

# **CHOICE INTERNATIONAL LIMITED**



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**10<sup>th</sup> ANNUAL REPORT**  
**2002-03**



**CHOICE INTERNATIONAL LIMITED**

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**BOARD OF DIRECTORS**

**Mr. Shailendra Jindal**  
**Mr. Mehul Mehta**  
**Mr. Robert Pavrey**  
**Mr. Sunil Goyal**  
**Mr. Mahendra Patole**

**AUDITORS**

**B. T. Bhomawat & Co.**  
**R. No. 10, 1<sup>st</sup> Floor, "Court House"**  
**L.T.Marg, Carnac Road**  
**Mumbai 400 002.**

**BANKERS**

**Citibank N. A.**  
**Global Trust Bank Ltd.**  
**The Bharat Co-op. Bank (Mumbai) Ltd.**

**REGISTERED OFFICE**

**B-22, 1<sup>st</sup> Floor, Raj Industrial Complex**  
**Military Road, Marol, Andheri (E)**  
**Mumbai 400 059.**

**REGISTRARS AND  
SHARE TRANSFER AGENTS**

**Sharex (India) Pvt. Limited**  
**17/B, Dena Bank Bldg**  
**2<sup>nd</sup> Floor, Horniman Circle, Fort**  
**Mumbai-400 001.**



CHOICE INTERNATIONAL LIMITED

## NOTICE

NOTICE is hereby given that the Tenth Annual General Meeting of the members of CHOICE INTERNATIONAL LIMITED will be held on Thursday, 25<sup>th</sup> September, 2003 at 4.30 p.m. at the Registered Office of the Company at B-22, 1<sup>st</sup> Floor, Raj Industrial Complex, Military Road, Marol, Andheri (E), Mumbai 400 059 to transact the following business: -

## ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March 2003 and Profit and Loss Account for the year ended on that date and the reports of the Directors' and Auditors' thereon.
2. To appoint a Director in place of Mr. Sunil Goyal, 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 of the Company to hold office from the conclusion of this meeting to the conclusion of the next Annual General Meeting, with authority to the Board of Directors of the Company to fix their remuneration.

## SPECIAL BUSINESS

4. To consider and, if thought fit, to pass, with or without modification the following resolution as an Ordinary Resolution:  
"RESOLVED that, Mr. Mehul Mehta be and is hereby appointed as the Director of the Company, liable to retire by rotation."
5. To consider and, if thought fit, to pass, with or without modification the following resolution as an Ordinary Resolution:  
"RESOLVED that, Mr. Mahendra Patole be and is hereby appointed as the Director of the Company, liable to retire by rotation."
6. To consider and, if thought fit, to pass, with or without modification the following resolution as a Special Resolution:  
"RESOLVED that, subject to the provisions of the Companies Act, 1956, (including any statutory modification(s) or re-enactment thereof for the time being in force and as may be enacted hereinafter), the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 and subject to such approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, which may be agreed to, by the Board of Directors of the Company (hereinafter referred to as "the Board", which term shall be deemed to include any Committee thereof for the time being exercising the powers conferred on the Board by this Resolution.), consent of the Company be and is hereby accorded to the Board to delist the Company's Equity Shares from The Stock Exchange Ahmedabad".

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, usual or expedient to give effect to the above resolution."

7. To consider and, if thought fit, to pass, with or without modification the following resolution as a Special Resolution:  
"RESOLVED THAT pursuant to sections 198, 269, 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the revised remuneration including perquisites, as detailed in the Explanatory Statement, payable to Mr. Shailendra Jindal, Chairman and Managing Director of the Company with effect from April 1, 2003 be and is hereby approved."  
"RESOLVED FURTHER THAT the revised remuneration shall, in the event of loss or inadequate profits, be the minimum remuneration payable to Mr. Shailendra Jindal."  
"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do all such acts, deeds, matters and things necessary to give effect to this resolution."

Mumbai, 25th August 2003  
Registered Office: B-22, 1<sup>st</sup> Floor, Raj Industrial Complex,  
Military Road, Marol, Andheri (E),  
Mumbai 400 059

On behalf of the Board of Directors

Shailendra Jindal  
Managing Director

## 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, AT ITS REGISTERED OFFICE, NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF MEETING.
2. Explanatory Statement pursuant to the provisions of section 173(2) of the Companies Act, 1956 is annexed hereto,
3. The Transfer Register and the Register of Members shall remain closed from Saturday 20<sup>th</sup> September 2003 to Thursday 25th September 2003 (both days inclusive).
4. All members are requested to intimate the change, if any, in their registered address, immediately to the Registrar and Transfer Agents, M/s Sharex (India) Pvt. Ltd. or to their depository participants in case shares are held in electronic form.
5. All documents referred to in the notice are open for inspection at the Registered Office of the company during office hours.
6. As a measure of economy, copies of the annual report will not be distributed at the Annual General Meeting. Members are therefore requested to bring their copies of the annual report to the meeting.
7. 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.
8. Members are requested to affix their signature at the space provided on the attendance sheet annexed to the proxy form and hand over the slip at the entrance of the meeting hall.



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

**RESOLUTION AT ITEM NO. 4**

Mr. Mehul Mehta was appointed as an Additional Director of the Company w.e.f 10<sup>th</sup> January, 2003 and holds office of a Director upto the date of this Annual General Meeting, pursuant to Section 260 of the Companies Act, 1956. A notice in writing, pursuant to Section 257 of the Companies Act, 1956, together with a deposit of Rs. 500/- as required under the Act has been received from a member signifying his intention to propose the candidature of Mr. Mehul Mehta for the office of Director and to move the resolution as set out in the item no. 4 of this notice. Mr. Mehul Mehta is a fellow Company Secretary having more than 15 years of experience in the field of Corporate Law. Considering Mr. Mehul Mehta's knowledge and experience, the Board believes that his appointment will be in the interest of the Company and therefore recommends the Resolution for adoption by the shareholders.

None of the directors except Mr. Mehul Mehta is concerned or interested in the passing of the aforesaid Ordinary Resolution.

**RESOLUTION AT ITEM NO. 5**

Mr. Mahendra Patole was appointed as an Additional Director of the Company w.e.f 10<sup>th</sup> January, 2003 and holds office of a Director upto the date of this Annual General Meeting, pursuant to Section 260 of the Companies Act, 1956. A notice in writing, pursuant to Section 257 of the Companies Act, 1956, together with a deposit of Rs. 500/- as required under the Act has been received from a member signifying his intention to propose the candidature of Mr. Mahendra Patole for the office of Director and to move the resolution as set out in the item no. 5 of this notice.

Mr. Mahendra Patole has more than 6 years of experience in the field of Accounts and Finance. Considering Mr. Mahendra Patole's knowledge and experience, the Board believes that his appointment will be in the interest of the Company and therefore recommends the Resolution for adoption by the shareholders.

None of the directors except Mr. Mahendra Patole is concerned or interested in the passing of the aforesaid Ordinary Resolution.

**RESOLUTION AT ITEM NO. 6**

1. Presently the Company's securities are listed on The Stock Exchange Mumbai (BSE), at Mumbai and The Stock Exchange Ahmedabad, at Ahmedabad. As per the available information, not a single share of the Company has ever been traded on the Stock Exchange, Ahmedabad since its listing on the said Exchange. With the networking of The Stock Exchange, Mumbai, the members of the Company have access to the online dealing in the Company's shares across the country. The proposed voluntary delisting of the Company's Ordinary Shares from the Stock Exchange Ahmedabad will not adversely affect any investors including members located in the Ahmedabad region. The annual recurring listing fees paid to said exchange do not offer commensurate benefits to the Company / its investors. Delisting of the securities from The Stock Exchange Ahmedabad would further contribute to reduction in administrative costs/efforts of the Company. Considering this, therefore, the Board of Directors, at its meeting held on 31<sup>st</sup> July, 2003 has decided to apply for the voluntary delisting of the Company's Ordinary Shares from the Stock Exchange Ahmedabad. Pursuant to the SEBI (Delisting of Securities) Guidelines 2003, it is now proposed to seek the Members' approval by way of Special Resolution for the voluntary delisting of the Company's Ordinary Shares from the Stock Exchange Ahmedabad. In terms of the said guidelines, as the Company's Equity Shares shall continue to remain listed on BSE, no Exit Option is required to be offered to the shareholders. The Board commends the Resolution for acceptance by the Members. None of the Directors of the Company is, in any way, concerned or interested in this resolution.

**RESOLUTION AT ITEM NO. 7**

Members will recall that Mr. Jindal was re-appointed as the Managing Director for a period of five years with effect from October 1, 1999. The Remuneration Committee of the Company, at its meeting held on May 28, 2003 had passed a resolution approving of the increase in the remuneration payable to Mr. Jindal, as Managing Director with effect from April 1, 2003 for the remaining period of his tenure. The increase in remuneration, as detailed below, is within the limits specified under Schedule XIII to the Companies Act, 1956.

**I. SALARY**

Rs. 35,000/- per month.

**II. PERQUISITES**

In addition to salary, the Managing Director will be eligible for perquisites and allowances such as accommodation (furnished or otherwise) or house rent allowance in lieu thereof; house maintenance allowance, together with utilities thereof, medical expenses, leave travel concession, club fees and personal accident insurance and such other allowances as may be approved by the Board from time to time, be restricted to Rs. 400,000/- (Rupees four Lacs only) per annum.

The Company's contribution to Provident Fund/Superannuation Fund will not be considered as a perquisite and will be as per the Company's Rules.

In addition, the Managing Director will be reimbursed all expenses incurred by him in connection with the business of the Company.

Except Mr. Shailendra Jindal, none of the directors is concerned or interested in the said matter.

Mumbai, 25th August, 2003  
Registered Office: B-22, 1<sup>st</sup> Floor, Raj Industrial Complex,  
Military Road, Marol, Andheri (E),  
Mumbai 400 059

On behalf of the Board of Directors

**Shailendra Jindal**  
Managing Director



## CHOICE INTERNATIONAL LIMITED

## DIRECTORS' REPORT

To  
The Members,

Your Directors have pleasure in presenting their Tenth Annual Report and Audited Financial Statement of the Company for the year ended 31<sup>st</sup> March 2003.

FINANCIAL RESULTS	(Rs. in Lacs)	
	Year ended 31.3.2003	Year ended 31.03.2002
Total Income	198.57	71.77
Total Expenditure	215.68	63.38
Profit / (Loss) before Interest, Depreciation and Taxation	(17.11)	8.39
Less: Interest	---	---
Depreciation & Write off	6.88	7.76
Provision for taxation	---	0.04
Profit / (Loss) after tax	(23.99)	0.59
Add: Balance brought forward	(49.12)	(49.11)
Add / (Less) Adjustments:		
Prior period expenses	(0.05)	(0.60)
Appropriations		
Carried forward to next year	<u>(73.16)</u>	<u>(49.12)</u>

## DIVIDEND

In view of the unabsorbed carried forward losses, your Directors regret their inability to recommend any dividend for the year.

## REVIEW OF OPERATIONS

Your Company put substantial efforts during the year to improve its working in the NBFC Sector as a result of which the total revenue from NBFC activities increased to Rs. 182.09 lacs as compared to Rs. 33.27 lacs previous year. The Software division, however fared poorly and the total revenue decreased to Rs. 16.38 lacs as compared to Rs. 38.50 lacs in the previous year. The Company's gross revenue for the year under review amounted to Rs. 198.57 lacs as compared to Rs. 71.77 lacs last year. The overall economic slow down and unfortunate incidents like Iraq war, severely affected the industrial growth in the country which was at its lowest. The depressed stock markets at the year end contributed substantially to the operating losses in the NBFC Sector which combined with the loss on sale of unproductive fixed assets and operating losses in Software Division resulted into a net loss for the year amounting to Rs. 23.99 lacs as compared to a profit after tax of Rs. 0.59 lacs in the previous year.

## DIRECTORS

Mr. Sunil Goyal retires by rotation and being eligible offers himself for reappointment, which the Board recommends.

Mrs. Pallavi Jindal, Whole-time Director, has resigned w.e.f. 10<sup>th</sup> September 2003. The Directors place on record their appreciation for the services rendered by Mrs. Pallavi Jindal during her tenure as a Director.

Mr. Mehul Mehta and Mr. Mahendra Patole were appointed as Additional Directors w.e.f. 10<sup>th</sup> January 2003. Your approval is sought for appointments of Mr. Mehul Mehta and Mr. Mahendra Patole vide resolutions set out in item nos. 4 and 5 respectively of the accompanying notice.

## DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors' confirm that:

1. In the preparation of the annual accounts, the applicable accounting standards have been followed;
2. Appropriate accounting policies have been selected and applied consistently and judgments and estimates that are reasonable and prudent have been made so as to give a true and fair view of the affairs at the end of the financial year and of the Loss of the Company for the financial year ended 31<sup>st</sup> March, 2003;
3. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the asset of the Company and for preventing and detecting fraud and other irregularities;
4. The annual accounts have been prepared on a going concern basis.

## AUDITORS

M/s B.T.Bhomawat & Co., Chartered Accountants, Mumbai holds office until the conclusion of the ensuing Annual General Meeting and are recommended for reappointment as Statutory Auditors.

## 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(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975.

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

Provisions of Section 217(1)(e) regarding information on conservation of energy, technology absorption is not applicable to the Company. Please refer to Schedule 'N' to the Balance Sheet for earnings & expenditure in foreign currency.

## CORPORATE GOVERNANCE

Pursuant to Clause 49 of Listing Agreement with the Stock Exchange, a separate report on Corporate Governance and a certificate from the Auditors of the Company regarding compliance of the conditions of Corporate Governance are annexed to the Director's Report.



#### DEMATERIALISATION

As per the SEBI directives, your Company's shares have been included in the compulsory demat list for trading for all investors w.e.f. 30<sup>th</sup> October 2000. Since then the total electronic holding in the Company's shares as on 31<sup>st</sup> March, 2003 is 29,68,100 equity shares, which is 77% of total shares, issued by the Company.

#### ACKNOWLEDGEMENTS

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

For and on behalf of the Board

Mumbai, 25<sup>th</sup> August 2003.

**Shallendra Jindal**  
Managing Director

### MANAGEMENT DISCUSSION AND ANALYSIS

#### Industry Structure and Developments

The Company continued its operations in Non-Banking Financial Activities and Software Development during the period under review. The overall economic conditions for both the segments remained depressed throughout the period under review though the total revenue of your company in NBFC sector registered a growth of almost 500%.

#### Opportunities and Threats

The Company mainly operates in investments and lending activities in the NBFC sector and financial application software for small and medium sized industries in India.

Your Directors expect continuing growth and opportunities in the NBFC Sector though falling interest rates are likely to affect the interest incomes and put pressure on Company's margins.

The Software Development activities of the Company are still to achieve break-even point. The increasing competition and entry of big players in the Domestic Software products business offer a major threat to the Company's Software business in the Long run. Your Company is trying to focus its operations in this sector and trying different avenues available in this field to achieve a reasonable market presence and profitability.

#### Segment-wise Performance

Your Company achieved total revenue of Rs. 182.09 lacs in NBFC Segment as compared to Rs. 33.27 lacs in the Previous Year. The net loss for the year was Rs. 3.93 lacs as compared to a profit of Rs. 1.31 lacs in the previous year. The loss during the current year was mainly due to the fall in market value of Shares stock held by the Company at the year-end.

Your Company achieved total revenue of Rs. 16.38 lacs in Software Segment as compared to Rs. 38.50 lacs in the Previous Year. The net loss for the year was Rs. 9.00 lacs as compared to a profit of Rs. 5.05 lacs in the previous year. The loss during the current year was mainly due to overall slow-down resulting into substantial reduction in the business of the Company.

#### Outlook

The overall outlook for the NBFC Segment appears to be positive and encouraging though the scenario for Software Division shall be known during the course of the forthcoming year. Your Directors are pleased to report that your company has achieved a profit of Rs.12.29 lacs for the quarter ended 30<sup>th</sup> June 2003, which despite a loss of Rs. 1.23 lacs in the Software Segment has resulted into a net profit of Rs. 10.44 lacs for the quarter. Your Directors are optimistic of achieving positive results for the Company in the forthcoming year.

#### Risks and Concerns

The continuous falling interest rates pose a concern for the Company's NBFC Segment and the increasing competition and entry of Big Players in the current business of Company's Software activities pose a major threat. The rising terrorism and global upheavals pose a major concern to the Company's overall activities.

#### Internal Control Systems

The Company has a reasonable internal control system that is adequate considering the size of operations carried out by the Company.

#### Financial Performance vis-à-vis Operational Performance

Your Company reported a net loss of Rs. 23.99 lacs for the current year that constitutes an operational loss of Rs. 12.93 from NBFC and Software Segments. A loss of Rs.11.06 was incurred on sale of non-productive fixed asset the proceeds of which are now being profitably utilized in NBFC activity. Your Company has put substantial efforts on cost reduction despite substantial increase in operations, the benefits of which are expected to be received in the coming years.

#### Material developments

There were no major developments in the human resource areas except appointment of new Directors to avail the benefits of diversified knowledge and fulfill the requirements laid down for the Corporate Governance.

#### Statement of Caution

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations may be "forward-looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting demand/supply and price conditions in the domestic and overseas markets in which the Company operates, changes in the Government regulations, tax laws and other statutes and other incidental factors.





CHOICE INTERNATIONAL LIMITED

**CORPORATE GOVERNANCE REPORT FOR THE YEAR 2002-03**  
(As required under Clause 49 of the Listing Agreement entered into with the Stock Exchanges)

**A. MANDATORY REQUIREMENTS****1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE**

The Management of the Company believes that corporate performance in the long run is co-related to corporate governance and that well governed companies mitigate 'non-business risks better'. It is therefore, committed to further improve the Corporate Governance practices in the Company by laying emphasis on 'substance' of Corporate Governance over the 'form'. The Company endeavors to adopt the best practices in corporate governance and thereby aims to increase the value for all its stakeholders.

**2. BOARD OF DIRECTORS****COMPOSITION AND CATEGORY**

The Company has an Executive Chairman and the number of Independent Directors is more than one-half of the total number of Directors. The number of Non-Executive Directors (NED's) is more than 50% of the total number of Directors.

None of the Directors on the Board is a Member on more than 10 Committees and Chairman of more than 5 Committees (as specified in Clause 49), across all the companies in which he is a Director. The Directors have made the necessary disclosures regarding Committee positions.

The Details of the Director seeking appointment / reappointment in forthcoming Annual general Meeting (In pursuance of Clause 49 of the Listing Agreement) is given below:

Name of Director	Shri Sunil Goyal	Shri Mehul Mehta	Shri Mahendra Patole
Date of Birth	01.12.1966	13.05.1962	12.07.1976
Date of Appointment	18.06.2002	10.01.2003	10.01.2003
Expertise in specific functional areas	Fellow Chartered Accountant having experience of more than 10 years in the field of Finance and Portfolio Management.	Fellow Company Secretary with over 15 years of experience in the field of Corporate Laws.	Experience of over 6 years in the field of Accounts and Finance.
Qualifications	B.Com, F.C.A	B.Com, F.C.S	B.Com
List of Companies in which Directorship held as on March 31, 2003	NIL	NIL	NIL
Chairman/Member of the Committee of the Board of the other Companies on which he is a Director as on March 31, 2003	NIL	NIL	NIL

The names and categories of the Directors on the Board, their attendance at Board Meetings during the year and at the last Annual General Meeting, as also the number of Directorships and Committee Memberships held by them in other companies are given below:

Name	Category	No. of Board Meetings Attended During 2002-03	Whether Attended AGM held on 24 <sup>th</sup> September, 2002	No. of Directorship in Other Public Companies		No. of Committees Positions held on other Public Companies	
				Chairman	Member	Chairman	Member
Shri Shailendra Jindal	Chairman and Managing Director Executive	22	Yes	---	---	---	---
Smt. Pallavi Jindal (Resigned w.e.f. 10.9.03)	Whole-time Director Executive	19	Yes	---	---	---	---
Shri Robert Pavrey	Independent Non-Executive	8	Yes	---	3	1	2
Shri Sunil Goyal	Non-Independent Non-Executive	12	No	---	---	---	---
Shri Mehul Mehta	Independent Non-Executive	4	No	---	---	---	---
Shri Mahendra Patole	Independent Non-Executive	4	No	---	---	---	---

Twenty-Four Board Meeting were held during the year 2002-03 and the gap between two meetings did not exceed four months. The dates on which the Board Meeting was held were as follows:

15<sup>th</sup> April, 2002, 30<sup>th</sup> April, 2002, 15<sup>th</sup> May, 2002, 31<sup>st</sup> May, 2002, 18<sup>th</sup> June, 2002, 29<sup>th</sup> June, 2002, 15<sup>th</sup> July, 2002, 31<sup>st</sup> July, 2002, 12<sup>th</sup> August, 2002, 16<sup>th</sup> August, 2002, 21<sup>st</sup> August, 2002, 26<sup>th</sup> August, 2002, 11<sup>th</sup> September, 2002, 23<sup>rd</sup> September, 2002, 16<sup>th</sup> October, 2002, 31<sup>st</sup> October, 2002, 15<sup>th</sup> November, 2002, 16<sup>th</sup> December, 2002, 31<sup>st</sup> December, 2002, 10<sup>th</sup> January, 2003, 15<sup>th</sup> January, 2003, 30<sup>th</sup> January, 2003, 15<sup>th</sup> February, 2003, 27<sup>th</sup> February, 2003.

**MEMBERSHIP TERM**

The Board constantly evaluates the contribution of its members and recommends to shareholders their re-appointment periodically as per the provisions of Companies Act. Executive Directors are appointed by the shareholders for a maximum period of five (5) years at a time, but are eligible for re-appointment upon completion of their term. Non-executive Directors do not have a specified term, but retire by rotation as per law.

The Company did not have any pecuniary relationship or transactions with any of the Non-Executive Directors during 2002-03.