

# CHOICE INTERNATIONAL LIMITED



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**13<sup>th</sup> ANNUAL REPORT  
2005-06**



**CHOICE INTERNATIONAL LIMITED**

**BOARD OF DIRECTORS**

**Mr. Sunil Goyal**  
**Mr. Mehul Mehta**  
**Mr. Mahendra Patole**  
**Mr. Dhananjay Datar**  
**Mrs. Kamlesh Goyal-Whole-time Director**

**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.**

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**CHOICE INTERNATIONAL LIMITED****NOTICE**

**NOTICE** is hereby given that the Thirteenth Annual General Meeting of the members of **CHOICE INTERNATIONAL LIMITED** will be held on Friday, 29<sup>th</sup> September 2006 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, 2006 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 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 Mrs. Kamlesh Goyal, who was appointed as an Additional Director at the meeting of the Board of Directors of the Company held on 16<sup>th</sup> August, 2006 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 Mrs. Goyal 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 pursuant to Section 198, 269, 310 read with Schedule XIII of The Companies Act 1956, and other applicable provisions, if any, Mrs. Kamlesh Goyal be and is hereby appointed as a Whole-time Director of the Company for the period of three years w.e.f. 16<sup>th</sup> August, 2006.

FURTHER RESOLVED THAT Mrs. Kamlesh Goyal 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 Mrs. Kamlesh Goyal 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 Mrs. Kamlesh Goyal shall be liable to retire by rotation during her tenure as a Whole-time Director.

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 2006

On behalf of the Board of Directors

M. Mehta  
Chairman

**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, 28<sup>th</sup> September 2006 to Friday, 29<sup>th</sup> September 2006 (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.



CHOICE INTERNATIONAL LIMITED

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

## RESOLUTION AT ITEM NO. 4 &amp; 5

Mrs. Kamlesh Goyal was appointed as an Additional Director of the Company w.e.f 16<sup>th</sup> August 2006. Pursuant to the provisions of Section 260 of The Companies Act, 1956 Mrs. Goyal 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 Mrs. Kamlesh Goyal for the office of Director.

Further, Mrs. Goyal was appointed as a Whole-time Director of the Company w.e.f. 16<sup>th</sup> August, 2006. 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 Mrs. Kamlesh Goyal 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 Mrs. Goyal in the event of loss or inadequate profit in any year during her tenure as a Whole-time Director.

Mrs. Goyal is a M.SC. with more than 3 years of Corporate 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 Mrs. Goyal is interested in passing of these resolutions.

Place : Mumbai,  
Date : 31<sup>st</sup> August 2006

On behalf of the Board of Directors

M. Mehta  
Chairman

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## CHOICE INTERNATIONAL LIMITED

## DIRECTORS' REPORT

To

**The Members,**

Your Directors have pleasure in presenting their thirteenth Annual Report and Audited Financial Statement of the Company for the year ended 31<sup>st</sup> March, 2006.

**FINANCIAL RESULTS**

	(Rs. in Lakhs)	
	Year ended 31.03.2006	Year ended 31.03.2005
Total Income	173.12	54.34
Total Expenditure	<u>140.56</u>	<u>31.42</u>
Profit / (Loss) before Interest, Depreciation and Taxation	32.56	22.92
Less: Interest	---	---
Depreciation & Write off	1.53	3.41
Provision for taxation	<u>10.52</u>	<u>0.61</u>
Profit / (Loss) after tax	20.50	18.90
Add: Balance brought forward	(52.52)	(70.86)
Add / (Less) Adjustments:		
Earlier year Income Tax w/off	(0.04)	(0.26)
Prior period expenses	<u>--</u>	<u>(0.30)</u>
Carried forward to next year	<u>(32.06)</u>	<u>(52.52)</u>

**DIVIDEND**

With a view to conserve resources, the Directors have not recommended any dividend for the year.

**REVIEW OF OPERATIONS**

The Company's gross revenue for the year under review amounted to Rs. 173.12 lacs as compared to Rs. 54.34 lacs for the last year. The net profit after tax for the year amounted to Rs. 20.50 lacs as compared to profit of Rs. 18.90 lacs in the previous year.

**DIRECTORS**

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

Mrs. Seema Chavan, whole time director, resigned on 31<sup>st</sup> May 2006. Your Directors place on record their appreciation of the services rendered by Ms. Chavan during her tenure as a Director.

Mrs. Kamlesh Goyal was appointed as Whole-time Director w.e.f 16<sup>th</sup> August, 2006. Your approval is sought for appointment of Mrs. Kamlesh Goyal vide resolutions set out in item nos. 4 & 5 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, 2006;
- 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**

Since the Company's operations are not energy intensive, the Company continues to conserve energy by keeping control over expenses on power/electricity. Regarding technology absorption, the Company continues to focus on technology and quality upgradation in respect of all its activities. Please refer to Schedule 'O' 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 Directors' Report.

**DEMATERIALIZATION**

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 2006 is 3011300 equity shares (NSDL) and 458650 (CDSL) aggregating to 3469950 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 2006

M. Mehta      Mrs. K. Goyal  
Chairman      Whole-time Director



## CHOICE INTERNATIONAL LIMITED

## MANAGEMENT DISCUSSION AND ANALYSIS

## Industry Structure and Developments

During the year under review, the Company had operations in Non-Banking Financial Activities and Software Development. At macro level, the growth in the Indian Economy, noticed in the previous year continued during the year under review. Activities in the Indian NBFC and software development market also picked up. However, small players in both the fields- of NBFC and software sector - continue to face tough times while 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 in the Software segment. In NBFC activities, your Directors expect upward revision in the interest and inflation regimes, which factors are likely to 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. Another sore point for the macro economy is the continuous spiraling of energy prices.

## Segment-wise performance

Your Company achieved total revenue of Rs. 172.64 lacs in NBFC sector as compared to Rs. 53.71 lacs in the previous year. The net profit for the year was Rs. 34.56 lacs as compared to Rs. 28.56 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. 0.02 lacs in Software sector as compared to Rs. 0.54 lacs in the previous year. The net loss for the year was Rs. 3.04 lacs as compared to Rs. 8.49 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, along with other emerging markets, remains among the fast growing economies in the world. Notwithstanding high crude oil prices, India's GDP growth is respectable. Your Directors are taking steps to improve the performance of the Company.

## 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.

## 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. 20.50 lacs for the current year that constitutes an operational profit of Rs. 32.56 lacs. Depreciation provided during the year was Rs. 1.54 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.

## CORPORATE GOVERNANCE REPORT FOR THE YEAR 2005-06

(As required under Clause 49 of the Listing Agreement entered into with the Stock Exchange)

## A. MANDATORY REQUIREMENTS

## 1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company's philosophy of Corporate Governance is aimed at assisting top management in the efficient conduct of its business and fulfilling its obligations towards Government, its shareholders, employees and its stakeholders, guided by a strong emphasis on transparency, accountability and integrity. 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 five directors with a Non-Executive Chairman. The number of Independent Directors is more than one-third 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 Directors seeking appointment / reappointment in forthcoming Annual general Meeting (In pursuance of Clause 49 of the Listing Agreement) are given below:

Name of Director	Mr. Sunil Goyal	Mrs. Kamlesh Goyal
Date of Birth	1.12.1966	22.12.1974
Date of Appointment	18.06.2002	16 <sup>th</sup> August, 2006
Expertise in specific functional areas	Fello Chartered Accountant having experience of over 14 years in the field of finance and portfolio management.	More than 3 years of corporate experience in administration.
Qualifications	B.Com., F.C.A.	M.Sc
List of public Companies in which Directorship held as on March 31, 2006	NIL	NIL
Chairman/Member of the Committee of the Board of the other public Companies on which he/she is a Director as on March 31, 2006	NIL	NIL