



CHOICE INTERNATIONAL LIMITED

NOTICE

NOTICE is hereby given that the Sixth Annual General Meeting of the Members of **CHOICE INTERNATIONAL LIMITED** will be held on Friday, 24th September, 1999 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, 1999, Profit and Loss Account for the year ended on that date and Auditors' Report thereon.
2. To elect a Director in place of Mrs. Pallavi Jindal, who retires by rotation under Article 131 of the Articles of Association of the Company and being eligible, offers herself 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 Wednesday, the 22nd September, 1999 to Friday, the 24th September, 1999 (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

Shailendra Jindal
Managing Director

Mumbai, 24th August, 1999



CHOICE INTERNATIONAL LIMITED

DIRECTORS' REPORT

To
The Members,

Your Directors have pleasure in presenting their Sixth Annual Report and Audited Financial Statement of the Company for the year ended 31st March, 1999.

FINANCIAL RESULTS	(Rs. in lacs)	
	Year ended 31.03.99	15 months ended 31.03.98
Total Income	100.39	37.24
Total Expenditure	100.80	48.21
Profit / (Loss) before Interest, Depreciation and Taxation	(0.41)	(10.97)
Less: Interest	---	0.05
Depreciation & Write Offs	6.67	8.11
Provision for taxation	---	0.41
Profit / (Loss) after tax	(7.08)	(19.54)
Add: Balance brought forward	(24.99)	0.57
Add: Transferred from General Reserve	---	3.20
Less: Expenses pertaining to previous year	---	9.22
Appropriations :		
Carried forward to next year	(32.07)	(24.99)

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 carried on trading in goods and shares other than financing activities. The turnover of the Company increased by almost 170%. To face the recessionary conditions prevailing in the economy, your company adopted stringent cost control measures which resulted in reduction in administrative overheads by almost 30%. This alongwith increased turnover, resulted in reduction of losses by almost 65% as compared to previous year.

Your Directors are hopeful of increased operations turning the Company into black in the ensuing year.

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 31-12-98	Performance 31-03-99	Variation Amount	(Rs. in lacs)
				Variation %
Net Income (include other income)	351	100.39	(250.61)	-71.40
Profit after tax	250	(7.08)	(257.08)	N.A

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 year ending 31st March, 1999 is annexed.



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DIRECTORS

Mrs. Pallavi Jindal retires at the ensuing Annual General Meeting and being eligible has offered herself for re-appointment. Your Directors recommend her re-appointment.

AUDITORS

Members are requested to appoint Auditors and fix their remuneration.

M/s D. L. Mehta & Co., Chartered Accountants, Mumbai hold office till conclusion of the Sixth Annual General Meeting. The existing Auditors desire to retire due to their other engagements. A notice has been received from a member of the Company proposing M/s B.T.Bhomawat & Co., Chartered Accountants, Mumbai as next Auditors of the Company to hold the office as Auditors from the conclusion of this Annual General Meeting till the conclusion of next Annual General Meeting. The Company has received a certificate from M/s B.T.Bhomawat & Co., Chartered Accountants, Mumbai to the effect that their appointment, if made, will be within the prescribed limits under Section 224 (1B) of the Companies Act, 1956.

You are requested to appoint them and fix their remuneration.

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.

INFORMATION TECHNOLOGY

The Company has taken steps to assess the risks arising out of problems associated with Y2K. The Company's Hardware/Software systems are all Y2K compliant as confirmed by the vendors. The Company, based on its study, does not foresee any problems arising out of Y2K issue.

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, 21st August, 1999



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, 1999 and the Profit and Loss Account for the year 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 the Balance Sheet and Profit & Loss account complies with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - (e) In our opinion and to the best of our information and according to explanations given to us, the Accounts read together with the accounting policies and the other notes given in Schedule 'L' 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, 1999.
 - (ii) In the case of Profit and Loss Account of the LOSS of the Company for the year ended on that date.

For D.L.Mehta & Co.
Chartered Accountants

Dinesh Mehta
Partner

Mumbai, 21st August, 1999.

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 year ended 31st March, 1999)

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.



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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 has been taken.
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, 1999 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, 21st August, 1999.



CHOICE INTERNATIONAL LIMITED

BALANCE SHEET AS AT 31st MARCH, 1999

	Sch.	Rs.	Rs.	As at 31-03-99 Rs.	As at 31-03-98 Rs.
A. SOURCES OF FUNDS					
1. Shareholders' Funds					
(a) Share Capital	'A'		3,91,78,500		3,91,78,500
(b) Reserves & Surplus			---		---
				3,91,78,500	3,91,78,500
2. Loan Fund				---	---
			TOTAL (1+2)	3,91,78,500	3,91,78,500
B. APPLICATION OF FUNDS					
1. Fixed Assets	'B'				
Gross Block				81,75,293	81,08,602
Less: Depreciation				<u>18,69,435</u>	<u>12,98,312</u>
Net Block				63,05,858	68,10,290
2. Investments	'C'			11,83,290	11,83,290
3. Current Assets, Loans & Advances					
(a) Inventories	'D'	1,81,02,349			1,58,73,568
(b) Sundry Debtors	'E'	22,381			19,694
(c) Cash and Bank Balances	'F'	14,09,991			22,29,241
(d) Loans and Advances	'G'	<u>86,76,506</u>			<u>1,00,46,983</u>
			2,82,11,227		2,81,69,486
Less: Current Liabilities & Provisions					
(a) Current Liabilities	'H'	3,32,481			1,82,862
(b) Provisions		---			---
			<u>3,32,481</u>		<u>1,82,862</u>
Net Current Assets				2,78,78,746	2,79,86,624
4. Miscellaneous Expenditure (To the extent not written off or adjusted)					
Preliminary & Capital issue expenses			6,03,949		6,99,400
Profit & Loss A/c - Deficit as per accounts annexed			<u>32,06,657</u>	38,10,606	24,98,896
			TOTAL (1 to 4)	3,91,78,500	3,91,78,500

NOTES ON ACCOUNTS

As per our report of even date annexed
For D. L. Mehta & Co.
Chartered Accountants

Dinesh Mehta
Partner
Mumbai, 21st August, 1999.

S. Jindal
Managing Director

P. Jindal
Whole-time Director