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CHOICE INTERNATIONAL LIMITED



5th ANNUAL REPORT 1997-98



CHOICE INTERNATIONAL LIMITED

CHOICE INTERNATIONAL LIMITED

BOARD OF DIRECTORS

- 1. Mr Shailendra Jindal**
- 2. Mrs. Pallavi Jindal**
- 3. Mr. Robert Pavrey**
- 4. Mr. M. S. Bodhanwalla**
- 5. Mr. Devendra Agarwal**

AUDITORS

D. L. Mehta & Co.
12, Surtee Chambers,
2nd Floor,
2nd Dhobi Talao Lane
Mumbai - 400 002.

SOLICITORS

M. S. Bodhanwalla
Motlibhai Wadia Bldg, 1st Floor,
22D, S. A. Brelvi Road,
Fort, Mumbai 400 001.

BANKERS

Citibank N. A.
Global Trust Bank Ltd.
Oriental Bank of Commerce

REGISTERED OFFICE

D-14, E-3, Highway Park,
Thakur Complex, Kandivili (E)
Mumbai - 400 101.

REGISTRARS AND SHARE TRANSFER AGENTS

Busi-Comp Software Consultants
33, Printing House,
28-D, Police Court Lane,
Behind Old Handloom House, Fort,
Mumbai 400 001.



CHOICE INTERNATIONAL LIMITED

NOTICE

NOTICE is hereby given that the Fifth Annual General Meeting of the Members of **CHOICE INTERNATIONAL LIMITED** will be held on Thursday, the 24th September, 1998 at 3.30 p.m. at the Registered Office of the Company at D-14, E-3 Highway Park, Thakur Complex, Kandivili (East), Mumbai 400 101. to transact the following business:-

1. To receive, consider and adopt the report of the Board of Directors and Audited Balance Sheet as at 31st March, 1998, Profit and Loss Account for the fifteen months ended on that date and Auditors' Report thereon.
2. To elect a Director in place of Mr. Devendra Agarwal, who retires by rotation under Article 131 of the Articles of Association of the Company and being eligible, offers himself for re-appointment.
3. To appoint Auditors and to fix their remuneration.

Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. Proxies in order to be effective must be received by the Company not less than 48 hours before the commencement of meeting.
2. The Transfer Register and the Register of Members will remain closed from Tuesday, the 22nd September, 1998 to Thursday, the 24th September, 1998 (both days inclusive).
3. All members are requested to intimate the change, if any, in their registered address immediately.
4. All documents referred to in the notice are open for inspection at the Registered Office of the company during office hours.
5. Members, who are holding shares in identical order of names in more than one account are requested to intimate to the Share Transfer Agent, the ledger folio of such account together with the Share Certificates to enable the Company to consolidate all the holdings into one account. The Share Certificates will be returned to the members after making the necessary endorsements in the due course.
6. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to send their queries at least seven days before the date of the Meeting to the Company so that information required may be made available at the Meeting.

By Order of the Board of Directors

Mumbai, August 24, 1998.

Shailendra Jindal
Managing Director



CHOICE INTERNATIONAL LIMITED

DIRECTORS' REPORT

To
The Members,

Your Directors have pleasure in presenting their Fifth Annual Report and Audited Financial Statement of the Company for the 15 months ended 31st March, 1998.

FINANCIAL RESULTS	15 months ended	(Rs. in lacs) Year ended
	31.03.98	31.12.96
Total Income	37.24	44.63
Total Expenditure	48.21	25.80
Profit / (Loss) before Interest, Depreciation and Taxation	(10.97)	18.83
Less: Interest	0.05	0.10
Depreciation & Write Offs	8.11	5.60
Provision for taxation	0.41	0.70
Profit / (Loss) after tax	(19.54)	12.43
Add: Balance brought forward	0.57	15.11
Add: Transferred from General Reserve	3.20	---
Less: Expenses pertaining to previous year	9.22	26.97
Appropriations:		
Carried forward to next year	(24.99)	0.57

DIVIDEND

Your Directors are unable to recommend any dividend for the current year in view of Loss during the year.

REVIEW OF OPERATIONS

During the year under review, the Company diversified into trading of Electronic devices and the name of the Company was changed to "Choice International Limited" w.e.f 12.11.1997. Due to recessionary conditions prevailing in the overall economy there was very little Financial Services business and the income from fees came down to Rs. 60,000/- as compared to Rs. 40 lacs in the year ended 31.12.95. Dividend and Interest income, however contributed Rs. 12.12 lacs. Electronics trading activities also didn't pick-up as expected due to overall recession in the economy.

The present activities of the Company include mainly trading in goods and shares other than financing activities. The fee based income is almost nil due to no projects or financial services business in hand with the Company. The Company has also surrendered its registration with SEBI as Merchant Banker due to a complete lack of public issue business with the Company.

Pursuant to the requirements of the clause 43 of the Listing Agreement, the following is the Comparative Statement vis-à-vis the Projections given in the Prospectus dated September 11, 1995.

Particulars	Projections 31-12-97	Performance 31-03-98 (15 Months)	Variation Amount	(Rs. in lacs)
				Variation %
Net Income (include other income)	267.00	37.24	229.76	- 86
Profit after tax	200.00	(19.66)	219.66	--

FUTURE PROSPECTS

Considering the current working of the Company, your Directors are confident of increased volume of business in the current year. However, the profitability will depend on the overall economic growth of the country.

SUBSIDIARY COMPANY

As required under Section 212 of the Companies Act, 1956, the Directors' Report, Audited Accounts and the Auditors' Report for the subsidiary company's accounts for the period ending 31st March, 1998 is annexed.

**CHOICE INTERNATIONAL LIMITED****DIRECTORS**

Mr. Devendra Agarwal retires at the ensuing Annual General Meeting and being eligible has offered himself for re-appointment. Your Directors recommend his re-appointment.

AUDITORS

The Auditors, M/s D. L. Mehta & Co., Chartered Accountants, Mumbai retire and being eligible, offers themselves for re-appointment. Your directors recommend their appointment. Your Company has received a Certificate from the Auditors that their appointment, if made would be within the limits prescribed under Section 224 (1) of the Companies Act, 1956.

PUBLIC DEPOSITS

The Company has not accepted any deposits from Public within the meaning of Section 58 A of the Companies Act, 1956.

PARTICULARS OF EMPLOYEES

There are no employees whose particulars are required to be given under Section 217(2)(a) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNING AND OUTGO

As the Company is in trading of goods and financial services the provisions of Section 217(1)(e) regarding information on conservation of energy, technology absorption is not applicable. No foreign exchange was used or earned during the period under review.

ACKNOWLEDGMENTS

Your Directors wish to place on record their appreciation of the continuous support received by the Company from its Bankers, Business Associates, Shareholders as well as the Employees of the Company.

For and on behalf of the Board

SHAIENDRA JINDAL
Chairman & Managing Director

Mumbai, August 21, 1998



CHOICE INTERNATIONAL LIMITED

AUDITORS' REPORT

To
THE MEMBERS OF
CHOICE INTERNATIONAL LIMITED :

We have audited the attached Balance Sheet of CHOICE INTERNATIONAL LIMITED as at 31 March, 1998 and the Profit and Loss Account for the period ended on that date, annexed thereto, and report that :

- (1) As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, we enclose in Annexure a statement on the matters, specified in paragraph 4 and 5 of the said order.
- (2) Further to our comments in the Annexure referred to in paragraph (1) above, we report that :
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appeared from our examination of the books;
 - (c) The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of accounts;
 - (d) In our opinion and to the best of our information and according to explanations given to us, subject to note no. 7 of Schedule 'N' regarding change in method of stock valuation due to which net loss for the year is overstated by Rs. 12,80,451/- and the assets are understated to the same extent, the Accounts read together with the accounting policies and the other notes given in Schedule 'N' give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view :
 - (i) In the case of Balance Sheet, of the State of affairs of the Company as at 31st March, 1998.
 - (ii) In the case of Profit and Loss Account of the LOSS of the Company for the period ended on that date.

For D.L.Mehta & Co.
Chartered Accountants

Dinesh Mehta
Partner

Mumbai, August 21, 1998

ANNEXURE TO THE AUDITOR'S REPORT*

(*Referred to in paragraph (1) of our report of even date on the accounts of Choice International Limited for the period ended 31st March, 1998) :

1. The Company has maintained proper records showing full particulars, including quantitative details and situations of its fixed assets. As informed to us, all the fixed assets have been physically verified by the management at reasonable intervals during the year which in our opinion is reasonable regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
2. None of the fixed assets have been revalued during the year.
3. The Management has conducted physical verification at reasonable intervals in respect of inventory of finished goods. In our opinion and according to information and explanations given to us, the procedure of physical verification of stock adopted by management is reasonable and adequate according to the size of the Company and the nature of its business. No material discrepancy was noticed on physical verification as compared to the book records.
4. On the basis of our examination, the valuation of stock is fair and proper in accordance with the normally accepted principles and the basis of valuation is same as in the preceding year except for change in method of stock valuation as referred in Note No. 7 of Schedule 'N'.



CHOICE INTERNATIONAL LIMITED

5. The Company has not taken any loans, secured and unsecured, from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956. We are informed that there are no companies under the same management within the meaning of Section 370(1B) of the Companies Act, 1956.
6. The Company has not granted any loans to Companies, firms and other parties listed in the register maintained under section 301 of the Companies Act, 1956. We are informed that there are no companies under the same management within the meaning of section 370(1B) of the Companies Act, 1956.
7. The Parties, including employees, to whom loans or advances in the nature of loans have been given are repaying the Principal amount as stipulated and are also regular in payment of interest wherever applicable except in two cases where necessary action is being initiated.
8. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets and for purchase and sale of finished goods.
9. In our opinion and according to the information and explanations given to us, there are no transactions of purchases of goods and materials and sale of goods, materials and services, made in pursuance of contracts or arrangements entered in the Register maintained under section 301 of the Companies Act, 1956 (1 of 1956) aggregating during the year to Rs.50,000 or more in respect of each party.
10. The Company has not accepted any deposits from the public within the meaning of Section 58A of the Companies Act, 1956 and the rules framed thereunder.
11. The Company has an adequate internal audit system commensurate with its size and nature of its business.
12. The Central Government has not prescribed the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956.
13. Paragraph 4A (xvii) of the Order with respect to the Provident Fund Laws and the Employee's State Insurance Scheme are not presently applied to the Company.
14. There are no amounts outstanding as on 31st March, 1998 in respect of undisputed income tax, sales tax, customs duty and excise duty which were due for more than six months from the date they became payable.
15. According to the information and explanation given to us, the Company has maintained adequate records and documents in case where the Company has granted loans and advances on the basis of security by way of pledge of shares, debentures and any other similar securities.
16. We are informed that the provision of any other special Statute applicable to Chitfunds, Nidhi of Mutual Benefit Society do not apply to the Company.
17. The Company has maintained proper records of transaction and contracts in respect of instruments and timely entries have been made therein. All shares have been held by the Company in its own name, except for certain shares which either lodged for transfer or held with valid transfer forms.
18. No personal expenses have been charged to revenue account other than those payable under contractual obligations or in accordance with generally accepted business practice.
19. The Company is not a Sick Industrial Company within the meaning of Clause (O) of the Section 3 (1) of the Sick Industrial Companies (Special Provisions) Act, 1985.
20. Other Provisions of the Manufacturing and Other Companies (Auditors' Report) Order, 1988 do not apply to the Company.

For D.L.MEHTA & Co.
Chartered Accountants

D.L.Mehta
Partner

Mumbai, August 21, 1998.