

# CHOICE INTERNATIONAL LIMITED



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**12<sup>th</sup> ANNUAL REPORT  
2004-05**



**CHOICE INTERNATIONAL LIMITED**

**BOARD OF DIRECTORS**

Mr. Sunil Goyal  
Mr. Mehul Mehta  
Mr. Mahendra Patole  
Mr. Dhananjay Datar  
Ms. Seema Chavan –Whole-time Director  
& Company Secretary

**AUDITORS**

M/s Gupta Shyam & Co.  
Chartered Accountants

**BANKERS**

The Bharat Co-op. Bank (Mumbai) Ltd.

**REGISTERED OFFICE**

624, Corporate Park, Nirmal Lifestyles  
L.B.S. Marg, Mulund (W)  
Mumbai – 400 080.

**REGISTRAR AND  
SHARE TRANSFER AGENTS**

Sharex Dynamic (India) Pvt. Limited  
Unit-I, Luthra Industrial Premises,  
Andheri-Kurla Road, Safed Pool,  
Andheri (E), Mumbai-400072.



## CHOICE INTERNATIONAL LIMITED

## NOTICE

NOTICE is hereby given that the Twelfth Annual General Meeting of the members of **CHOICE INTERNATIONAL LIMITED** will be held on Friday, 30<sup>th</sup> September 2005 at 4.30 p.m. at B-23, 2<sup>nd</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, 2005 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. Mahendra Patole 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 the office from the conclusion of this meeting to the conclusion of the next Annual General Meeting and 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. Dhananjay Datar, who was appointed as an Additional Director at the meeting of the Board of Directors of the Company held on 8<sup>th</sup> June, 2005 and who holds office upto the date of this Annual General Meeting and in respect of whom notice under Section 257 of the Companies Act, 1956 has been received proposing the candidature of Mr. Datar as a Director, be and is hereby appointed as a 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 Ms. Seema Chavan, who was appointed as an Additional Director at the meeting of the Board of Directors of the Company held on 2<sup>nd</sup> July 2005 and who holds office upto the date of this Annual General Meeting and in respect of whom notice under Section 257 of the Companies Act, 1956 has been received proposing the candidature of Ms. Chavan as a Director, be and is hereby appointed as a Director of the Company not liable to retire by rotation."
- 6 To consider and, if thought fit, to pass, with or without modification the following resolution as an Ordinary Resolution:  
"RESOLVED THAT pursuant to Section 198, 269, 310 read with Schedule XIII of The Companies Act 1956, and other applicable provisions, if any, Ms. Seema Chavan be and is hereby appointed as a Whole-time Director and Company Secretary of the Company for the period of three years w.e.f. 4<sup>th</sup> July 2005."

FURTHER RESOLVED THAT Ms. Seema Chavan shall also be designated as a 'Compliance Officer' in terms of the Company's Listing Agreement with the Stock Exchange where the Company's shares are listed.

FURTHER RESOLVED THAT Ms. Seema Chavan shall be paid the remuneration as given in the explanatory statement annexed herewith subject to the same not exceeding the limits specified in Schedule XIII to The Companies Act, 1956.

FURTHER RESOLVED THAT Ms. Seema Chavan shall not be liable to retire by rotation during her tenure as a Whole-time Director and Company Secretary.

FURTHER RESOLVED THAT any of the director of the Company be and is hereby authorised to do all such acts, deeds, matters and things necessary to give effect to this resolution."

Place: Mumbai,  
Date : 31<sup>st</sup> August 2005

On behalf of the Board of Directors

S. Chavan  
Whole-Time Director &  
Company Secretary

## 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 Thursday, 29<sup>th</sup> September 2005 to Friday, 30<sup>th</sup> September 2005 (both days inclusive).
4. All members are requested to intimate changes, if any, in their registered address, immediately to the Registrar & Transfer Agents, Sharex Dynamic (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 sign 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.



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CHOICE INTERNATIONAL LIMITED

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

## RESOLUTION AT ITEM NO. 4

Mr. Dhananjay Datar was appointed as an Additional Director of the Company w.e.f 8<sup>th</sup> June 2005. Pursuant to the provisions of Section 260 of the Companies Act, 1956 Mr. Datar holds office upto the date of this Annual General Meeting. Pursuant to section 257 of The Companies Act, 1956, the Company has received a notice in writing together with a deposit of Rs. 500 from a member signifying his intention to propose the candidature of Mr. Dhananjay Datar for the office of Director.

Mr. Datar is a Chartered Accountant having experience of more than 15 years in the field of Corporate Finance, Taxation and Accounts. Considering Mr. Datar'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. Datar is interested in passing of this resolution.

## RESOLUTION AT ITEM NO. 5 &amp; 6

Ms. Seema Chavan was appointed as an Additional Director of the Company w.e.f 4<sup>th</sup> July 2005. Pursuant to the provisions of Section 260 of The Companies Act, 1956 Ms. Chavan holds the office upto the date of this Annual General Meeting. Pursuant to section 257 of the Companies Act, 1956, the Company has received a notice in writing together with a deposit of Rs.500 from a member signifying his intention to propose the candidature of Ms. Seema Chavan for the office of Director.

Further, Ms. Chavan was appointed as a Whole-time Director & Company Secretary of the Company w.e.f. 4<sup>th</sup> July 2005. Part III of Schedule XIII of The Companies Act, 1956 requires appointment and remuneration of the Whole-time Director to be approved by the Shareholders. The particulars of remuneration payable to Ms. Seema Chavan are as under :

1. Salary Rs. 15,000/- p.m. in the grade of 15,000 – 5000 - 30,000
2. One month Bonus Salary for every completed period of twelve months of service and such other perquisites as applicable to the employees of the Company subject to the limits laid down under Schedule XIII of the Companies Act, 1956.

The above remuneration will also be payable to Ms. Chavan in the event of loss or inadequate profit in any year during her tenure as a Whole-time Director & Company Secretary.

Ms. Seema Chavan is a qualified Company Secretary with experience of more than 8 years in the field of Corporate Law. Considering Ms. Chavan's knowledge and experience, the Board believes that her appointment will be in the interest of the Company and therefore recommends the Resolution for adoption by the shareholders. This shall be treated as a Notice given under Section 302(7) of The Companies Act, 1956.

None of the Directors except Ms. Chavan is interested in passing of these resolutions.

Place : Mumbai,  
Date : 31<sup>st</sup> August 2005

On behalf of the Board of Directors

S. Chavan  
Whole-Time Director &  
Company Secretary



## CHOICE INTERNATIONAL LIMITED

## DIRECTORS' REPORT

To

**The Members,**

Your Directors have pleasure in presenting their twelfth Annual Report and Audited Financial Statement of the Company for the year ended 31<sup>st</sup> March, 2005.

**FINANCIAL RESULTS**

(Rs. in Lakhs)

	Year ended 31.03.2005	Year ended 31.03.2004
Total Income	54.34	487.58
Total Expenditure	31.42	479.81
Profit / (Loss) before Interest, Depreciation and Taxation	22.92	7.77
Less: Interest	---	---
Depreciation & Write off	3.41	5.02
Provision for taxation	0.61	---
Profit / (Loss) after tax	18.90	2.75
Add: Balance brought forward	(70.86)	(73.16)
Add / (Less) Adjustments:		
Earlier year Income Tax w/off	(0.26)	---
Prior period expenses	(0.30)	(0.45)
Carried forward to next year	(52.52)	(70.86)

**DIVIDEND**

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

**REVIEW OF OPERATIONS**

The Company's gross revenue for the year under review amounted to Rs. 54.34 lacs as compared to Rs. 487.58 lacs for the last year. The net profit after tax for the year amounted to Rs. 18.90 lacs as compared to profit of Rs. 2.75 lacs in the previous year.

**VOLUNTARY DELISTING OF SHARES**

Pursuant to the Company's application in this regard, the Equity Shares of the Company were delisted from The Stock Exchange, Ahmedabad w.e.f. 28<sup>th</sup> January, 2005. The shares of the Company continue to be listed at The Stock Exchange, Mumbai that is the regional Stock Exchange.

**DIRECTORS**

Mr. Mahendra Patole retires by rotation and, being eligible, offers himself for reappointment, which the Board recommends. Mr. Gopal Agrawal resigned as a Director with effect from 30<sup>th</sup> September, 2004. The Directors place on record their appreciation of the services rendered by Mr. Agrawal during his tenure as a Director of the Company.

Ms. Seema Chavan, whole time director was re-designated as a whole-time Director and Company Secretary on 29<sup>th</sup> October 2004. She resigned on 14<sup>th</sup> May 2005 and again she was appointed as Whole-time Director & Company Secretary w.e.f. 4<sup>th</sup> July 2005. Mr. Dhananjay Datar was appointed as an Additional Director w.e.f. 8<sup>th</sup> June 2005. Your approval is sought for appointments of Ms. Seema Chavan and Mr. Dhananjay Datar vide resolutions set out in item nos. 4, 5 and 6 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 profit of the Company for the financial year ended 31<sup>st</sup> March, 2005;
- 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 assets 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 Gupta Shyam & Co., Chartered Accountants, Mumbai retire as Auditors at conclusion of this Annual General Meeting and have confirmed their eligibility and willingness to accept the office of Auditors, if reappointed. The remarks in their Report are self explanatory.

**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 & FOREIGN EXCHANGE EARNINGS 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 'O' to the Balance Sheet for earnings & expenditure in foreign currency.



CHOICE INTERNATIONAL LIMITED

**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 Directors' 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 2005 is 29,87,876 equity shares (NSDL) and 2,27,774 (CDSL) aggregating to 32,15,650 Equity Shares.

**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

Place : Mumbai

Date : 31<sup>st</sup> August 2005M. Mehta  
Chairman**MANAGEMENT DISCUSSION AND ANALYSIS****Industry Structure and Developments**

The Company has operations in Non-Banking Financial Activities and Software Development during the year under review. Growth in the Indian Economy, noticed in 2003-04, continued in the year under review. The Indian finance industry also picked up substantially and helped by the inflow of foreign funds, the capital market remained buoyant for major part of the year. However, small players in the software sector continue to face tough times but the large players are able to derive benefits from their scales.

**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.

Vis-à-vis NBFC activities, your Directors expect the overall investment climate to grow in medium term future. However, there appears to be some signs of upward revision in the interest/inflation rate regimes which may affect the overall business climate, nationally and globally. The increasing competition and entry of big players in domestic software products continue to offer a major threat to the Software activities. Besides, the Company's limited resources are also insufficient for the huge marketing efforts required in this area. Similarly, continuous spiraling energy prices are also a major threat to macro business environment which could substantially affect the fortunes of national and global economies.

**Segment-wise performance**

Your Company achieved total revenue of Rs. 53.71 lacs in NBFC sector as compared to Rs. 466.81 lacs in the previous year. The net profit for the year was Rs. 28.56 lacs as compared to 10.80 lacs in the previous year. The profit during the year was a result of better investment climate coupled with focused approach of the Company in NBFC activity.

Your Company achieved total revenue of Rs. 0.54 lacs in Software sector as compared to Rs. 20.73 lacs in the previous year. The net loss for the year was Rs. 8.49 lacs as compared to Rs. 6.26 lacs in the previous year. The loss during the year was a result of stiff competition, squeezing margins, lack of orders and the Company's inability to hire and retain quality software personnel in view of the significantly higher salaries offered by big companies.

**Outlook**

India remains among the fastest growing economies in the world. Notwithstanding high crude oil prices, India's GDP is respectable in international community. Your Directors are optimistic of achieving positive results for the Company in forthcoming year.

**Risk and concerns**

The uncertain interest rate regime poses a concern for the NBFC activities and the increasing competition and entry of big players in domestic software products continue to be concerns to the Software activities. Further, rising crude oil prices may affect the overall economic scenario of the country which may also act as a dampener thereto.

**Internal Control Systems**

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

**Financial performance vis-à-vis Operational Performance**

Your Company reported a net profit of Rs 18.90 lacs for the current year that constitutes an operational profit of Rs. 22.92 lacs. Depreciation provided during the year was Rs. 3.41 lacs. Like last year the Company did not incur any interest expense in the current year also.

**Material Developments**

As part of the cost-cutting exercise, the Company trimmed the work force to the required level. There were no other major developments in the human resource areas except the changes in the Board of Directors, which are duly reported herein and also in the Directors' Report.

**Statement of caution**

The statement in the Management Discussion and Analysis Report section describes the Company's objectives, projections, estimates, expectations and predictions which may be forward looking statements within the meaning of the applicable securities laws and regulations. The annual results can differ materially from those expressed or implied depending on the economic and climatic conditions, Government policies and other incidental factors.