assessments of the Company have been completed upto Assessment Year 2008-09 u/s 143(1)(a). For the current year, the company has been advised that no provision for Income Tax is necessary in the absence of taxable income.		

5. Remuneration paid to Managing Director NIL (Previous Year NIL)

* In view of the prevailing circumstances, Managing Director has consented to waive-off his remuneration and other benefits.



6. Provision for payment in respect of Auditors' Remuneration

	Current Year Rs.	Previous Year Rs.
Audit Fees	33,090	33,090
Certification	17,098	15,444
	50,188	48,534

7. (i) 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.
- (ii) In the opinion of the Management, the aggregate values of Current Assets, loans and advances on realisation in ordinary course of business will not be less than the amount at which these are stated in the Balance Sheet. Certain advances & Debtors which are under dispute/litigation, pending decision, have not been provided.
8. Debtors includes amounts due at the time of discontinued operations from (i) The Shipping Corporation of India (ii) The Commander, Coast Guard (iii) D. B. Madan & Co. which are under litigation at various stages. The management is confident of recovery, therefore no provision has been considered necessary.

9. SEGMENT REPORTING

The company operated in only one operating segment i.e. ship repairs. However the operation remained suspended since June, 1998.

10. RELATED PARTY TRANSACTIONS

Related party transactions during the year ended March 31, 2011 are detailed below:

(a) Key Management Personnel and their relatives

Mr. Jagdish Chokhani
 Mr. B. P. Hazarika
 Mr. Satendra Singh
 Mr. Naresh Kumar Tulshan
 Mr. Madhusudan Chokhani
 Mrs. Anita Chokhani

Related party transaction of Key Management Personnel and their relatives

Particulars	Transaction during the year 2010-11	Balance as on 31.03.2011	Transaction during the year 2009-10	Balance as on 31.03.2010
Sitting fee paid to				
Sh. Jagdish Chokhani	9500	-	7000	-
Sh. B.P. Hazarika	8000	-	9000	-
Sh. Satendra Singh	10000	-	8500	-
Sh. Naresh Kumar Tulshan	500	-	-	-



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

Particulars	Transaction during the year 2010-11 (Rs.)	Balance as on 31.03.2011 (Rs.)	Transaction during the year 2009-10 (Rs.)	Balance as on 31.03.2010 (Rs.)
Rent paid to (Okhla Steel Ind (P) Ltd)	45000	-	600000	45000 Cr
Other advance (East Buildtech Ltd)	-	-	14900000 Cr	-

11. Earnings per share (EPS)		Current Year	Previous Year
Calculation of EPS			
S. No.	Particulars	Equivalent of shares	Equivalent of Shares
1	Opening no. of shares	3,27,74,150	3,27,74,150
2	Closing no. of shares	3,27,74,150	3,27,74,150
3	Weighted average no. of shares for basic EPS	3,27,74,150	3,27,74,150
4	Profit/(Loss) for the year	(62,32,440)	(67,49,299)
5	EPS : Basic	(0.19)	(0.21)
	: Diluted	(0.19)	(0.21)

12. Deferred Taxation

The management does not foresee any immediate revival of operation/earnings in near future where the deferred tax assets can be realised against future taxable income. Therefore the accounting of deferred taxes liabilities/assets has not been done.

13. The Company has no dues relating to Micro, Small and Medium Enterprises as defined under the Micro, Small and Medium Enterprises Development Act 2006("Act"). Therefore no disclosures are given under this Act.

14. ACCOUNTING STANDARD -15 (AS - 15) EMPLOYEE BENEFITS

Defined Contribution Plan

Contribution to Defined Contribution Plan, recognised as expense for the year are as under :

	F.Y. 2010-11	F.Y. 2009-10
Employer's contribution to Provident Fund:	Rs. 52598	Rs. 50874

Defined Benefit Plan

The employees' gratuity fund scheme is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for leave encashment is recognised in the same manner as gratuity.



(a) Reconciliation of opening and closing balances of Defined Benefit Obligation.

	Gratuity (UnFunded)		Leave Encashment (Unfunded)	
	FY 2010-11 (Rs.)	FY 2009-10 (Rs.)	FY 2010-11 (Rs.)	FY 2009-10 (Rs.)
Defined Benefit obligation at the beginning of the year	121213	100509	51530	25031
Current Service Cost	25825	26154	17573	32102
Interest Cost	9973	8019	4240	1997
Actuarial (gain)/loss	(12169)	(13469)	(18166)	(7600)
Benefits Paid	-	-	(3692)	-
Settlement cost	-	-	-	-
Defined Benefit obligation at the end of the year	144842	121213	51485	51530

(b) Reconciliation of opening and closing balances of Fair Value of Plan Assets

	F.Y. 2010-11	Gratuity (Unfunded) F.Y. 2009-10
Fair value of plan assets as at the beginning of the year	-	-
Expected Return	-	-
Actuarial (gain)/loss	-	-
Contribution by Employer	-	-
Benefits Paid	-	-
Settlement cost	-	-
Fair value of plan assets as at the end of the year	-	-
Actual return on plan assets	-	-

(c) Reconciliation of amount recognised in Balance Sheet

	Gratuity (UnFunded)		Leave Encashment (Unfunded)	
	FY 2010-11 (Rs.)	FY 2009-10 (Rs.)	FY 2010-11 (Rs.)	FY 2009-10 (Rs.)
Fair Value of Plan Assets as at 31st March, 2011	-	-	-	-
Present value of obligation as at 31st March, 2011	144842	121213	51485	51530
Net asset/(liability) recognised in the Balance Sheet	(144842)	(121213)	(51485)	(51530)



(d) Expense Recognised during the year (under the head)

	Gratuity (UnFunded)		Leave Encashment (Unfunded)	
	FY 2010-11 (Rs.)	FY 2009-10 (Rs.)	FY 2010-11 (Rs.)	FY 2009-10 (Rs.)
Current Service Cost	25825	26154	17573	32102
Interest Cost	9973	8019	4240	1997
Expected return on plan assets	-	-	-	-
Net Actuarial(gain)/ loss recognised during the period	(12169)	(13469)	(18166)	(7600)
Expenses recognised in the statement of Profit & Loss	23629	20704	3647	26500

(e) Actual Return on Plan Assets

	F.Y. 2010-11	Gratuity (Unfunded) F.Y. 2009-10
Expected Return on Plan Assets	—	—
Actuarial (gain)/ loss	—	—
Actual return on plan assets	—	—

(f) Principal Actuarial Assumptions

	Gratuity (UnFunded)		Leave Encashment (Unfunded)	
	FY 2010-11	FY 2009-10	FY 2010-11	FY 2009-10
Mortality Table (LIC)	1994-96 duly modified	1994-96 duly modified	1994-96 duly modified	1994-96 duly modified
Discount rate	8.25%	8%	8.25%	8%
Future Salary Increase	5.00%	5%	5.00%	5%
Expected rate of return on plan assets	-	-	-	-
Retirement Age	60 years	60 years	60 years	60 years
Withdrawal Rates	2%	2%	2%	2%

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

Disclosure in respect of previous three annual periods as required by Revised Accounting Standard - 15 'Employee Benefits' is not presented as the management considers it impracticable in the absence of requisite information.



16. Additional information pertaining to provisions of part II of Schedule VI of the Companies Act, 1956.

	Current Year (Amount in Rs.)	Previous Year (Amount in Rs.)
(a) Capacities :	NIL	NIL
(b) Actual Production : Being a Service Industry	NIL	NIL
(c) Value of Imports (CIF) in respect of:	NIL	NIL
(d) Expenditure (on remittance basis) in foreign Currency on Account of :		
1. Traveling	270940	496540
2. Subscription, Advertisement, Port Dues, Agency Fee etc.	NIL	NIL
(e) Earnings in Foreign Exchange	NIL	NIL
(f) Details of Imported & Indigenous Raw Materials & Spares consumed	NIL	NIL
(g) There was no employee who was employed throughout the Financial year and was in receipt of an aggregate remuneration of more than Rs.24,00,000/- p.a. or Rs.2,00,000/- per month if employed for part of the year.		

NOTE :-

- I. Figures in brackets represent previous year's figures.
- II. Figures have been rounded off to nearest Rupee.
- III. Schedule 1 to 13 form an integral part of accounts

As per our report of even date
for DOOGAR AND ASSOCIATES
CHARTERED ACCOUNTANTS
Firm Regn. No. 000561N

For and on behalf of Board of Directors

PLACE: NEW DELHI
DATE : 14-05-2011

MUKESH GOYAL
MANAGING PARTNER
M.No. 081810

JAGDISH CHOKHANI
MANAGING DIRECTOR
DIN-00304040

SATENDRA SINGH
DIRECTOR
DIN-01289658

N. K. HARJAI
COMPANY SECRETARY



SIGNIFICANT ACCOUNTING POLICIES

ACCOUNTING CONVENTION

These accounts are prepared under the historical cost convention and on the basis of a going concern with revenues recognised and expenses accounted on their accrual including provisions/adjustments for committed obligations and amounts determined as payable or receivable during the financial year. Excise duty and Customs duty are accounted as and when the liability for payment arises.

REVENUE RECOGNITION

- (a) Revenue earned from ship repair has been accounted on the basis of ship repair work done and billed after adjusting credit notes/discounts. However, in respect of invoices raised and accounted but under negotiations till the finalisation of the balance Sheet, no provision has been made to meet the possible contingencies arising, if any, after the Balance Sheet date, wherever it is not possible to ascertain with reasonable accuracy the quantum to be provided for.
- (b) Scrap generated is not valued but accounted for when sold.
- (c) Other income/claims are accounted when right to receive the same is established.

FIXED ASSETS

- (a) Certain Fixed Assets which were revalued on 31st March, 1993 are stated at revalued cost as adjusted on account of translation difference, Other Fixed Assets are stated at historical cost of acquisition including installation and commissioning.
- (b) Borrowing costs eligible for capitalisation incurred, in respect of acquisition / construction of a qualifying asset, till the asset is substantially ready for use, are capitalised as part of the cost of that asset.

DEPRECIATION OF FIXED ASSETS

- (a) Depreciation for the year has been provided at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956 (as amended) on Straight Line Method. The Straight Line Method rates have been applied to the original cost of all the assets including existing assets.
- (b) In case of assets where actual cost does not exceed Rs. 5,000/- at the rate of 100%.
- (c) On revalued assets on straight line method on the revalued amount. The difference between depreciation on assets based on revaluation and that on original cost is transferred from Revaluation Reserve to Profit and Loss Account.
- (d) No depreciation is charged on assets not put to use.

INVESTMENT

Investments are stated at present market rate.

CURRENT ASSETS

Inventories are valued at cost except damaged material which is valued at lower or cost of estimated net realisable value. Work in Progress is valued at direct material cost plus direct labour cost, including manufacturing & administrative overheads to the work in progress. The cost of materials is arrived by Weighted Average Method.



AMORTIZATION OF MISC. EXPENDITURE

- i) Miscellaneous expenditure like preliminary and share issue expenses are written off over a period of 10 years. Accordingly 1/10th of such expenditure has been written off during the year.
- ii) Deferred Revenue Expenditure on Major Maintenance Programme is charged to revenue over a period of 5 years following the year it is incurred.

FOREIGN CURRENCIES

Foreign Currency assets and liabilities are translated into rupees at the exchange rates prevailing as on the date of Balance Sheet. Translation differences on foreign currency liabilities related to fixed assets are adjusted in the cost of fixed assets. Other material exchange translation differences are reflected in the Profit & Loss Account under appropriate income /expenses account.

RETIREMENT AND OTHER BENEFITS

Expenses and liabilities in respect of employee benefits are recorded in accordance with Revised Accounting Standard 15 - Employee Benefits (Revised 2005) issued by the ICAI.

(a) Provident Fund

The Company makes contribution to statutory provident fund in accordance with Employees Provident Fund and Miscellaneous Provisions Act, 1952 which is a defined contribution plan and contribution paid or payable is recognized as an expense in the period in which services are rendered by the employee.

(b) Gratuity

Gratuity is a post employment benefit and is in the nature of a defined benefit plan. The liability recognised in the balance sheet in respect of gratuity is the present value of the defined benefit/obligation at the balance sheet date less the fair value of plan assets, together with adjustment for unrecognized actuarial gains or losses and past service costs. The defined benefit/obligation is calculated at or near the balance sheet date by an independent actuary using the projected unit credit method.

Actuarial gains and losses, if any, arising from past experience and changes in actuarial assumptions are charged or credited to the Profit and loss account in the year to which such gains or losses relate.

(c) Leave Encashment

Liability in respect of leave encashment becoming due or expected after the balance date is estimated on the basis of an actuarial valuation performed by an independent Actuary using the projected unit credit method.



CHOKHANI INTERNATIONAL LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2011

PARTICULARS	YEAR ENDED	YEAR ENDED
	31.03.2011	31.03.2010
	Rs. in Lacs	Rs. in Lacs
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit Before Tax & Interest But		
After Depreciation & Other Income	(62.32)	(67.48)
ADJUSTMENT FOR :		
Profit on disposal of Assets	-	-
Diminution / (increase) in investment	-	(2.06)
Depreciation	2.83	2.34
Interest/Dividend	(1.69)	(1.60)
Loss on disposal of Assets	-	-
Operating profit before working capital change	(61.18)	(68.80)
ADJUSTMENT FOR:		
Trade and other receivables	(0.24)	156.43
Inventories	-	-
Trade Payables	(4.99)	1.30
Cash Generated from operations	(66.41)	88.93
Interest paid	-	-
Direct Tax paid	(0.01)	-
OTHER ITEMS:		
Miscellaneous expenses written off	-	0.03
Deferred revenue expenditure	-	-
Cash flow before extraordinary items	(66.42)	88.91
Extra Ordinary items	-	-
Net cash from operative activities	(66.42)	88.91
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of fixed assets	-	(29.29)
Sale of fixed assets	-	-
Accessions of companies	-	-
Purchase of investments	(36.00)	(20.00)
Sale of investments	-	-
Interest received	1.52	1.46
Dividend received	0.17	0.14
Net Cash from investing activities	(34.31)	(47.69)
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds from issue of share capital	-	-
Increased on long term borrowings	-	-
Net cash used in financing activities	-	-
Net increase in cash and cash equivalents (A+B+C)	(100.73)	41.22
Cash and cash equivalent as at: (Opening Balance)	103.04	61.82
Net increase in cash and cash equivalents	(100.73)	41.22
Cash and cash equivalent as at: (Closing Balance)	2.31	103.04

As per our report of even date For and on behalf of Board of Directors
for DOOGAR AND ASSOCIATES CHARTERED ACCOUNTANTS
Firm Regn No. 000561N

PLACE: NEW DELHI
DATE: 14-05-2011

MUKESH GOYAL
MANAGING PARTNER
M.No. 081810

JAGDISH CHOKHANI
MANAGING DIRECTOR
DIN-00304040

SATENDRA SINGH
DIRECTOR
DIN-01289658

N. K. HARJAI
COMPANY SECRETARY



PART-IV
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

1. Registration Details State Code:
 Regn. No. 10428 (Refer Code list)
 Balance Sheet Date:
2. Capital raised during the year (amount in Rs. thousands)
- | | |
|----------------------------------|----------------------------------|
| Public Issue | Right Issue |
| <input type="text" value="Nil"/> | <input type="text" value="Nil"/> |
| Bonus Issue | Private Placement |
| <input type="text" value="Nil"/> | <input type="text" value="Nil"/> |
3. Position of mobilisation and deployment of funds (amount in Rs. thousands)
- | | |
|---------------------------------------|---------------------------------------|
| Total Liabilities | Total Assets |
| <input type="text" value="6,24,692"/> | <input type="text" value="6,24,692"/> |
- SOURCES OF FUNDS**
- | | |
|---------------------------------------|----------------------------------|
| Paid-up Capital | Reserves & Surplus |
| <input type="text" value="3,27,742"/> | <input type="text" value="216"/> |
| Secured Loans | Unsecured Loans |
| <input type="text" value="2,96,734"/> | <input type="text" value="Nil"/> |
- APPLICATION OF FUNDS**
- | | |
|-------------------------------------|------------------------------------|
| Net Fixed Assets | Investments |
| <input type="text" value="2557"/> | <input type="text" value="23568"/> |
| Net Current Assets | Misc. Expenditure |
| <input type="text" value="54858"/> | <input type="text" value="Nil"/> |
| Accumulated Losses | |
| <input type="text" value="543709"/> | |
4. Performance of Company (amount in Rs. thousands)
- | | |
|--------------------------------------|--------------------------------------|
| Turnover | Total Expenditure |
| <input type="text" value="233"/> | <input type="text" value="6465"/> |
| +/- Profit/Loss before tax | +/- Profit/Loss after tax |
| <input type="text" value="(-)6232"/> | <input type="text" value="(-)6232"/> |
- (Please tick appropriate box + for Profit - for loss)
- | | |
|--------------------------------------|--------------------------------|
| Earning per share in Rs. | Dividend rate % |
| <input type="text" value="(-)0.19"/> | <input type="text" value="-"/> |
5. Generic names of three principal products/services of Company (as per monetary terms)
- | | |
|----------------|----------------------|
| Item Code No.: | Ship Repair Industry |
| (ITC Code) | |

For and on behalf of Board of Directors

Place: New Delhi
Date: 14-05-2011

JAGDISH CHOKHANI
MANAGING DIRECTOR
DIN-00304040

SATENDRA SINGH
DIRECTOR
DIN-01289658

N.K. HARJAI
COMPANY SECRETARY

FOR ATTENDING THE ANNUAL GENERAL MEETING, NO GIFTS SHALL BE DISTRIBUTED BY THE COMPANY.

CHOKHANI INTERNATIONAL LIMITED

Regd. Office: D-3/2, Okhla Industrial Area, Phase - II, New Delhi - 110 020

PROXY

PROXY FORM

We of

being a member(s) of the above named Company, hereby appoint

or failing him.....of.....

as my/our proxy to vote for me/us behalf at the 31st ANNUAL GENERAL MEETING of the Company to be held on Friday, 30th September, 2011 at 11.00 A.M.

Signed at this day of 2011.

Ledger Folio No.

Number of Equity Shares held

Signature

Affix
Re 1
revenue
stamp

Notes:

- 1. The Proxy need not be a member.
- 2. The Proxy duly signed across Re. 1/- revenue stamp should reach the Registered Office of the Company not less than 48 hours before the time fixed for the meeting.

CHOKHANI INTERNATIONAL LIMITED

Regd. Office: D-3/2, Okhla Industrial Area, Phase - II, New Delhi - 110 020

ATTENDANCE SLIP

I hereby record my presence at the 31st Annual General Meeting being held on Friday, 30th September, 2011 at 11.00 A.M. at 1, DSIDC Complex, Okhla Industrial Area, Phase-I, New Delhi-110 020.

- 1. Full Name of the Shareholder/Proxy.....
(in Block Letters)
- 2. Ledger Folio No.
- 3. No. of Equity Shares held:.....4. Signature of the Shareholder/Proxy Attending.

To be used only when First named shareholder is not attending.

Please give full name of the Joint Holders.

- 1. Mr./Mrs./MissSignature.....
- 2. Mr./Mrs./MissSignature.....
(in Block Letter)

Notes:

- 1. Please fill in this attendance slip and hand it over at the ENTRANCE TO THE HALL.
- 2. Shareholders who come to attend the meeting are requested to bring their copies of the Annual Reports with them.



BOARD OF DIRECTORS

Mr. Jagdish Chokhani
Mr. Satendra Singh
Mr. Naresh Kumar Tulshan

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

BOOK POST

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D-3/2, Okhla Industrial Area, Phase-II
New Delhi-110020

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31st

Annual Report

2010 - 2011



CHOKHANI
INTERNATIONAL LIMITED