



**Choice International Ltd**

Success is a matter of Choice

## 17<sup>th</sup> Annual Report 2009-10





## From Desk of Managing Director



Dear Shareholders

It is my pleasure welcoming you for the Seventeenth Annual General Meeting of your Company.

Fiscal 2010 has been a year of renewal of confidence and optimism in the Indian economy, as it has rebounded strongly from the impact of the global financial crisis and demonstrated its inherent strength and growth potential. India's resilience has been admirable as it demonstrated that a domestic consumption driven economy is more immune to the vagaries of global uncertainties.

The Indian GDP registered a growth rate of 7.4 percent during 2009-10, against 6.7% growth rate during 2008-09. Recovery in the Industrial production remained robust with 10.4 percent growth rate for the year 2009-10. The financial year 2009-10 was an outstanding one for the Indian equity market. The Sensex rallied 77% and the Nifty surged 72%. Foreign Institutional Investors came back in droves, pumping approximately USD 25 billion into India's cash market. India, as a result was one of the best performing equity markets globally. Two major events aided the recovery in global markets resulting from the stimulus packages and establishment of a stable government in India after the Lok Sabha elections in May 2009.

While the Indian economy was slowly limping back to normalcy, 2009-10 was a landmark year for Choice International Limited. The turnover of the company has crossed Rs 34 crores mark for the first time with an assurance to set new benchmarks every year.

At a time when the economy was weak, Choice pooled capabilities, capitalized on opportunities and strengthened its presence. Choice, in line with its vision to become an integrated financial services provider has ventured into other areas of business such as Equity Broking, Currency Derivatives, Commodity Broking, Mutual Fund Distribution, Insurance Broking, Wealth Management and Outsourcing through its various subsidiaries along with its existing activities of investment banking, corporate advisory and fund syndication.



With great pleasure I inform you that Choice Equity Broking Private Limited is now a multi member of BSE and NSE in cash, futures and options and currency derivatives segment. Choice Merchandise Broking Private Limited is a trading member of MCX, NCDEX and ICEX. Choice Wealth Management Private Limited is a registered with AMFI as Mutual Fund Distributor and is empanelled with major Mutual Fund Houses. Your Company in its urge to have pan India presence, has also launched its operations in four metro cities i.e. Jaipur, Bengaluru, Kolkata and New Delhi.

Looking at the performance for the year, the profit after tax has increased to Rs 2.68 crores in 2010 against Rs 14.41 lakhs in the last year, consequently the earning per share has increased to Rs 4.39 in 2009-10 as against Rs 0.36 in 2008-09. With the current overall performance and growth outlook, your Board has recommended a dividend of 5%. The result was a combination of optimized costs, enriched product mix and enhanced profitability.

All the above indicates that your company is poised to reap the benefits of oncoming economic growth. Steady Government thrusts on infrastructure, increased spending on social measures as well as on employment generation are all factors that will provide further impetus to the growth of the Indian Economy. We are fully energized and committed towards playing our part in realizing the potential of India, empowering more and more Indians to participate in the growth process and creating value for all our stakeholders.

I take this opportunity to thank each one of you for the confidence reposed in us. I am confident that with your continue support your company will be able to survive all further challenges.

With Best Wishes

Kamal Poddar

# Corporate Information

## Board of Directors

Mr. Kamal Poddar

Mrs. Hemlata Poddar

Mr. Ajay Kejriwal

Dr. Satish Chandra Kulhari

Mr. Brijmohan Agarwal

Mr. Manak Chand Daga

## Auditors

M/s Gupta Shyam & Co.

Chartered Accountants

## Registered Office

202, Chartered House, Dr. C. H. Street,

Marine Lines, Mumbai-400002, India

Phone: 91. 22.43552100

Fax: 91. 22. 2206 8600

Email: [info@choiceindia.com](mailto:info@choiceindia.com)

Website: [www.choiceindia.com](http://www.choiceindia.com)

## Bankers

The Bank of Rajasthan Ltd

HDFC Bank Limited

## Registrar and Share Transfer Agent

Sharex Dynamic (India) Pvt. Limited

Unit-1 Luthra Industrial Premises,

Andheri- Kurla Road, Safed Pool,

Andheri (E), Mumbai-400072

Phone: 0222 851 5606 / 5644

[www.sharexindia.com](http://www.sharexindia.com)

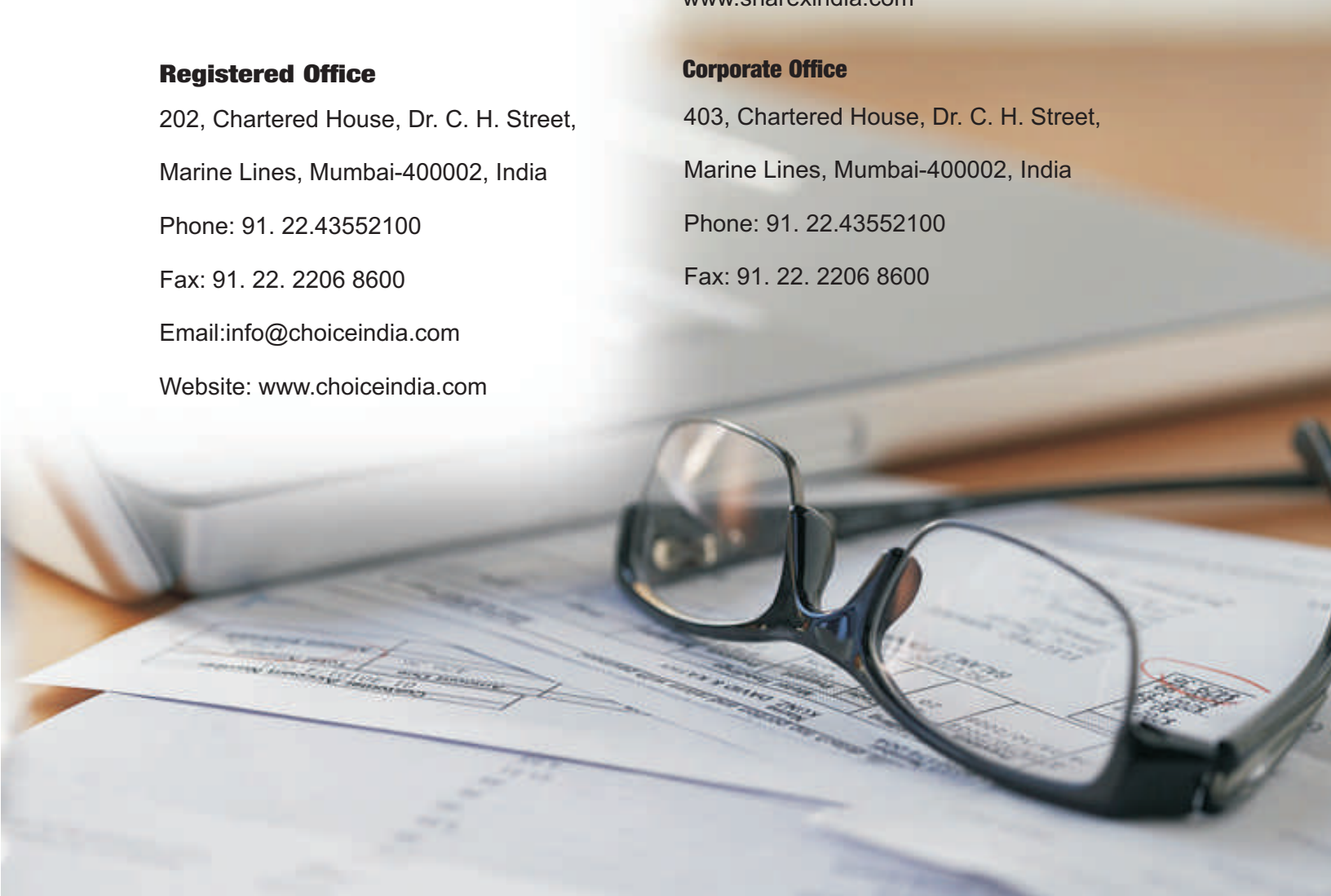
## Corporate Office

403, Chartered House, Dr. C. H. Street,

Marine Lines, Mumbai-400002, India

Phone: 91. 22.43552100

Fax: 91. 22. 2206 8600



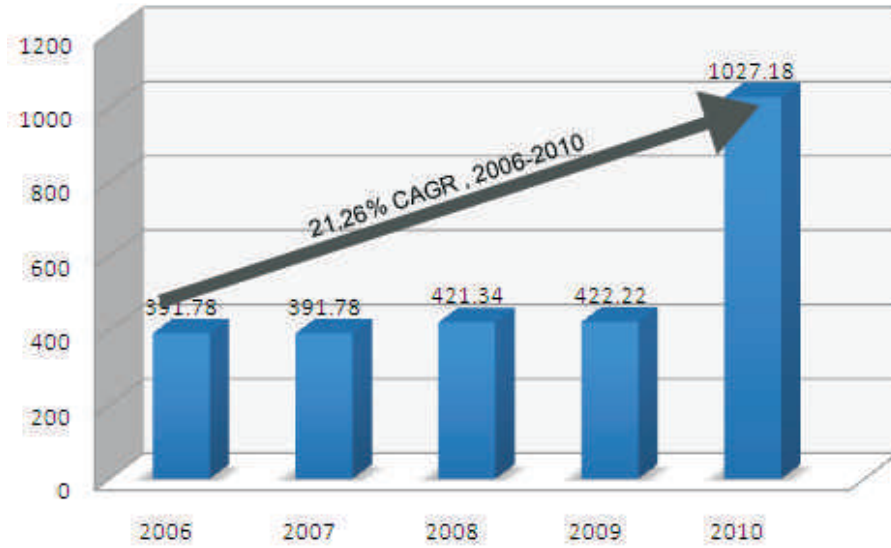


## Financial Highlights

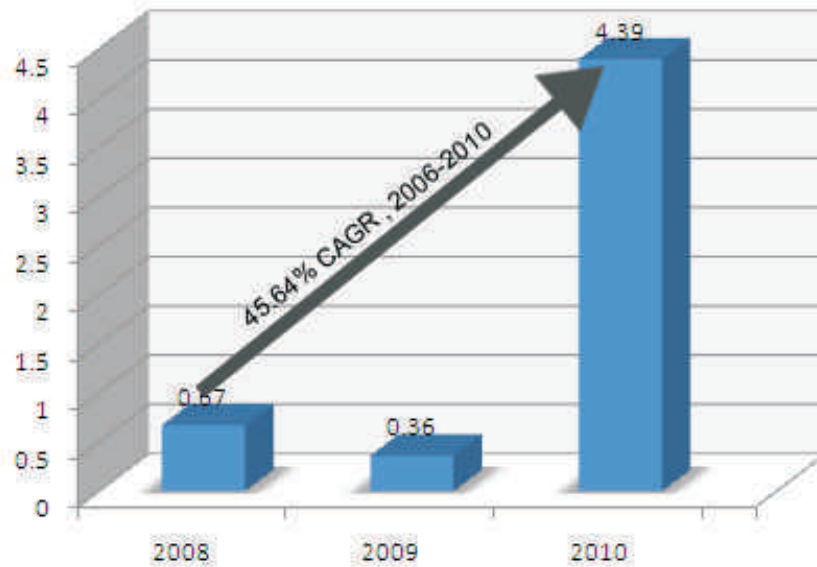
	2009-10 Rupees (In Lakhs)	2008-09 Rupees (In Lakhs)
Gross Revenue	3469.83	188.49
Profit Before Tax	399.45	20.25
Profit After Tax	268.12	14.41
Dividend	32.52	6.50
Retained Earnings	176.83	0.88
Funds Employed	1075.25	425.95
Net Worth	1027.18	422.22
Borrowings	18.00	0.00
Debt: Equity Ratio	0.02:1	0.00
Net Worth per Equity share of Rs 10/- each	15.79	10.54
Earnings per Equity Share (Basic) – In Rupees	4.39	0.36
Earnings per Equity Share (Diluted) – In Rupees	4.39	0.36
Dividend per Equity Share	0.50	0.10
Dividend %	5%	1%



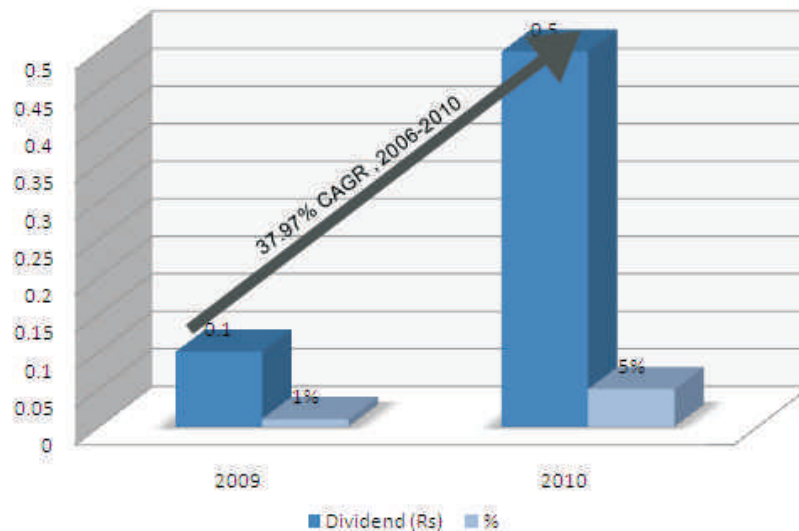
## Performance at Glance



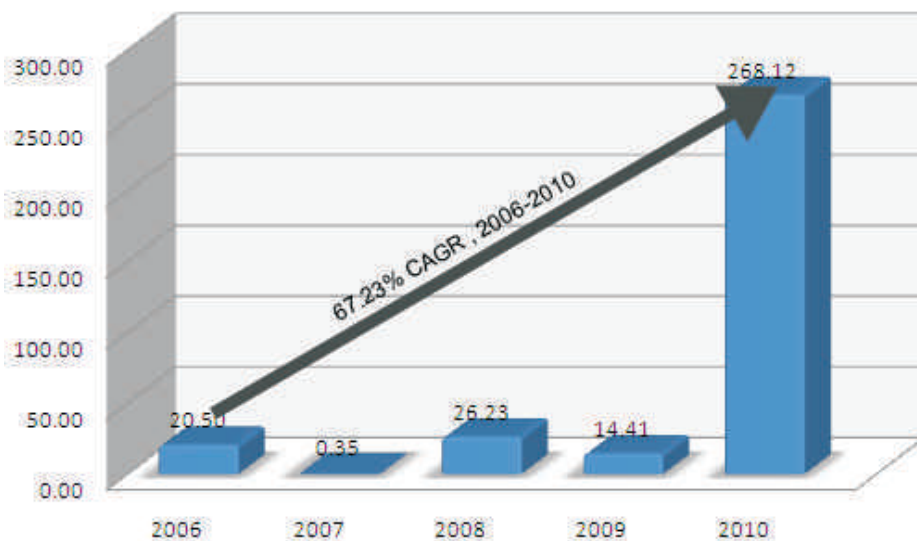
**Networth  
( Rs. in Lakhs )**



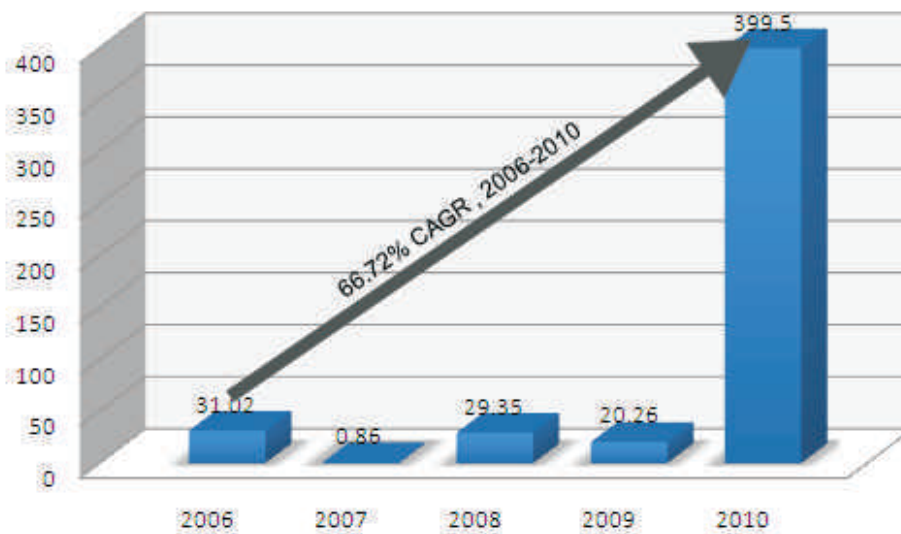
**EPS in Rs.**



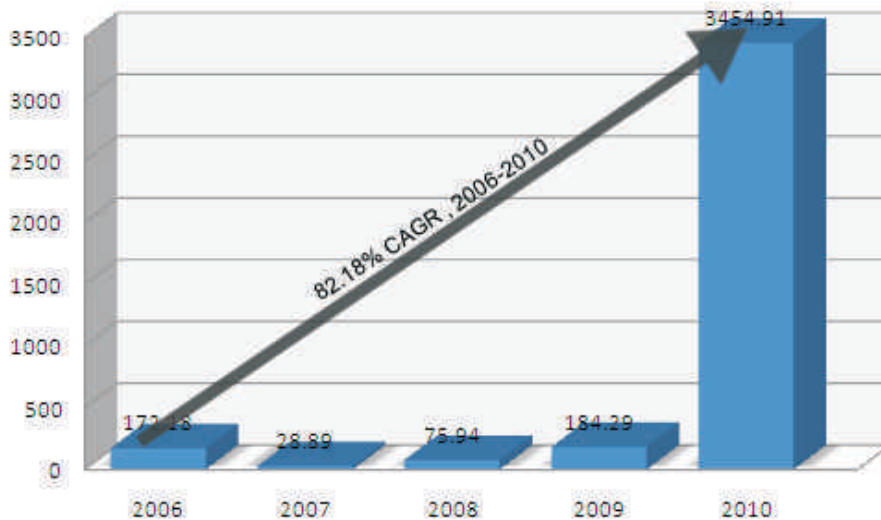
**Dividend**



**Profit After Tax  
(Rs. In Lakhs)**



**Profit Before Tax  
(Rs. In Lakhs)**



**Turnover  
(Rs. In Lakhs)**



## Directors' Report to Member

### To the Members of Choice International Limited

The Directors have the pleasure in presenting the Seventeenth Annual Report on the business and operations of the Company together with the audited statement of accounts for the year ended March 31, 2010.

In line with the requirement of the Listing Agreement with the Bombay Stock Exchange, your Company has been reporting consolidated results –taking into account the results of its subsidiaries. This discussion therefore covers the financial results and other developments during April 09- March 10 in respect of Choice Consolidated comprising-Choice International Limited and its subsidiaries. The consolidated entity has been referred to as 'Choice' or 'Group' or 'Your Group' in this discussion.

### Financial Results

I) Consolidated Financial Results of Choice International Limited and its Subsidiaries: (Rs in Lakhs)

Particulars	2009-10
Total Income	3473.42
Total Expenditure	3102.31
Profit Before Tax	371.10
Provision for Tax (Including Deferred Tax and Fringe Benefit Tax)	131.44
Profit After Tax before Minority Interest	239.66
Less: Share of Minority Interest	(0.02)
Profit after Tax after Minority Interest	239.68
Earnings Per Equity Share (Face Value – Rs 10/-)	
Basic (Rs)	3.93
Diluted (Rs)	3.93

I) Standalone Financial Results of Choice International Limited: (Rs in Lakhs)

	2009-10	2008-09
Total Income	3469.83	188.49
Total Expenditure	3070.37	168.23
Profit Before Tax	399.46	20.25
Provision for Tax (including Deferred Tax and Fringe Benefit Tax)	131.33	5.84
Profit/Loss After Tax	268.13	14.41
Add: Surplus brought forward from previous year	0.88	(5.92)
Less: Short provision of tax in earlier years	0.12	0.00
Profit available for Appropriations	268.89	8.49
Appropriations:		
Transfer to Statutory Reserve	54.00	0.00
Proposed Dividend	32.52	6.50
Dividend Distribution Tax on Proposed Dividend	5.53	1.11
<b>Surplus carried forward</b>	<b>176.84</b>	<b>0.88</b>





## Results of Operations

The year under review was a transformational year for the Company. We are pleased to inform you that with foresight and dynamic business strategy, your company has fared positively, despite the economic slowdown.

During the year, the Company has scaled new heights and set several new benchmarks in terms of profits, net worth and assets. Turnover for the year was Rs 3454 Lakhs against 184 Lakhs in the previous year. The income from NBFC activity was higher by 14.77 times at Rs 2645 lakhs. Your Company has ventured into new area of business such as Investment Banking, Corporate Advisory, Debt Syndication, etc,... The fee based income generated in the first year of operations of these activities is Rs 809 lakhs, which is commendable in itself.

The Profit after tax for the year was Rs 268 lakhs as against Rs 14 lakhs.

## Reserves

The company in the year 2009-10 has appropriated a sum of Rs 54.00 Lakhs towards Reserve Fund under Sec 45-IC of Reserve Bank of India Act, 1934

## Deferred Tax

In terms of Accounting Standard on 'Accounting for Taxes on Income' (AS-22) a sum of Rs 26.33 lakh has been debited to the Profit & Loss Account being Deferred Tax Liability for the year under review.

## Dividend

The Earnings per Share (EPS) of the Company has risen to Rs 4.39 during the year 2009-10 from Rs 0.36 in the previous year. Looking to the overall improvement in performance and the growth outlook for the current year, the Directors recommend dividend of Rs 0.50 per share of Rs 10/- each for the year ended March 31, 2010. (Dividend for the year 2008-09 was Rs 0.10 per equity share of Rs 10/- each.) The Company shall pay tax on the amount of dividend paid, which will be tax-free in the hands of the shareholders.

## Increase in Share Capital

During the year, we issued 25,00,000 equity shares to promoters and others under the Securities Exchange Board of India (Disclosure and Investor Protection) guidelines on preferential basis. Due to this, the outstanding issued, subscribed and paid up equity share capital increased from 40,04,800 to 65,04,800 shares as at March 31, 2010.

## Finance

During the year under review, the shareholders of the Company had approved borrowing upto an aggregate amount of Rs 50 crores, under section 293(1)(d) of the Companies Act, 1956.

## Opening of Branches

During the fiscal 2009-10, your company in accomplishing its vision to become an integrated financial services provider having pan India presence has launched its operations in four metro cities of India through its Branches. Your Board expects our branches to become the key points of customer acquisition and service. The branch network is expected to serve as an integrated channel for retail asset origination and distribution of third party products.

## Infrastructure Development

The company has entered into Memorandum of Understanding for purchase of Building with the intended use as Group Corporate Office located at J.B.Nagar, Andheri (East), New Commercial Hub in Mumbai.



### **Acquisition:**

Choice Insurance Brokers Private Limited was formerly known as "Ryder Consultancy Private Limited". The company was almost dormant with no activity till May 2009, when a management takeover was done by Choice International Limited in June, 2009 with an idea of transforming the company into the most respected and reliable insurance service provider in India.

Presently, Choice International Limited holds 98.03% equity shareholding in the company, thus becoming subsidiary of your company.

### **Zenu Infotec Limited**

Pursuant to Sale and Purchase Agreement dated September 25, 2009 (SPA) executed with promoters, your company has acquired 30.38% equity shareholding in the Company thus becoming a associate company. Presently, Zenu Infotec Limited is engaged in the business of Software sales and consultancy services. The consolidated statement does not include the figures pertaining of Zenu Infotec Limited as the accounts of the company have not being finalized.

### **Subsidiaries**

During the year under review the following subsidiary companies were incorporated to enable the company to venture into other area of business .

#### **Choice Equity Broking Private Limited**

Choice Equity Broking Private Limited was incorporated as a wholly owned subsidiary of Choice International limited on January 9, 2010 to provide equity broking and currency derivatives and research services, as well as marketing of equity related products.

The subsidiary is the corporate member of both the Bombay stock Exchange Limited and the National Stock Exchange of India Limited in cash, Futures and options and currency derivatives segment.

The Company is also a member of MCX-Sx in the currency derivatives segment.

#### **Choice Merchandise Broking Private Limited**

Choice Merchandise Broking Private Limited was incorporated as a wholly owned subsidiary of Choice International Limited on January 12, 2010 to provide trading platform options in both agri and non agri commodities for Exchange based commodity trading backed by incisive dedicated research.

The subsidiary is the corporate member of Multi Commodity Exchange of India Limited, National Commodity and Derivatives Exchange Limited and Indian Commodity Exchange Limited.

#### **Choice Capital Advisors Private Limited**

Choice Capital Advisors Private limited was incorporated as a wholly owned subsidiary on January 1, 2010 with motto to venture into the area of merchant banking activities. In order to sustain the above plans, your Company contemplates to apply for the SEBI Merchant Banking Category 1 license in the near term.

#### **Choice Wealth Management Private limited**

Choice Wealth Management Private Limited was incorporated as a wholly owned on January 6, 2010. The subsidiary company is founded on a strong philosophy and a belief, that expertise and guidance is fundamental to wealth management. The subsidiary company was set up for providing investment advisory services, financial planning and distribution of Mutual fund to HNI and retail clients. The subsidiary company is an AMFI registered Mutual fund Distributor for providing the aforesaid services.



### Choice Business Services Private Limited

Choice Business Services Private Limited was incorporated as a wholly owned subsidiary of your company on January 6, 2010 with the sole motto of providing customized outsourcing solutions focused on two core areas of capability: knowledge and process outsourcing and finance and accounting outsourcing. Your company aspires to combine its expertise in these areas to capture the opportunities available in the market while providing tailored services to clients professionally, simultaneously building a new stream of revenue for the company.

### Choice Realty Private Limited

Choice Realty Private Limited was incorporated as a wholly owned subsidiary of your company on January 6, 2010 with a solo motto to capture the opportunities in the real estate sector.

Further your company has diluted 47.62 % stake in March 2010 so as to argument funds for the subsidiaries expansion plans. Thus, your company's stake in the subsidiary as on March 31, 2010 is 52.38%

As per Section 212 of the Companies Act, 1956, we are required to attach the Directors' Report, Balance Sheet, and Profit and Loss account of our subsidiaries. We had applied to the Government of India for an exemption from such an attachment as we present the audited consolidated financial statements in the Annual Report. The Government of India has granted us an exemption from complying with Section 212. Accordingly, the Annual Report does not contain the financial statements of these subsidiaries. The audited annual accounts and related information of subsidiaries, where applicable, will be made available upon request. These documents will also be available for inspection during the business hours at our registered office in Mumbai, India.

### Directors

Following are the changes in the Directorate of the company:-

- Mrs. Sujata Chattopadhyay , Mr. Mukesh Agarwal, Mr. Govind Patodia were appointed as Independent Directors of the Company at the 16th Annual General Meeting held on September 30,2009.
- Mr. Arihant Pamecha was appointed as an Additional Director of the company at the Board Meeting held on October 30, 2009.
- Mr. Mukesh Agrawal, Mrs. Sujata Chattopadhyay, Mr. Govind Patodia and Mr. Arihant Pamecha has resigned from the Board w.e.f. October 30,2009, January 30,2010 , January 30,2010 and March 26,2010 respectively. The Board places on record its sincere appreciation of the valuable services rendered by them during their tenure.
- Mrs. Hemlata Poddar, Mr. Manak Chand Daga and Mr. Brij Mohan Agarwal and Mr. Ajay Kejriwal were appointed as Additional Directors of the Company at the Board Meeting held on January 30, 2010 and May 29,2010 respectively holds office till the ensuing Annual General Meeting and being eligible, offers themselves for appointment at the ensuing Annual General Meeting. Resolutions seeking your approval for the appointment of Mrs, Hemlata Poddar, Mr. Manak Chand Daga, Mr. Brij Mohan Agarwal and Mr. Ajay Kejriwal have been incorporated in the Notice of the forthcoming Annual General Meeting along with brief about them.

### Appointment of Company Secretary and Compliance Officer

Mr. Mahavir Prasad Toshniwal , possessing the required qualification, was appointed as the Company Secretary and Compliance Officer of the Company with effect from January 30,2010.

### Management Discussion and Analysis

Management's Discussion and Analysis Report for the year under review, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchange in India, is presented in a separate section forming part of the Annual report.



## Consolidated Financial Results

Consolidated Financial Statements pursuant to Clause 41 of the Listing Agreement entered into with the Stock Exchange and prepared in accordance with the Accounting Standards prescribed by the Institute of Chartered Accountants of India, are attached for your reference.

## Fixed Deposits

Your Company has not accepted any fixed deposits from public and is therefore not required to furnish information in respect of outstanding deposits under Non Banking Non Financial Companies (Reserve Bank) Directions, 1966 and the Companies (Acceptance of Deposits) Rules, 1975.

## Auditors' Report

The Auditors Report to the shareholders does not contain any qualifications. A company, whose securities are listed on the Stock Exchanges, is compulsorily required to follow the accounting standards prescribed by the Institute of Chartered Accountants of India. In accordance with the Accounting Standards AS 21 on consolidated financial statement read with Accounting Standard 23 on Accounting for Investments in Associates, the Directors have provided the Audited consolidated financial statements in the Annual Report. In the year under review provisions have been made for deferred tax liabilities/ (assets).

## Auditors

The auditors, Gupta Shyam & Co, Chartered Accountants, retire at the ensuing Annual General Meeting and have confirmed their eligibility and willingness to accept office, if re-appointed.

## Particulars of Employees

There were no employees drawing remuneration more than prescribed under Section 217(2A) of the Companies Act, 1956.

## Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo

In view of the nature of activities which are being carried on by the company, Rules 2A and 2B of the companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 concerning conservation of energy and technology absorption respectively are not applicable to the company.

Further, there were no foreign exchange earnings or outgo during the year under review.

## Corporate Governance

Your Company has complied with the requirements of Clause 49 of the Listing Agreement regarding Corporate Governance. A report on the corporate governance practices, the Auditors' Certificate on compliance of mandatory requirements thereof and Management Discussion and Analysis are given as an annexure to this report.

## Directors' Responsibility Statement

Pursuant to Section 217(2AA) of the Companies Act, 1956, with respect to the Directors' Responsibility Statement, it is hereby confirmed that:

- i. In preparation of the annual accounts for the financial year ended March 31,2010,the applicable accounting standards have been followed and that there are no material departures from the same;
- ii. The Directors have been selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31,2010, and of profit of the Company for the said period.
- iii. The Directors have taken proper and sufficient care to the best of their knowledge and ability 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 detecting fraud and other irregularities; and

- iv. The Directors have prepared the accounts for the financial year ended March 31, 2010 on a 'going concern' basis.

### **Acknowledgement**

The Board of Directors wishes to place on record appreciation for the continued support and co-operation extended by Banks, Securities and Exchange Board of India, the Reserve Bank of India, the Stock Exchanges, other government authorities and other stakeholders. Your Directors would also like to take this opportunity to express their appreciation for the dedicated efforts of the employees of the Company. We look forward to continued support of all these partners in progress.

**On behalf of the Board of Directors**

**Kamal Poddar**  
**Managing Director**

**Mumbai, May 29, 2010**



## Statement pursuant to Section 212 of the Companies Act, 1956 relating to Subsidiary Companies

(Currency: Indian Rupees)

	Choice Insurance Brokers Private Limited	Choice Equity Broking Private Limited	Choice Merchandise Broking Private Limited	Choice Wealth Management Private Limited	Choice Realty Private Limited	Choice Business Services Private Limited	Choice Capital Advisors Private Limited
The financial year/period of the Subsidiary Company	1st April 2009 to 31st March 2010	9th January 2010 to 31st March 2010	12th January 2010 to 31st March 2010	6th January 2010 to 31st March 2010	6th January 2010 to 31st March 2010	6th January 2010 to 31st March 2010	1st January 2010 to 31st March 2010
Extent of interest in Subsidiary Company	5,000,000 98.03%	30,400,000 100%	10,000,000 100%	100,000 100%	1,100,000 52.38%	100,000 100%	100,000 100%
Equity Share Capital							
% Shares held by Choice International Limited							
Net aggregate amount of the profits/(losses) of the Subsidiary Company for the period, so far as it concerns members of Choice International Limited	15,689	(739894)	(1938252)	(31729)	(70103)	(40564)	(39335)
<b>a) not dealt with in the Accounts of the Company</b>							
(I) For the financial year of the subsidiary	0	0	0	0	0	0	0
(II) For the previous financial years since it became the subsidiary of the Company							
<b>b) dealt with in the Accounts of the Company</b>							
(I) For the financial year of the subsidiary	0	0	0	0	0	0	0
(II) For the previous financial years since it became the subsidiary of the Company	0	0	0	0	0	0	0
Additional Information u/s 212 (5)	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable

**For and On Behalf of the Board of Directors**

**Kamal Poddar**  
Managing Director

**Ajay Kejriwal**  
Director

**Mahavir Prasad Toshniwal**  
Company Secretary

**Place: Mumbai**

**Date: May 29, 2010**



## Management Discussion and Analysis

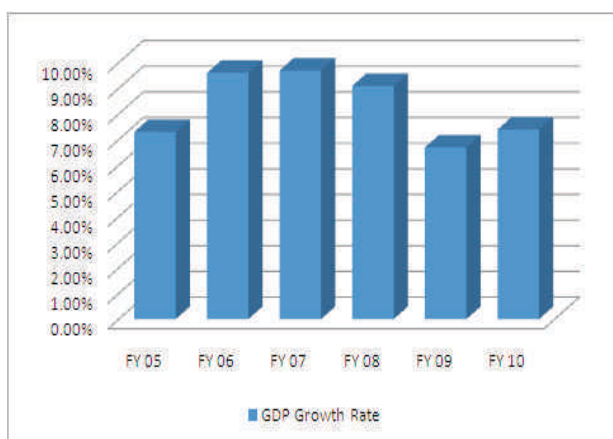
This Report contains forward – looking statements, which may be identified by their use of word like 'plans', 'expects', 'will', 'anticipates', 'believes', 'intends', 'projects', 'estimates' or other words of similar meaning. All statements that address expectations or projections about the future, including, but not limited to statements about the Company's strategy for growth, product development, market position, expenditures, and financial results, are forward-looking statements. Forward –looking statements are based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realised. The Company's actual results, performance or achievements could thus differ materially from those projected in any such forward –looking statements. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent developments, information or events.

### Macro Economic Scenario

The year 2009-10 witnessed the global financial system limping back to normalcy after the financial crises that originated in the US subprime lending. The impact of global crisis as also the recovery process, however, was uneven and varied across countries.

In contrast to advanced economies, the situation in Asia has been better as it came to grips with the problem easier and better, with China and India once again continuing on the growth path. Indian Economy which saw a strong recovery during the second quarter of 2009-10, experienced moderation in Q3 due to adverse impact of a deficient rainfall and decline in Agricultural output. The GDP registered a growth rate of 7.4 percent during 2009-10, against 6.7% growth rate during 2008-09. Recovery in the Industrial production remained robust with 10.4 percent growth rate for the year 2009-10. The chart below brings out the growth in GDP over the years.

**India's GDP Growth Rate Trend**



Our country's stable and sound financial system, robust and effective regulatory framework and prompt and appropriate policy stimulus responses helped the economy rise speedily back to its feet. Strong internal demand for consumer goods has been the main reason for insulating the economy and nurturing the growth momentum. Gradual improvement in exports would add further strength to the upturn in the economy.

Inflationary conditions that reared their ugly head particularly in the second half of FY 2009-10, with double digit food inflation and sluggish agricultural output, remain areas of concern. Global credit and liquidity conditions have shown improvement, policy induced liquidity is expected to remain benign for some more time. For India, external flows could still be a primary

source of liquidity, domestic savings playing a secondary role. Funds availability for corporate, though expected to be tight, may not be constrained, despite higher Government borrowings.

The return of normalcy in fiscal 2011 will also depend on the sovereign – related events unfolding in Europe.

### Industry Structure and Analysis

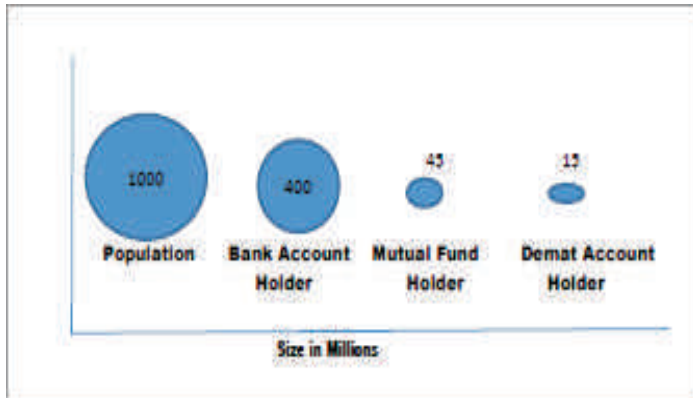
The Indian Financial industry has weathered the credit crisis better than in most economies. It has benefitted from the prudence of its policy makers. Reforms and continuous strengthening of the regulatory environment has greatly improved the efficiency and transparency in the capital markets. The financial services industry has seen stability with strong prospects.



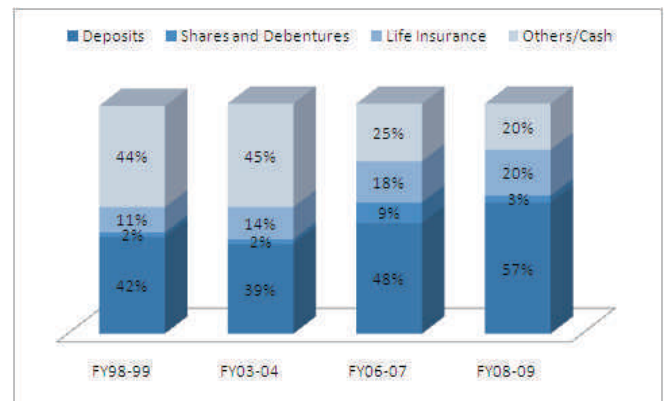
The financial year 2009-10 was an outstanding one for the Indian equity markets. The Sensex rallied 77% and the Nifty surged 72%. Foreign Institutional Investors came back in droves, pumping approximately USD 25 billion into India's cash market. India, as a result was one of the best performing equity markets globally. Two major events aided the performance the recovery in global markets resulting from the stimulus packages and the establishment of a stable government in India after the Lok Sabha elections in May 2009.

The beneficial effects of substantial stimulus packages has effectively countered a deep fall in private consumption, and the central banks across the world followed a soft money policy with lower interest rates, which supported the equity markets.

### Lower penetration of financial services



### Deployment of Household Savings



Today also only 57% of the savings of the households are still lying in the bank deposits and only 1.5% Indian population is having demat accounts which shows that the Indian market is yet to be tapped.

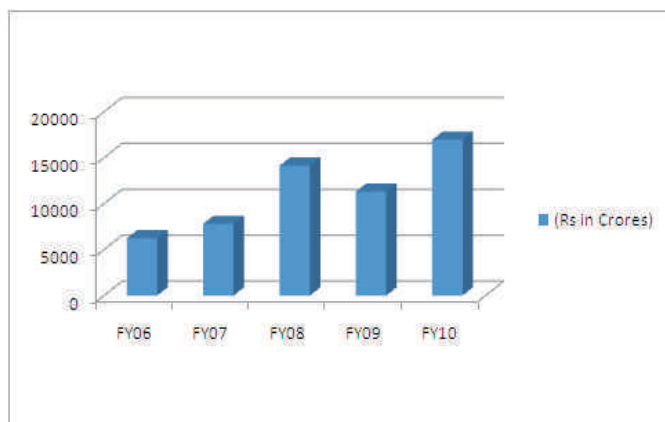
The financial services sector in India has high growth potential. A fast growing economy, large population, growing middle class, high rate of savings, low penetration and increasing awareness towards financial planning is expected to fuel the growth of the savings, protection and investment products in India. Besides this, the growth in income of households, particularly in tier II and III cities, offers ample scope for financial services products

## Broking Industry

Considering the overall scenario, the performance of the market and the broking industry in particular during the financial year 2009-10 was good and it bought back the confidence to the market participants. During the financial year 2009-10, the markets also witnessed some important regulatory changes and these ensured that the overall investor's confidence was sustained in the markets.

### Equity Markets

#### Average Daily Turnover at NSE for past five years



The average daily turnover at NSE for FY10 was Rs 16959 crores, increased by 50% from Rs.11325 in FY09. The total volume traded at NSE in 2009-10 in Derivatives segment is over Rs 160 lakh crores in comparison to Rs 40 lakh crores in 2005-06. However, during the seven years beginning FY03, the year when cash and derivatives were fully active on both the exchanges, total market volumes have grown by 50% compounded annually. During this period, volumes in the derivatives and cash segments have grown at a compounded annual growth rate (CAGR) of 72% and 27%, respectively.





## Commodity Market

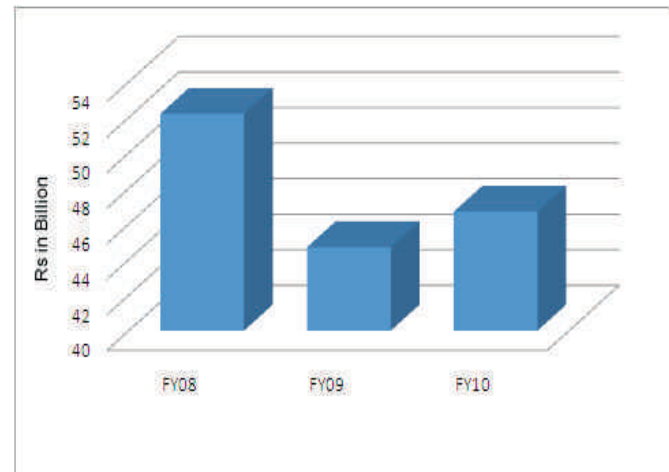
The commodities market too witnessed increased volumes. The combined commodities volumes recorded in both MCX and NCDEX increased by 52% up from Rs 469554 crores in the financial year 2008-09, to Rs 712033 crores in financial year 2009-10. With the optimistic long term outlook for Indian financial markets and increased participation of Indian households, there is a large scope for brokerage houses.

## Investment Banking

### Initial Public Offers

With the significant increase in the size and number of offerings in 2009-10, Indian companies raised Rs 46.7 billion through public offerings in the current financial year, 23 times higher than Rs 2034 crore mapped up in the last fiscal but failed to breach the record level of Rs 52.2 billion in 2007-08. A total of 34 companies raised funds through IPOs in the domestic stock markets in 2008 amounting to Rs 183 billion – a 46% drop compared to the Rs 338 billion raised from 89 IPOs in 2007. The state run firms raised whopping Rs 30.9 billion amounting to 66% of the total amount, thus dominating the public offerings in the fiscal 2009-10. The last time when the PSUs had raised the biggest amount was in the year 2003-04 at Rs 16.5 billion

### Amount Raised through Public Offerings in Last Three Years



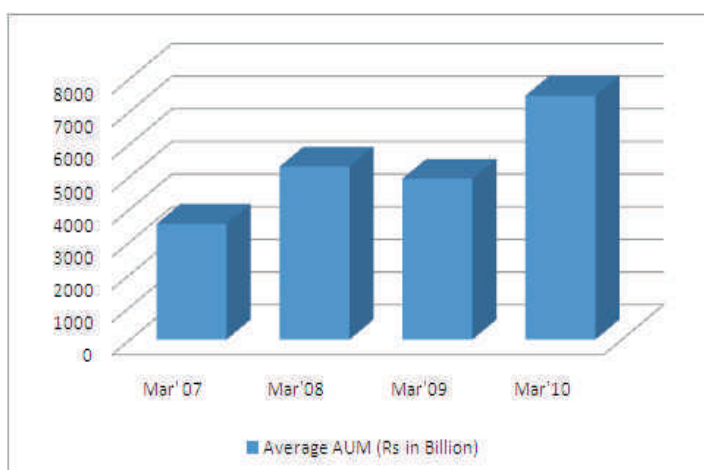
### Mergers and Acquisitions and Private Equity

Amid a slowdown in business activity, mergers and acquisitions (M&A) involving Indian companies dipped in the calendar year of 2008 in comparison to the previous two years. However the volume and value of deals for both M&A and PE were higher in CY08 than in CY06. Off-late, in 2009, the number of M & A and Private Equity Deals has increased substantially

Funds raised by the Indian corporate sector via ADRs/ GDRs has jumped over 33 times from around US\$ 101.72 million in 2008 to about US\$ 3.50 billion in 2009. Furthermore, with economic outlook on Indian as well global markets being positive, Private Equity funds are closing deals more speedily than last year. The merger and acquisition (M&A) activity has shown similar momentum

## Mutual Fund Industry

### Industry AUM (average) more than doubled in past three years



The Mutual Funds had assets under management (on average assets basis) of mutual funds increased by 51.5% from Rs 4932.85 billion in March 2009 to Rs 7475.25 billion in March 2010. The industry average asset under management has doubled in the last three years. The equity funds – growth funds, balanced funds and equity linked savings schemes (ELSS) constituted 26% of the total AUM as at March 2009, i.e. Rs 1.3 trillion.

The ratio of AUM to India's GDP gradually increased from 6% in 2005 to 11% in 2009. Despite this however, continues to be significantly lower than the ratio in developed countries,



where the AUM accounts for 20-70% of the GDP. Mutual funds have also gained a larger share of incremental household savings than bank deposits from 1.2% to 7.7% over a period of five years (2004-08), showing increasing penetration of and rising appetite for mutual funds in India.

According to recent studies, urban centers outside the top eight cities are expected to be the drivers of growth. Hence, mutual funds are likely to focus on their positions in mid tier cities, with retail and offshore funds likely to be the fastest growing segments.

## Insurance Industry

The US\$41-billion Indian Insurance industry –the fifth largest life insurance market in the emerging insurance economies globally has made a strategic comeback with better performances in the year 2009-10. Life insurance has the first year premium (inclusive of single premium) segment accounting for US\$24 billion and Non-Life Insurance –US\$5.6 billion industry with motor and health segments accounting for 56 % of the total business

The recovery in economic activity and improvement in financial markets during fiscal 2010 led to a revival in the demand for financial savings and investment products, benefiting the life insurance sector. The first year retails premium underwritten in the life insurance sector increased by 16.7% (on weighted received premium basis) to Rs. 550.24 billion in fiscal 2010 with the private sector's retail market share (on weighted received premium basis) at 52.3% in fiscal 2010

Gross premium in the non-life insurance sector (excluding specialized insurance institutions) grew by 13.4% to Rs. 347.55 billion in fiscal 2010 compared to growth rates of 9.2% in fiscal 2009 and 12.3% in fiscal 2008, with the private sector's market share at 40.9% in fiscal 2010.

The ratio of life insurance premium to GDP in India is currently about 4% which is much lower compared to 6% to 8% in developed countries, clearly suggesting the untapped potential in the market.

## Outsourcing Industry

The Indian Business Process Outsourcing market has rebounded faster than its global counterparts. The domestic Indian BPO services market grew by 7.3 percent year on year in 2009, primarily due to global economic uncertainty, which led to some price and volume pressures.

The BPO industry is expected to grow at 25% in 2010 & to touch \$1.2 billion (around Rs 5400 crore) by 2011 and is expected to grow at 19% till 2013. This growth is expected to be driven by the changing market trends such as changing demographics and affluence levels , consumption of value based services ,increasing focus on service quality . Thus, giving your company immense opportunities to capture the market share in the industry.

## Opportunities

- High Rate of Savings
- Rising income levels
- High rate of capital formation
- Rising outsourcing trend
- Lower penetration of financial services
- A large young population
- Steady economic reform regime
- Highly Skilled Human Capital
- Growing Awareness for Financial Planning
- Burgeoning middle class
- Investor friendly policies
- Increasing FII & FDI flow
- Low Destination Cost



## Threats

- Unfavorable Change in Economic Conditions
- Rising Inflation
- Continued dependence and a slowdown in global liquidity flows
- Increased intensity of market competition
- Changes in interest and foreign exchange rates
- Transactions systems related risk
- Technological Obsolence

## Business Review

### Choice Overview

Your company, Choice International Limited, is a non-banking financial company (NBFC), registered under the Reserve Bank of India Act, 1934 and listed with Bombay Stock Exchange Limited. In a very short span of time your Company has charted out its path towards achieving its vision:

- » To become an integrated Financial Solution provider that has a credible niche the industry it serves.
- » To offer seamless service across capital markets and advisory spectrum
- » To strengthen the operating performance and reputation of clients by optimizing their business processes.

Your company along with its subsidiaries, offers range of financial products and services, including investment banking, debt syndication, financing assistance, corporate advisory, equity and commodity broking, insurance consultancy and mutual fund distribution. The following table provides a snap shot of the business verticals operated through various subsidiaries.

Company	CIL's Holding	Services
Choice Equity Broking Private Limited	100 %	Equity Broking, Currency Derivatives, Depository Services
Choice Merchandise Broking Private Limited	100%	Commodity Broking
Choice Wealth Management Private Limited	100%	Portfolio Advisory, Mutual Fund Distribution, IPO Distribution
Choice Capital Advisors Private Limited	100%	Investment Banking Corporate Advisory
Choice Realty Private Limited	52.38%	Real Estate Development
Choice Insurance Broking Private Limited	98.03%	Life and Non Life Insurance Broking
Choice Business Services Private Limited	100%	Finance, Accounts and Taxation Compliance Outsourcing.



## Our Business:

### Income from Investment

Choice International Limited, the parent company being a registered NBFC is engaged primarily in investing in listed and unlisted companies. The investment portfolio of your company is diversified across various sectors like financial services, information technology, real estate; Etc. Your Company regularly monitors the performance of these companies to protect its investments. The income generated from investment activity is Rs 2360 lakhs in 2010 as compared to Rs 167 lakhs in 2009. The company is diversifying into other areas of financial services.

### Investment Banking

Choice International Limited, offers comprehensive Investment Banking solutions and transaction expertise covering private placement of equity, debt and convertible instruments covering international & domestic capital markets, mergers & acquisitions advisory and restructuring advisory & implementations.

Our team comprises of multi-disciplinary professionals with a collective banking and corporate finance advisory experience of more than 120 years. An extensive understanding of different sectors within the Investment Banking team enables us to provide tailored financial solutions to our clients across industries. Our strong corporate relationships, experienced team and synergy of investment banking business with other segments of our business would help us in gaining further profitable franchise in this business.

It is a pleasure informing you that this being first full year of operations of these activities, the income generated from these activities is Rs 809 Lakh as compared to Rs 3.83 Lakh.

### Broking

Our Services under the 'Broking' business includes offering products such as Equities, Derivatives, Commodities and Depository Services.

### Equities

Choice Equity Broking Private Limited is registered with SEBI and is multi member of NSE and BSE in cash, Futures & options and currency derivatives Segment. The Company is a corporate member of MCX-Sx and USE in the currency derivatives segment. It has also applied for the depository participant membership with CDSL.

The company shall be platform for trading in derivatives and securities with catering to the needs of institutional clients, high net worth individuals and retail investors in the secondary market. It shall also offer advisory services through dedicated team of fundamental and technical research analyst.

The company has adopted franchise based models through its various branch networks and plans to have presence in 80 cities in the next two years.

### Commodities

Choice Merchandise Broking Private Limited is registered with Forwards Market Commission and is member of MCX, NCDEX and ICEX. Commodity broking provides investors with opportunities to hedge risk of capital market fluctuations. Choice Merchandise Broking Private limited has a team of experienced professionals and dealers who support trading for the clients but also provide real time information on the various products.

### Mutual Fund Distribution

Choice Wealth Management Private Limited is registered with AMFI as a Mutual Fund Distributor. The company is empanelled with mutual



fund houses to cross sell their products. The key strategy for this business is to engage with clients by consolidating their needs across personal, family and business arenas; and provide them the best solution and product mix leading to high profitability.

## Insurance

Choice Insurance Brokers Private Limited has applied for the direct insurance broker license during the year under review. It proposes to engage in selling of both life and non life insurance products for the 33 insurance companies.

## Outsourcing

At Choice our primary objective is to enable our clients, to concentrate and focus on managing their core business and relieving them from the ever-consuming daily financial and accounting tasks like bookkeeping, Accounts Receivable, Accounts Payable, Tax compliance and reporting, Journal entries, Financial statement preparation, General Ledger management etc. We, at Choice acts as their extended team of financial and accounting professionals to provide the necessary accounting tasks so that they can get accurate and meaningful financial information on their businesses.

Our clients are mainly multi-locational retail outlets and distribution centers having pan India presence, who benefit from getting better quality and productivity from financial and accounting outsourcing services. We build trusted, long-term relationships with our clients by focusing on exemplary service, innovative thinking and measurable results

## Financial and Operational Performance

The financial statements have been prepared in compliance with the requirements of the Companies Act, 1956, and Generally Accepted Accounting Principles (GAAP) in India.

The year under review was a transformational year for the Company. We are pleased to inform you that with foresight and dynamic business strategy, your company has fared positively, despite the economic slowdown.

During the year, the Company has scaled new heights and set several new benchmarks in terms of profits, net worth and assets. Turnover for the year was Rs 3454 Lakhs against 184 Lakhs in the previous year.

The income from NBFC activity was higher by 14.77 times at Rs 2645 lakhs Your Company has ventured into new area of business such as Investment Banking, Corporate Advisory, Debt Syndication, etc,... The fee based income generated in the first year of operations of these activities is Rs 809 lakhs, which is commendable in itself.

The Profit after tax for the year increased from Rs 14 Lakhs to Rs 268 Lakh. Consequently, the basic earnings per share (face value of Rs 10) increased from Rs 0.36 in 2008-09 to Rs 4.39 in 2009-10.

As at March 31, 2010, the networth of the company increased from Rs 422 Lakhs to Rs 1027 Lakhs and the investments principally consisted of long term investments, totaling Rs 538 Lakhs. Investments have increased by Rs 463 Lkhs primarily due to the investments made in the subsidiary company.

## Risk Management Framework

The Company's risk management strategy is based on a clear understanding of various risks, disciplined risk assessment and measurement procedures and continuous monitoring. The policies and procedures established for this purpose are continuously benchmarked with international best practices

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## Internal Control Systems

Your Company has adequate internal control systems for business processes across various profit and cost centers, with regard to efficiency of operations, financial reporting, compliance with applicable laws and regulations etc.

Clearly defined roles and responsibilities for all managerial positions have been institutionalized. The Audit Committee of the Board of Directors actively reviews the adequacy and effectiveness of the internal control systems and suggests improvements.

The Management Information System (MIS) is the backbone of your Company's control mechanism. All operating parameters are monitored and controlled regularly. Any material change in the business outlook is reported to the Board of Directors. Material deviations from the annual planning and budgeting, if any, are reported on a quarterly basis to the Board of Directors. An effective budgetary control on all capital expenditure ensures that actual spending is in line with the capital budget

## Human Resources

Your Company believes that its human resources are its greatest wealth. This intellectual resource is integral to the Company's ongoing operations and enables the Company to deliver superior performance year after year. Therefore, it is the endeavour of your Company to nurture and develop this wealth

## Conclusion:

In line with its vision, your Company has designed for itself a well-diversified and balanced portfolio of product offerings to the customers.. Your Company is dedicated to ensure that ongoing growing initiatives achieve profitability faster. Given the strategic thrust over achieving identified distinct vision in each of the businesses, your Company is set to emerge stronger in the long run.



## Certificate on Compliance with the conditions of Corporate Governance under Clause 49 of the Listing Agreement

To  
The Members of Choice International Limited

We have examined the compliance of conditions of Corporate Governance by Choice International Limited for the year ended 31 March 2010, as stipulated in clause 49 of the listing agreement of the said company with the stock exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above – mentioned Listing Agreement.

We further state that further compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

For **Gupta Shyam & Co**  
Chartered Accountants  
F.R.No.103450W

Shyamsundar Gupta  
Proprietor  
Membership No.038484  
Mumbai, May 29, 2010

### **Certification by the Managing Director on Code of Conduct**

To  
The Members of Choice International Limited

I, Kamal Poddar, Managing Director of the Company declare that all Board Members and Senior Management of the Company have affirmed compliance with the code of conduct.

Choice International Limited

Kamal Poddar  
Managing Director  
Mumbai, May 29, 2010



# Corporate Governance Report

## Our Governance Philosophy:

The Company has set itself the objective of expanding its capacities and becoming globally competitive in the business. As a part of its growth strategy, the Company believes in adopting the 'best practices' that are followed in the area of Corporate Governance across various geographies.

The Company emphasizes the need for full transparency and accountability in all its transactions, in order to protect the interests of its stakeholders. The company is fully compliant with the requirements of the prevailing and applicable corporate governance code and is committed to ensure compliance with any proposals for modifications; well ahead of their implementation time lines. Your Company's compliance with requirements of Clause 49 of the Listing Agreement is presented in the subsequent sections of this report.

## Board of Directors:

1. The Company has an Executive Chairman, and thus, 50% of the total number of Directors is independent. The number of Non-Executive Directors is more than 50% of the total number of Directors. The management of the Company is headed by the Managing Director who operates under the supervision and control of the Board. The Board reviews and approves strategy and oversees the action and results of management to ensure that the long term objectives of enhancing stakeholder value are met.
2. "Independent Directors", i.e. Directors who apart from receiving Directors' remuneration, do not have any other material pecuniary relationship or transactions with the Company, its promoters, its management or its subsidiaries, which, in the judgement of the Board, may affect the independence of the Director, comprise over half of the Board.
3. The Composition and Categories of Directors (for the period April 1, 2009 to May 29, 2010) is as follows:

Name	Category
Mr. Kamal Poddar	Managing Director
Mr. Mukesh Agarwal**	Non Executive and Independent
Mrs. Sujata Chattopdhyay**	Non Executive and Independent
Dr. Satish Chandra Kulhari <sup>1</sup>	Non Executive and Independent
Mr. Govind Patodia**	Non Executive and Independent
Mr. Arihant Pamecha <sup>2**</sup>	Executive and Non Independent
Mrs. Hemlata Poddar <sup>3</sup>	Non Executive and Non Independent
Mr. Manak Chand Daga <sup>3</sup>	Non Executive and Independent
Mr. Brij Mohan Agarwal <sup>3</sup>	Non Executive and Independent
Mr. Ajay Kejriwal <sup>4</sup>	Non Executive and Non Independent

1. Dr. Satish Chandra Kulhari has been appointed with effect from May 30, 2009.

2. Mr. Arihant Pamecha has been appointed with effect from October 30, 2009

3. Mrs. Hemlata Poddar, Mr. Manak Chand Daga and Mr. Brij Mohan Agarwal have been appointed as the Additional Director with effect from January 30, 2010.

4. Mr. Ajay Kejriwal has been appointed as the additional director with effect from May 29, 2010.

\*\* Mr. Mukesh Agarwal, Mrs. Sujata Chattopdhyay, Mr. Govind Patodia and Mr. Arihant Pamecha have resigned from the Board with effect from October 30, 2009, January 30, 2010, January 30, 2010 and March 26, 2010 respectively.





4. During the year under review, the Board of Directors of the Company met twelve times and the period between any the meetings did not exceed three months. The dates for the Board Meeting held during the each quarter are as follows:

No.	Date of Meeting	For the Quarter
1	April 17,2009	April to June
2	April 30,2009	April to June
3	May 30,2009	April to June
4	June 6,2009	April to June
5	June 20,2009	April to June
6	July 30,2009	July to September
7	August 25,2009	July to September
8	September 25,2009	July to September
9	October 30,2009	October to December
10	December 14,2009	October to December
11	January 30,2010	January to March
12	March 19,2010	January to March

As required under Annexure I to Clause 49 of the Listing Agreement with the Stock Exchanges, all the necessary information was placed before the Board from time to time.

The attendance of each Director at the Board Meetings and the last Annual General Meeting during the year under review

Name of the Director	No of the Board Meetings		Attendance at Last AGM
	Held	Attended	
Mr. Kamal Poddar	12	12	Yes
Mr. Mukesh Agarwal	12	09	Yes
Mr. Sujata Chattopdhyay	12	11	Yes
Dr. Satish Chandra Kulhari	12	07	Yes
Mr. Govind Patodia	12	05	Yes
Mr. Arihant Pamecha	12	03	Yes
Mrs. Hemlata Poddar	12	02	No
Mr. Manak Chand Daga	12	02	No
Mr. Brij Mohan Agarwal	12	02	No

1. Dr. Satish Chandra Kulhari has been appointed with effect from May 30, 2009.

2. Mr. Arihant Pamecha has been appointed with effect from October 30, 2009

3. Mrs. Hemlata Poddar, Mr. Manak Chand Daga and Mr. Brij Mohan Agarwal have been appointed as the Additional Director with effect from January 30, 2010.

\*\* Mr. Mukesh Agarwal, Mrs. Sujata Chattopdhyay, Mr. Govind Patodia and Mr. Arihant Pamecha have resigned from the Board with effect from October 30, 2009, January 30, 2010, January 30, 2010 and March 26, 2010 respectively.



5. None of the Directors of the Board serve as members of more than 10 Committees nor are they Chairman of more than 5 Committees, as per the requirements of the Listing Agreement, 'Committees' for this purpose include the Audit Committee and the Shareholders'/Investor Grievance Committee under the said Clause 49 of the Listing Agreement. The Details of the committee memberships of the Board of Directors are given below.

Name of the Director	No of Outside Directorships held	*Number of Committee Memberships	*Number of Committees in which Chairperson
Mr. Kamal Poddar	1	Nil	Nil
Mr. Mukesh Agarwal	Nil	Nil	Nil
Mr. Sujata Chattopdhyay	Nil	Nil	Nil
Dr. Satish Chandra Kulhari	1	Nil	Nil
Mr. Govind Patodia	Nil	Nil	Nil
Mr. Arihant Pamecha	Nil	Nil	Nil
Mrs. Hemlata Poddar	Nil	Nil	Nil
Mr. Manak Chand Daga	Nil	Nil	Nil
Mr. Brij Mohan Agarwal	2	Nil	Nil

Subsidiary companies, private companies, foreign companies and companies under Section 25 of the Companies Act, 1956 are excluded for the above purpose. 0

1. Dr. Satish Chandra Kulhari has been appointed with effect from May 30, 2009.

2. Mr. Arihant Pamecha has been appointed with effect from October 30, 2009

3. Mrs. Hemlata Poddar, Mr. Manak Chand Daga and Mr. Brij Mohan Agarwal have been appointed as the Additional Director with effect from January 30, 2010.

\*\* Mr. Mukesh Agarwal, Mrs. Sujata Chattopdhyay, Mr. Govind Patodia and Mr. Arihant Pamecha have resigned from the Board with effect from October 30, 2009, January 30, 2010, January 30, 2010 and March 26, 2010 respectively.

6. All the relevant information, as recommended by the Securities and Exchange Board of India (SEBI)/Stock Exchanges, is promptly furnished to the Board from time to time in a structured manner.
7. The Company has adopted a Code of Conduct for its Executive and Non – Executive Directors and all Non –Executive Directors have affirmed compliance with the said code. All the Senior Management of the Company has affirmed compliance with the Choice Code of Conduct. The Code of Conduct is also displayed on the Company's website. The Annual Report of the Company contains a Certificate duly signed by the Managing Director (CEO) in this regard.
8. The Board constantly evaluates the contribution of its members and recommends to shareholders their re-appointment periodically as per the provisions of the Companies Act, 1956. Executive Director is to be appointed by the shareholders for a maximum period of upto five years at a time, but is eligible for re-appointment upon completion of his term. Non- executive Director does not have a specified term, but retire by rotation as per law.
- Mr. Ajay Kejriwal, Mrs. Hemlata Poddar, Mr. Manak Chand Daga, Mr. Brij Mohan Agarwal retires by rotation and being eligible seeks re-appointment at the ensuing Annual general Meeting. The details of Directors seeking appointment/re-appointment have been attached along with the Notice of the Annual general Meeting.
9. Other than transactions entered into in the normal course of business, the Company has entered into any materially significant related party transactions during the year, which do not have a potential conflict of interest between the Company and its Promoters, Directors, Management and /or relatives.
10. The Company has a well defined risk management framework in place. The risk Management framework adopted by the Company is discussed in the Management Discussion and Analysis chapter of this Annul Report. The Board assesses the risk and the procedures being followed by the Company and steps taken by it to mitigate these risks.



## Board Committees

Your Company has three major Board level Committees:

- i. Audit Committee
- ii. Remuneration Committee
- iii. Shareholders/Investor Grievance Committee

All the decisions pertaining to the constitution of the Committees, appointment of members and fixing of terms of reference for the Committee is taken by the Board of Directors. Details on the role and composition of these Committees, including the number of meetings held during the financial year and the attendance of the members at these meetings, are provided below:

### I. Audit Committee

The Audit Committee was constituted by the Board of Directors of the company, in accordance with Section 292A of the Companies Act, 1956. The Audit Committee was reconstituted by the Board of Directors on January 30, 2010. The Committee comprises of:-

Mr. Brij Mohan Agarwal - Chairman

Dr. Satish Kulhari - Member

Mr. Kamal Poddar- Member

Mr. Mahavir Prasad Toshniwal, the Company Secretary is the Secretary to the Committee. All the members of the Audit Committee possess strong accounting and financial management expertise.

The terms of reference of this Committee are very wide. It is empowered to review Financial Statements and investments of unlisted subsidiary companies, management discussion and analysis, material individual transactions with related parties not in normal course of business or which are not on an arm's length basis. Generally all items listed in Clause 49II D of the Listing Agreement are covered in the terms of reference. The Audit Committee has been granted powers as prescribed under Clause 49 II C.

The Committee had 4 meetings during the period April 30, 2009, July 30, 2009, August 25, 2009 and January 30, 2010.

Names of Directors	No of Audit Committee Meetings	
	Held	Attended
Mr. Mukesh Agarwal**	4	3
Mrs Sujata Chattopdhyay**	4	4
Mr. Kamal Poddar	4	4
Mr. Brij Mohan Agarwal <sup>1</sup>	4	1
Dr. Satish Chandra Kulhari <sup>1</sup>	4	1

\*\* Mr. Mukesh Agarwal, Mrs. Sujata Chattopdhyay, Mr. Govind Patodia and Mr. Arihant Pamecha have resigned from the Board with effect from October 30, 2009, January 30, 2010, January 30, 2010 and March 26, 2010 respectively.

1. Appointed as the member on January 30, 2010.

**Remuneration Committee**

The Remuneration Committee comprises of three non-executive Directors as members viz: Mrs. Hemlata Poddar, Mr. B.M. Agarwal and Dr. Satish Kulhari.

Meetings held

During the financial year 2009-10, one meeting was held on August 25, 2009.

**Attendance:**

Names of Directors	No of Remuneration Committee Meetings	
	Held	Attended
Mr. Mukesh Agarwal**	1	1
Mrs Sujata Chattopdhyay**	1	1
Mrs. Hemlata Poddar <sup>1</sup>	1	0
Mr. Brij Mohan Agarwal <sup>1</sup>	1	0
Dr. Satish Chandra Kulhari <sup>1</sup>	1	0

\*\* Mr. Mukesh Agarwal, Mrs. Sujata Chattopdhyay, Mr. Govind Patodia and Mr. Arihant Pamecha have resigned from the Board with effect from October 30, 2009, January 30, 2010, January 30, 2010 and March 26, 2010 respectively.

1. Appointed as the member on January 30, 2010.

The terms of reference of the Remuneration Committee include formulating policies on specific remuneration packages for all the directors and designing and implementation of performance appraisal systems and discretionary performance bonus payments for them and such other functions as may be delegated to it by the Board of Directors.

**Remuneration to Directors:**

The detail of the remuneration paid to the Directors during the year is as under:

Name of Director	Salary & Perquisites
Mr. Kamal Poddar	Rs 600000
Mrs Hemlata Poddar	Rs 125000

Salary and Perquisite paid to Hemlata Poddar for the employment prior to appointment as the Director of the company.

There is no sitting fees and commission paid to the non executive directors for the period under review.

**The Shares Held by the Non Executive Directors as on March 31, 2010 is as under:**

Name of Director	No of Shares
Mrs Hemlata Poddar	100000
Dr. Satish Chandra Kulhari	Nil
Mr. Brij Mohan Agarwal	Nil
Mr. Manak Chand Daga	Nil



## Shareholders/Investor Grievance Committee

The Shareholders' Committee was constituted by the Board of Directors by the company and was later reconstituted on January 30, 2010.

The terms of reference of the Shareholders' committee are to be specifically look into the redressal of shareholders' and investors' complaints to transfer of shares, non- receipt of balance sheet, non –receipt of dividends. etc.

The Shareholders' Committee now comprises the following Directors (All Non – Executive)

Mrs. Hemlata Poddar - Chairman

Dr. Satish Chandra Kulhari- Member

Mr. Mahavir Prasad Toshniwal, the Company Secretary is the Secretary to the Committee.

During the financial year 2009-10, one meeting of the Committee was held on August 25, 2009.

### Name and Designation of Compliance Officer:

Ms. Mahavir Prasad Toshniwal, Company Secretary & Compliance Officer

### Status Report of Investor Complaints for the year ended March 31, 2010.

No of Complaints Received - 02

No of Complaints Resolved - 02

No of Complaints Pending - Nil

All valid requests for share transfer received during the year have been acted upon and no such transfer is pending.

### General Body Meetings

i. The details of the Annual General Meetings held in the past three years and the special resolutions passed thereat are as follows:

Year	Date & Venue	Time	Special Resolution passed
2006-07	August 31, 2007 Kailash Parbat, 7A/8A, A wing Crystal Plaza, New link Road, Andheri (W), Mumbai - 400053	10.00 hrs	1. Appointment of Mr. Hansraj Goyal as Managing Director 2. Re-issue of forfeited shares to persons other than the existing shareholders.
2007-08	September 22, 2008 Kailash Parbat, 7A/8A, A wing Crystal Plaza, New link Road, Andheri (W), Mumbai - 400053	11.00 hrs	Nil
2008-09	September 30, 2009 Sahara Star, Domestic Airport, Vile Parle (East Mumbai - 400 099)	11.00 hrs	Nil



- ii. There was an Extra Ordinary General Meeting of the Shareholders held on May 18, 2009 and the special resolutions were passed for a) Increase in the Authorized share capital, b) Alteration of the Memorandum of Association, c) Alteration of the Articles of Association, d) Further issuance of Securities.

### iii. Postal Ballot

One Special resolution and two ordinary resolutions were passed on April 27, 2010 through the postal ballot, pursuant to Section 192A of the Companies Act, 1956 read with the Companies (Passing of Resolution by Postal Ballot) Rules, 2001, in respect of the following items of business:

1. Ordinary resolution for increase in the Borrowing Limits of the Company, pursuant to section 293(1)(d) of the Companies Act, 1956.
2. Ordinary resolution to create charge and /or mortgage the movable /immovable properties of the company, pursuant to section 293(1) (a) of the Companies Act, 1956.
3. Special resolution for inter corporate loans and investments and guarantee or security in excess of the prescribed limits.

Ms. Suman Surekha was appointed as the Scrutinizer to conduct the Postal Ballot Process.

The notice dated March 19, 2010 was sent to the members and the last date for receipt of postal ballot April 24, 2010. According to the Scrutinizers' report the Resolutions were passed by requisite majority. The result of the postal ballot was declared on April 27, 2010 and has been published in the newspapers in due course for the information of members.

### Disclosures:

- (A) The Company did not have any material significant related party transaction having a potential conflict with the interest of the Company at large. Transactions with related parties are disclosed in the Notes to the accounts forming part of the Annual Report.
- (B) The financial statements have been prepared in accordance with the accounting standards and policies generally accepted in India.
- © The Company has implemented the mandatory requirements of Corporate Governance as set out in the Listing Agreement. In respect of compliance with the non- mandatory requirements, the Company has consulted a Remuneration Committee, the details whereof are given under the heading "Remuneration Committee". The quarterly and half yearly financial results are displayed on the Company's website and are published in the newspapers.
- (D) As required by Clause 49 of the Listing Agreement, a certificate from Auditor certifying the compliance by the Company with the provisions of Corporate Governance of the Listing Agreement is given as at the beginning of this Report.

### Secretarial Audit

A qualified practicing Company Secretary carried out a secretarial audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL) and the total issued and listed capital. The audit confirms that the total issued/paid up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held by the NSDL and CDSL.



### Means of Communication:

- i. The quarterly un-audited financial results are published in leading English and Vernacular newspapers. The half yearly report is not sent separately to the Shareholders. Annual Reports are sent to the shareholders at their registered address with the company and also put up on Company's website [www.choiceindia.com](http://www.choiceindia.com)
- ii. The Management Discussion and Analysis Report, in compliance with the requirements of Clause 49 of the Listing Agreement is annexed to the Directors' Report and forms part of this Annual Report being sent to all the members of the Company. All matters pertaining to industry structure and developments, opportunities and threats, segment/product wise performance, outlook, risks and concerns, internal control and systems, etc. are discussed in the said report.
- iii. The Company's website is a comprehensive reference on Choice International's management, vision, mission, policies, corporate governance, corporate sustainability, investor relations, sales network, updates and news. The section on 'Investor Relations' serves to inform the shareholders, by giving complete financial details, shareholding patterns, corporate benefits, information relating to stock exchanges, registrars and share transfer agents.
- iv. The consolidated financial statements of the Company and its subsidiaries form part of this Annual Report

### Subsidiary Company

The Company does not have a 'material non-listed subsidiary' as defined in Clause 49 of the Listing Agreement. Currently, the company has seven subsidiaries under its umbrella. The subsidiary companies have not commenced its operations as yet.

However, the Audit Committee of the Company has reviewed the financial statements and investments of the subsidiaries. The minutes of the Board Meetings of the subsidiary have been placed before the Board of the Company.

### Management Discussion and Analysis

Annual report has a detailed chapter on Management Discussion and Analysis.



## Shareholder Information

### 1. Annual General Meeting

-Date and Time

:**July 30,2010, 11.00 am**

-Venue

:Ambassador Hotel, Veer Narman Road, Churchgate  
Mumbai - 400020,

### 2. Financial Calender (Tentative)

-Financial reporting for the quarter ending June 30,2010

: 2<sup>nd</sup> week of August, 2010

-Financial reporting for the half year ending September 30,2010

: 2<sup>nd</sup> week of November, 2010

-Financial reporting for the quarter ending December 31,2010

: 2<sup>nd</sup> week of February,2011

-Financial reporting for the year ending March 31,2011

: 2<sup>nd</sup> week of May, 2011

-Annual General Meeting for the year ended March 31,2011

: July 30,2011

### 3. Dates of Book Closure

:July 28,2010 to July 30,2010 (both days inclusive)

### 4. Dividend Payment Date

:September 03,2010

### 5. Registered Office

: 202, Chartered House ,  
Dr. C. H. Street,  
Marine Lines,  
Mumbai – 400 002  
Tel: (91-22) 4355 2100  
Fax:(91-22) 2206 8600  
Email : info@choiceindia.com  
Website: www.choiceindia.com

### 6. Listing on Stock Exchanges

: Bombay Stock Exchange Limited

### 7. Stock Code

: Bombay Stock Exchange Limited – 531358

### 9. Payment of Annual Listing fees

: Listing fees for the financial year 2010-11 has been paid to  
the Bombay Stock Exchange Limited.

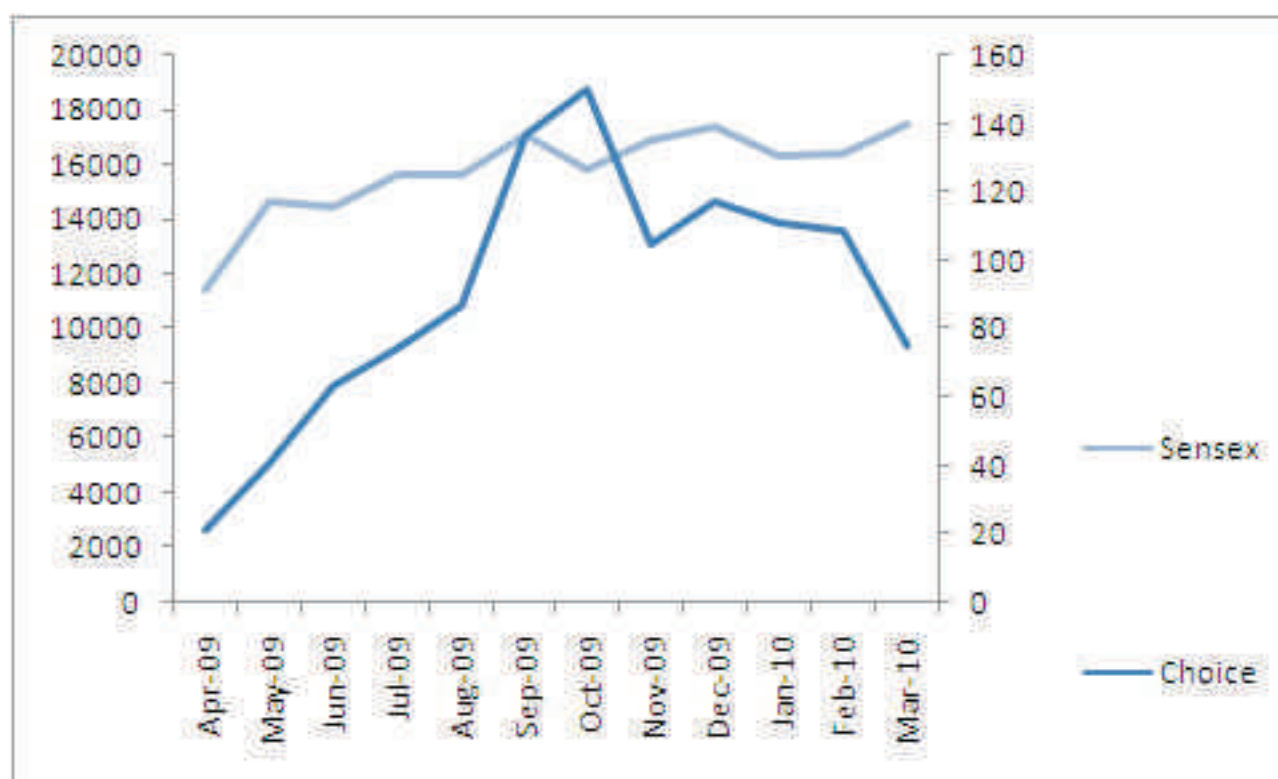




**Market Price Data: High /Low of daily closing market price of the Company's shares traded at BSE during each month during the financial year ended March 31, 2010 are as under:**

#### Share Price & Volume

Month	High	Low	ClosePrice	Trade Quantity	Sensex
April-2009	21.70	12.51	21.29	118004	11403.25
May-2009	40.80	20.30	40.80	470954	14625.25
June-2009	68.50	41.50	63.50	398936	14493.84
July-2009	76.00	52.40	74.50	282444	15670.31
Aug-2009	87.10	68.00	86.90	315505	15666.64
Sep-2009	139.40	81.80	137.10	259154	17126.84
Oct-2009	159.45	126.05	150.25	268383	15896.28
Novr-2009	156.80	102.30	105.25	398356	16926.22
Dec-2009	121.95	104.50	117.35	374667	17464.81
Jan-2010	129.35	105.00	111.00	362596	16357.96
Feb-2010	118.80	107.10	108.80	351986	16429.55
March-2010	160.00	74.75	74.85	1596417	17527.77





## Distribution of Shareholding as on March 31, 2010

Number of Shares	Number of Shareholders	% to total No of Shareholders	Share Amount (in Rs)	% to total share capital
1-100	449	40.45	30067	0.46
101-200	127	11.44	23118	0.36
201-500	221	19.91	87360	1.34
501-1000	105	09.46	85438	1.31
1001-5000	111	10.00	250581	3.85
5001-10000	23	2.07	192602	2.96
10000-100000	63	5.68	2961663	45.53
100001 to Above	11	0.99	2873971	44.18
Total	1110	100.00	6504800	100.00

## Categories of Shareholders as on March 31, 2010

Sr.No	Description	No.of Shares (as at 31 <sup>st</sup> March,2010)	% to Capital
1	Promoters & Promoters Group	1753927	26.96
5	Bodies Corporate	1285570	19.76
6	Public	3465303	53.27
	Total	6,504,800	100

**Registrar and Transfer Agent:**

Sharex Dynamic (India) Private Limited  
Unit-I, Luthra Industrial Premises,  
Andheri Kurla Road,  
Safed Pool, Andheri (East),  
Mumbai – 400 072  
Tel: 022 2851 5606/44  
Website : www.sharexindia.com

**Dematerialization of Shares and liquidity:**

AS on March 31, 2010, 83.33% of the i.e.5,421,100 shares of the company were held in dematerialized form and 16.67% comprising 1,083,700 shares were held in physical form. Choice International's shares are listed at Bombay Stock Exchange Limited and are being traded actively.

**Plant Location:**

The Company is in the business of providing financial services, it does not have any manufacturing plants.

**Address for Correspondence**

Shareholders may correspond with the Registrar and Transfer Agent, at the address mentioned here in above on all matters relating to transfer of shares and credit of shares in Demat Account.

Members may contact Mr. Mahavir Toshniwal, Company Secretary and Compliance Officer for all investor related matters at the registered office of the company at the following address:

Choice International Limited  
202, Chartered House,  
Dr.C.H.Street, Marine Lines,  
Mumbai – 400 002

Tel : +91 022 43552100

Fax No: +91 022 2206 8600

**For and on behalf of the Board**

Kamal Poddar  
Managing Director

Mumbai, May 29, 2010



## Chief Executive Officer's Certification

I, Kamal Poddar, Managing Director & Chief Executive Officer, responsible for the finance function certified that:

- a. I have reviewed the financial statements & cash flow statement for the year ended March 31, 2010 and to best of my knowledge and belief:
  - i. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii. These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulation.
  
- b. To the best of our knowledge and belief, no transactions entered into by the company during the year ended March 31, 2010 are fraudulent, illegal or violative of the company's code of conduct.
  
- c. I accept the responsibility for establishing and maintaining internal controls for financial reporting and I have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting. Deficiencies in the design or operation of such internal controls, if any, of which I am aware have been disclosed to the auditors and the Audit Committee and the steps have been taken to rectify these deficiencies.
  
- d.
  - i. There not have been any significant change in internal control over financial reporting during the year under reference;
  - ii. There has not been any significant change in accounting policies during the year except as laid down in Accounting Standards (AS) 15 (revised 2005) or Employee Benefits, requiring disclosures in the notes to the financial statements; and
  - iii. I am not aware of any instances during the year of significant fraud with involvement therein of the management or any employee having a significant role in Company's internal control system over financial reporting.

Kamal Poddar  
Managing Director

Mumbai, May 29, 2010



# Auditors Report to the Stakeholders

To,  
**The Stakeholders of**  
**Choice International Limited.**  
**Mumbai.**

1. We have audited the attached Balance Sheet as at 31st March, 2010 and also the Profit and Loss Account and Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government in terms of section 227 (4A) of the Companies Act, 1956, we enclose in the annexure a statement, on the matter specified in paragraphs 4 & 5 of the said order.
4. Further to our comments in the Annexure referred to in above, we report that :
  - (a) We have obtained all the information and explanations which to the best of our knowledge belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appear from our examination of the books of the Company.
  - (c) The Balance Sheet and Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with books of accounts.
  - (d) In our opinion the Profit & Loss Account & the Balance Sheet and Cash Flow Statement dealt by this report comply with the Accounting Standards referred to in Section 211 3© of the Companies Act, 1956.
  - (e) On the basis of the written representation received from the directors and taken on record By the board, we report that none of the Directors of the Company is disqualified as on 31<sup>st</sup> March 2010, from being appointed as a Director in the terms of the clause (g) of sub-clause (1) of section 274 of Companies Act, 1956.
  - (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements, read together with the accounting policies and other notes given in Schedule "R" give the information required by Companies Act, 1956 in the manner so required and present a true and fair view in conformity with the accounting principles generally accepted in India :
    - i) In the case of Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March 2010,
    - ii) In the case of Profit and Loss Account, of the Profit for the year ended on that date and
    - iii) In the case of Cash Flow Statement, of the Cash Flows for the year ended on that date.

**For Gupta Shyam & Company**

**Chartered Accountants**  
**F.R. No. 10345000**

**Shyamsunder Gupta**  
**( Proprietor )**  
**Membership No 038484**

**Mumbai, May 29, 2010**



## ANNEXURE TO THE AUDITOR'S REPORT

(\*Referred to in Paragraph (3) of our report of even date on the accounts of **CHOICE INTERNATIONAL LIMITED** for the year ended March 31, 2010)

- I. a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets, subject to the updating of the current year addition.
- b) As per the information given to us the fixed assets have been physically verified by the management during the year. In our opinion the frequency of verification is reasonable having regard to the size of the company and the nature of its assets.
- c) During the year, in our opinion, no substantial part of fixed assets has been disposed off by the company.
- ii. a) The stock in trade of shares and securities held in the physical format has been physically verified and those held in the dematerialized format have been verified from the relevant statement received from the depository, during the year, by the management. In our opinion, having regard to the nature of stocks, the frequency of the verification is reasonable.
- b) In our opinion and according to the information given to us, the procedure of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
- c) In our opinion the Company is maintaining proper records of Stock in trade of Shares and Securities The discrepancies noticed on verification between physical stocks and those held in the dematerialized format with the book/ records were not material.
- iii. (a) The company has accepted unsecured loan of Rs.23.00 lacs from two parties listed in register maintained under Section 301 of the Companies Act, 1956 during the year .The maximum amount of loan involved from such parties was Rs.23.00 lacs and year end balance was Rs.18.00 lacs.
- (b) In respect of loan taken terms & conditions are not prime-facie prejudicial to the interest of the company
- (c) As informed by management that there is no stipulation regarding the payment therefore, the amount can not be treated as overdue.
- (d) The Company has not granted unsecured loan to the parties listed in the register maintained under section 301 of the companies Act, 1956.
- iv In our opinion and according to the information and explanations given to us, there are internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of shares and securities , fixed assets and with regard to sale of shares and securities . During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control.
- v) (a) In our opinion and according to the information and explanations given to us, the transactions that need to be entered into the register maintained under section 301 of the Act have been so entered.

- (b) In our opinion and according to the information and explanations given to us, these contract and arrangement have been made at prices, which are reasonable having regard to the prevailing market prices, for such goods, materials or services at the relevant time. However, wherever no similar transaction taken place during the year with other parties, we are unable to comment whether the same is on prevailing prices or not
- vi) 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 there under.
- vii) In our opinion and as per the information given to us, the company does not have a formal internal audit system, however it has adequate internal control system in commensurate with its size and nature of its business.
- xiii) As per the information and explanation given to us, Central Government has not prescribed maintenance of cost records under clause (d) of Section 209 of the Companies Act, 1956.
- ix. (a) The company is regular in depositing with appropriate authorities undisputed statutory dues including income tax, sales tax and other statutory dues applicable to it. According to the information and explanations given to us, no undisputed amount in respect of aforesaid statutory dues were outstanding as at 31<sup>st</sup> March, 2010 for the period of more than six months from the date they became payable.
- b) According to the Information and explanation given to us by the management and the records of company examined by us there were no disputed statutory dues outstanding as at 31<sup>st</sup> March, 2010.
- x. As per the record examined by us, the company do not have accumulated losses at the end of the financial year and it has not incurred cash losses during the current and in the immediately preceding financial year.
- xi. Company has availed a overdraft facility against the lien of its own fixed deposits with the bank. During the year the company has not defaulted in repayments od its due in this regard.
- xii. According to the information and explanation given and based on documents produced before us, the company has not granted loans and advances on the security by way of pledge of shares, debentures or any other securities
- xiii. In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund/ society. Therefore, the paragraph 4 (xiii) of the Company (Auditor's Report) Order, 2003 are not applicable to the company.
- xiv. In our opinion the Company has maintained proper records of transactions and contracts in respect of dealing and trading in shares, securities, debentures and other investments during the year and timely entries have been generally made therein. All shares, debentures and other investments have been held by the Company in its own name subject to the provision of the section 49 of the Companies Act, 1956.
- xv. According to the information and the management representation given to us, the company has not given any guarantee for the loans taken by other parties from banks or Financial Institutions during the year.
- xvi. The company have not taken any term loan, hence no outstanding balance at the end of the year.
- xvii. On examination of records , funds raised for short term basis have not been utilized for long term purpose.



- xviii. The company has made a preferential allotment of 5,50,000 equity shares to the five (5) parties or companies listed in the register maintained under section 301 of the Companies Act, 1956.
  
- xix. The company has not issued any secured debenture during the year under review.
  
- xx. The Company has not raised any money by way of public issue during the year; therefore paragraph 4(xx) of the Order is not applicable
  
- xxi. According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

**For Gupta Shyam & Company**  
**Chartered Accountants**  
**F.r.No. 103450w**

**Shyamsunder Gupta**  
**( Proprietor )**  
**M.N. 038484**  
**Mumbai Man29, 2010,**





# Balance Sheet As At 31st March 2010

(Figures in Rupees)

Particulars	Schedules	March 31, 2010		March 31, 2009	
<b>SOURCES OF FUNDS:</b>					
<b>Shareholders' Funds</b>					
Share Capital	A	65,048,000		40,048,000	
Reserves & Surplus	B	37,670,287	102,718,287	2,174,609	42,222,609
<b>Loan Funds</b>					
Secured Loans		0		0	
Unsecured Loans	C	1,800,000	1,800,000	0	0
<b>Deferred Tax Liability</b>					
			3,006,395		372,763
<b>Total</b>			<b>107,524,682</b>		<b>42,595,372</b>
<b>APPLICATION OF FUNDS:</b>					
<b>Fixed Assets</b>					
Gross Block	D	30,258,700		4,642,387	
Less : Depreciation		4,121,577		1,176,764	
Net Block			26,137,123		3,465,623
<b>Investments</b>					
Current Assets, Loans & Advances -	E		53,836,985		7,501,000
Inventories	F	4,349,394		2,500,000	
Sundry Debtors	G	18,070,174		24,544	
Cash & Bank Balances	H	6,163,519		11,208,229	
Other Current Assets	I	8,250,000		0	
Loans & Advances	J	3,163,569	39,996,656	18,743,854	32,476,627
Less : Current Liabilities & Provisions -					
Current Liabilities	K	5,134,775		86,849	
Provisions	L	7,311,307	12,446,082	761,029	847,878
<b>Net Current Assets</b>			<b>27,550,574</b>		<b>31,628,749</b>
<b>Miscellaneous Expenditure</b>					
(to the extent not written off or adjusted)			0		0
<b>Total</b>			<b>107,524,682</b>		<b>42,595,372</b>

Significant Accounting Policies &amp; Notes to Accounts as per Schedule - R

As per our report of even date attached.

For **Gupta Shyam & Co.**  
**Chartered Accountants**  
**F.R.No.103450W**

**Shyamsunder Gupta**  
 Proprietor  
 Membership No.038484

Place : Mumbai

Date : May 29, 2010

By and On behalf of Board of Directors

**Kamal Poddar**  
 Managing Director

**Ajay Kejriwal**  
 Director

**Mahavir Toshniwal**  
 Company Secretary



## Profit & Loss Account for the year ended on 31st March 2010

(Figures in Rupees)

Particulars	Schedules	March 31, 2010	March 31, 2009
<b>INCOME</b>			
Income from operations	M	345,491,366	18,428,752
Other income	N	1,492,095	420,507
<b>Total</b>		<b>346,983,461</b>	<b>18,849,259</b>
<b>EXPENDITURE</b>			
Operating expenses	O	250,137,400	6,419,797
(Increase)/Decrease in inventories		(1,849,394)	8,709,983
Personnel expenses	P	19,765,139	973,644
Administrative & other expenses	Q	35,358,371	235,562
Depreciation	D	2,944,813	449,740
Interest expenses		681,177	34,847
<b>Total</b>		<b>307,037,506</b>	<b>16,823,573</b>
<b>Profit/(Loss) before tax provision</b>		<b>39,945,955</b>	<b>2,025,686</b>
Provision for tax -			
Current Tax		10,500,000	205,257
Deferred Tax		2,633,632	372,763
Fringe Benefit Tax		0	6,240
<b>Profit/(Loss) after tax provision</b>		<b>26,812,323</b>	<b>1,441,426</b>
Profit/(Loss) brought forward		87,809	(592,588)
Short provision of taxes in earlier years		11,500	0
Appropriations -			
Transfer to statutory reserve		5,400,000	0
Proposed Dividend		3,252,400	650,480
Dividend distribution tax on proposed dividend		552,745	110,549
<b>Profit/(Loss) carried forward</b>		<b>17,683,487</b>	<b>87,809</b>
Basic Earning Per Share		4.39	0.36
Diluted Earning Per Share		4.39	0.36

Significant Accounting Policies &amp; Notes to Accounts as per Schedule - R

As per our report of even date attached.

For **Gupta Shyam & Co.**  
**Chartered Accountants**  
**F.R.No.103450W**

**Shyamsunder Gupta**  
 Proprietor, Membership No.038484  
 Mumbai, May 29, 2010

By and On behalf of Board of Directors

**Kamal Poddar**  
 Managing Director

**Ajay Kejriwal**  
 Director

**Mahavir Toshniwal**  
 Company Secretary



# Cash Flow Statement for the year ended on 31st March 2010

(Figures in Rupees)

Particulars	March 31, 2010	March 31, 2009
<b>Cash flows from operating activities</b>		
Net profit/(loss) before taxation and extraordinary item	39,945,955	2,025,686
<u>Adjustments for:</u>		
Depreciation	2,944,813	449,740
Interest expense	681,177	34,847
Profit on sale of investment	(750,000)	0
Interest income	(726,495)	(387,603)
<i>Operating profit before working capital changes</i>	42,095,450	2,122,670
(Increase)/Decrease in receivable, deposit & advance	(18,461,306)	3,439,507
(Increase)/Decrease in inventories	(1,849,394)	8,709,983
Income taxes paid	(6,714,354)	0
Increase/(Decrease) in current liabilities	4,764,943	(78,862)
	<b>19,835,339</b>	<b>14,193,298</b>
<b>Cash flows from investing activities</b>		
Interest received	188,596	266,454
Proceeds from loans received back	15,992,870	0
Investments in an associate	(7,036,985)	0
Investments in subsidiaries	(46,800,000)	0
Sale/(Purchase) of investments in shares	1,000	(7,500,000)
Purchase of fixed assets	(25,616,313)	(3,288,473)
	<b>(63,270,832)</b>	<b>(10,522,019)</b>
<b>Cash flows from financing activities</b>		
Interest paid	(681,177)	(34,847)
Dividend & dividend distribution tax paid	(761,029)	0
Proceeds from borrowings	1,800,000	0
Proceeds from issuance of share capital	37,500,000	0
	<b>37,857,794</b>	<b>(34,847)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(5,577,699)</b>	<b>3,636,432</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>11,087,080</b>	<b>7,450,648</b>
<b>Cash and cash equivalents at end of period</b>	<b>5,509,381</b>	<b>11,087,080</b>

As per our report of even date attached.

For **Gupta Shyam & Co.**  
**Chartered Accountants**  
**F.R.No.103450W**

**Shyamsunder Gupta**  
Proprietor, Membership No.038484  
Mumbai, May 29, 2010

By and On behalf of Board of Directors

**Kamal Poddar**  
Managing Director

**Ajay Kejriwal**  
Director

**Mahavir Toshniwal**  
Company Secretary



## Schedules forming part of financial statements

(Figures in Rupees)

Particulars	March 31, 2010	March 31, 2009
<b>Schedules 'A' : Share Capital</b>		
<b>Authorised</b>		
6,600,000 (P.Y. 4,100,000) Equity Shares of Rs.10/- each	66,000,000	41,000,000
	<b>66,000,000</b>	<b>41,000,000</b>
<b>Issued, Subscribed and Paid-up</b>		
6,504,800 (P.Y. 4,004,800) equity shares of Rs.10/- each fully paid-up	65,048,000	40,048,000
<b>Total</b>	<b>65,048,000</b>	<b>40,048,000</b>
<b>Schedules 'B' : Reserves &amp; Surplus</b>		
<b>Statutory reserve</b>		
Opening Balance	0	0
Additions during the year	5,400,000	0
	<b>5,400,000</b>	<b>0</b>
<b>Securities Premium</b>		
Opening Balance	1,217,300	1,217,300
Additions during the year	12,500,000	0
	<b>13,717,300</b>	<b>1,217,300</b>
Capital reserves	<b>869,500</b>	869,500
Profit & loss account	<b>17,683,487</b>	87,809
<b>Total</b>	<b>37,670,287</b>	<b>2,174,609</b>
<b>Schedules 'C' : Unsecured Loans</b>		
Loan from subsidiary	1,800,000	0
<b>Total</b>	<b>1,800,000</b>	<b>0</b>
<b>Schedules 'E' : Investments</b>		
<b>Long Term Investments</b>		
<b>Quoted investments in equity shares fully paid-up</b>		
1,557,850 shares of Rs.10/- each of Zenu Infotech Ltd. (Market Value - Rs.51,019,588/-, P.Y. - NIL)	7,036,985	0
<b>Unquoted investments in equity shares fully paid-up</b>		
NIL (P.Y.15,000 shares of Rs.10/- each of Mangala Is. (Jp.) Ltd.)	0	7,500,000
NIL (P.Y.100 shares of Rs.10/- each Bharat Co-op. Bank Ltd.)	0	1,000
<b>Unquoted investments in subsidiary companies fully paid-up shares</b>		
3,040,000 equity shares of Rs.10/- each Choice Equity Broking P. Ltd.	30,400,000	0
1,000,000 equity shares of Rs.10/- each Choice Merch. Brok. P. Ltd.	10,000,000	0
500,000 equity shares of Rs.10/- each Choice Insurance Brok. P. Ltd.	5,000,000	0
110,000 equity shares of Rs.10/- each Choice Realty P. Ltd.	1,100,000	0
10,000 equity shares of Rs.10/- each Choice Capital Advisors P. Ltd.	100,000	0
10,000 equity shares of Rs.10/- each Choice Business Serv. P. Ltd.	100,000	0
10,000 equity shares of Rs.10/- each Choice Wealth Mgmt. P. Ltd.	100,000	0
<b>Total</b>	<b>53,836,985</b>	<b>7,501,000</b>

**Schedule - D - Fixed Assets & Depreciation**

(Figures in Rupees)

Particulars	Dep. Rate (S.L.M.)	Gross Block		Additions		Deductions		As on		Depreciation		Deductio ns		As on		Net Block	
		As on April 1, 2009	As on March 31, 2010	As on April 1, 2009	As on March 31, 2010	As on April 1, 2009	As on March 31, 2010	As on April 1, 2009	As on March 31, 2010	As on April 1, 2009	As on March 31, 2010	As on March 31, 2010	As on March 31, 2010	As on March 31, 2010	As on March 31, 2010	As on March 31, 2010	As on March 31, 2010
<b>Freehold Land</b>	0%	0	6,377,910	0	6,377,910	0	0	0	0	0	0	0	0	0	0	6,377,910	0
<b>Office Equipments</b>	4.75%	995,034	87,724	0	1,082,758	254,116	50,199	0	304,315	778,443	740,918						
<b>Computers &amp; Softwares</b>	16.21%	2,286,770	19,111,716	0	21,398,486	572,878	2,807,367	0	3,380,245	18,018,241	1,713,892						
<b>Furniture &amp; Fixtures</b>	6.33%	1,360,583	38,963	0	1,399,546	349,770	87,247	0	437,017	962,529	1,010,813						
<b>Total</b>		<b>4,642,387</b>	<b>25,616,313</b>	<b>0</b>	<b>30,258,700</b>	<b>1,176,764</b>	<b>2,944,813</b>	<b>0</b>	<b>4,121,577</b>	<b>26,137,123</b>	<b>3,465,623</b>						
<b>Previous Year</b>		<b>1,352,687</b>	<b>3,289,700</b>	<b>0</b>	<b>4,642,387</b>	<b>727,024</b>	<b>449,740</b>	<b>0</b>	<b>1,176,764</b>	<b>3,465,623</b>	<b>625,663</b>						



(Figures in Rupees)

Particulars	March 31, 2010	March 31, 2009
<b>Schedules 'F' : Inventories</b>		
<b>Shares &amp; Securities</b> (Market Value - Rs.5,875,035/-, P.Y. Rs.2,500,000/-)	4,349,394	2,500,000
<b>Total</b>	<b>4,349,394</b>	<b>2,500,000</b>
<b>Schedules 'G' : Sundry debtors</b> (Unsecured, considered good)		
Dues outstanding for the period in excess of six months	0	0
Other outstanding debts	18,070,174	24,544
<b>Total</b>	<b>65,048,000</b>	<b>24,544</b>
<b>Schedules 'H' : Cash &amp; bank balances</b>		
Balance with scheduled banks-		
'- in fixed deposit accounts*	6,654,138	5,621,149
'- in current accounts*	(674,909)	5,256,847
Cash on Hand	184,290	330,233
<b>Total</b>	<b>6,163,519</b>	<b>11,208,229</b>
1) Fixed deposit of Rs.5,500,000/- is mortgaged against overdraft facility (P.Y. Rs.5,500,000/-)		
2) Fixed deposit includes accrued interest of Rs.654,138/- (P.Y. Rs.121,149/-)		
3) Current accounts includes debit balance in overdraft account of Rs.8,712/- (P.Y. - NIL)		
4) Current accounts shows credit balance due to cheques overdrawn.		
<b>Schedules 'I' : Other current assets</b>		
Other receivables	8,250,000	0
<b>Total</b>	<b>8,250,000</b>	<b>0</b>
<b>Schedules 'J' : Loans &amp; advances</b>		
Sundry loans (Unsecured, considered good)	20,75,000	18,067,870
Advances recoverable in cash or for value to be received	683,569	675,984
Sundry deposits	405,000	0
<b>Total</b>	<b>3,163,569</b>	<b>18,743,854</b>



(Figures in Rupees)

Particulars	March 31, 2010	March 31, 2009
<b>Schedules 'K' : Current liabilities</b>		
Sundry Creditors -		
'- due to micro and small enterprises	0	0
'- due to others	1,203,472	39,748
Other Liabilities	3,480,838	47,101
Advance from customers	450,465	0
<b>Total</b>	<b>5,134,775</b>	<b>86,849</b>
<b>Schedules 'L' : Provisions</b>		
Income tax (net of advance taxes)	3,121,162	0
Proposed dividend	3,252,400	650,480
Dividend distribution tax	552,745	110,549
Other provisions	385,000	0
<b>Total</b>	<b>7,311,307</b>	<b>761,029</b>
<b>Schedules 'M' : Income from operations</b>		
Sale of shares & securities	235,997,305	16,776,715
Consultancy & professional fees (TDS - 7,003,407/-, P.Y.- 37,885/-)	80,905,995	383,560
Income from derivatives business (net)	28,588,066	0
Interest on loans (TDS C.Y.- NIL, P.Y.- 205,482/-)	0	1,268,477
<b>Total</b>	<b>345,491,366</b>	<b>18,428,752</b>
<b>Schedules 'N' : Other income</b>		
Interest income (TDS C.Y.- 62,596/-, P.Y.- 61,659/-)	726,495	387,603
Dividend	15,600	32,904
Profit on sale of investment	750,000	0
<b>Total</b>	<b>1,492,095</b>	<b>420,507</b>
<b>Schedules 'O' : Operating expenses</b>		
Purchase of shares & securities	233,117,400	6,419,797
Service charges	13,275,000	0
Equity research charges	3,745,000	0
<b>Total</b>	<b>250,137,400</b>	<b>6,419,797</b>



(Figures in Rupees)

Particulars	March 31, 2010	March 31, 2009
<b>Schedules 'P' : Personnel expenses</b>		
Salaries & perquisites	19,404,084	958,716
Staff welfare expenses	361,055	14,928
<b>Total</b>	<b>19,765,139</b>	<b>973,644</b>
<b>Schedules 'Q' : Administrative &amp; other expenses</b>		
Auditors Remuneration (net of service tax)	145,750	40,500
Legal & professional fees	4,118,431	16,084
Conference & meeting expenses	3,295,000	0
Books & periodicals	865,177	4,350
Computer expenses	2,676,899	0
Donation	510,100	0
Electricity charges	326,493	0
General expenses	742,640	22,471
Bank charges	8,072	2,442
Postage & courier expenses	652,690	9,265
Printing & stationery	5,936,006	28,348
Rent & rates	707,500	0
Repairs & maintenance	1,720,742	11,313
Security charges	78,000	8,400
Telephone & internet expenses	711,233	6,659
Conveyance expenses	2,357,958	13,437
Traveling expenses	2,370,857	16,745
Business promotion expenses	1,675,838	42,419
Marketing & advertisement expenses	6,458,981	13,129
<b>Total</b>	<b>35,358,371</b>	<b>235,562</b>





## Schedule - R - Notes on Accounts & Significant Accounting Policies

### 1) Significant Accounting Policies -

#### A. Basis for accounting

The financial statements are prepared under the historical cost convention on a going concern and accrual basis of accounting in accordance with the generally accepted accounting principles, accounting standards notified under section 211(3C) of the Companies Act, 1956 and the relevant provisions thereof and the applicable guidelines issued by the Reserve Bank of India.

#### B. Use of estimates

The preparation of financial statements requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities as on the date of financial statements and the reported amount of income and expenses during the reporting period. Management believes that the estimates used in preparation of financial statements are prudent and reasonable, future results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in the current and future periods.

#### C. Revenue recognition

Revenue/Income and Cost/Expenditure are generally accounted on accrual as they are earned or incurred, except in case of significant uncertainties.

- Fees are recognised when reasonable right of recovery is established and the revenue can be reliably measured and on accrual basis. The performance of services is measured under the proportionate completion method which relates the revenue to the work accomplished.
- Profit/Loss from dealing in shares & securities are recognised on day of confirmation of transaction.
- Dividend is accounted when the right to receive payment is established.
- Interest and other income are accounted on accrual basis.
- Revenue figures excludes service tax component.

#### D. Fixed assets

All fixed assets are stated at cost of acquisition, including any cost attributable for bringing the asset to its working condition, less accumulated depreciation.

#### E. Depreciation

Depreciation on fixed assets is provided on straight line method at the rates prescribed by schedule XIV of the Companies Act, 1956. Depreciation on additions to fixed assets is provided on pro-rata basis from the date of addition.

#### F. Inventories

Shares and securities are valued at cost or net realisable value whichever is lower cumulatively for all shares. Cost is taken on FIFO basis and cost includes all incidental cost of acquisition. The company has changed its policy in regards to inventory valuation from exclusive of acquisition expenses viz. brokerage, stamp duty, transaction charges, etc. to inclusive of acquisition expenses, but this change in policy does not have a material impact on the financials of the company.

#### G. Investments

The company is regulated as Non-Banking Finance Company (NBFC) by the RBI. Accordingly, investments are classified under two categories viz. current and long term and are valued in accordance with the RBI guidelines and accounting standard 13 on "Accounting for investments".



- Long term investments are carried at cost of acquisition including incidental charges less provision for permanent diminution, if any, in value of such investments.
- Current investments are carried at cost of acquisition or net realisable value, whichever is lower.

#### **H. Provisions and contingent liabilities**

Provisions are recognised when the company has a present obligation as a result of past events, for which it is probable that a cash outflow will be required and reliable estimate can be made of the amount of obligation. Provisions are not discounted to their present value and are determined, based on estimate required to settle the obligation on the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect current management estimates. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources.

#### **I. Income tax**

Income tax is accounted in accordance with accounting standard 22 "Accounting for taxes on income" which includes current and deferred taxes. Deferred tax assets/liabilities represents timing differences between accounting income and taxable income recognised to the extent considered capable of being reversed in subsequent years. Deferred tax assets are recognised only to the extent there is reasonable certainty that sufficient future taxable income will be available, except that deferred tax assets arising due to unabsorbed depreciation and losses are recognised if there is virtual certainty that sufficient future taxable income will be available to realise the same.

#### **J. Basis for accounting**

Basic earning per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earning per share reflect the potential dilution that could occur if contracts to issue equity shares were exercised or converted during the year. Diluted earning per equity share is computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the year, except where the results are anti-dilutive.

#### **K. Cash flow statement**

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the company are segregated. Cash and cash equivalents include cash in hand, balances with banks and money at call and short notice but does not include interest accrued on fixed deposits.

#### **L. Impairment of assets**

The carrying amount of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal / external factors. An impairment loss is recognised whenever the carrying amount of an asset exceeds its estimated recoverable amount. The recoverable amount is greater of the asset's net selling price or value in use. In assessing the value in use, the estimated future cash flows are discounted to the present value using the weighted average cost of capital. After impairment, depreciation is provided on the revised carrying amount of the assets over its remaining useful life. Previously recognised impairment loss is further provided or reversed depending on changes in circumstances.

#### **M. Employee benefits**

Employee benefits of short term nature are recognised as expense as and when it accrues. Long term employee benefits and post employment benefits, both funded and unfunded, are recognised as expense based on actuarial valuation at the end of the year using the projected unit credit method. The company has changed its policy in regards to employee benefits from cash basis to accrual basis, but this change in policy does not have a material impact on the financials of the company.

**Notes on accounts**

1) <b>Auditors Remuneration:</b>	<b>2009-10 (Rs.)</b>	<b>2008-09 (Rs.)</b>
Statutory Audit Fees	82,725	33,090
Tax Audit Fees	11,030	7,170
Certification Fees	64,202	4,494
	157,957	44,754

2) <b>Directors Remuneration:</b>	<b>2009-10 (Rs.)</b>	<b>2008-09 (Rs.)</b>
Salary & Perquisites	600,000	0

3) Balances of the debtors, creditors, advances and balances of deposits are subject to confirmation, reconciliation and adjustments, if any. The management does not expect any material difference affecting the current year's financial statements.

4) In the opinion of management, the current assets and advances have the value as stated in the balance sheet, if realised in the ordinary course of business.

5) The management has created a statutory reserve of RS. 5,400,000/- as per the provisions of section 45-IC of Reserve Bank of India Act, 1934.

6) The net deferred tax liability/(asset) as on 31st March 2010 has been worked out as follows:

Deferred tax liabilities/(assets) on account of -	<b>March 31, 2010</b>	<b>March 31, 2009</b>
- Depreciation	3,006,395	372,763
Total	3,006,395	372,763

7) Earning per share (EPS):

<b>Particulars</b>	<b>2009-10</b>	<b>2008-09</b>
Profit/(Loss) after tax provision as per profit/loss account	26,812,323	1,441,426
Weighted average number of equity shares outstanding	6,100,690	4,004,800
Nominal value of equity shares	10	10
Basic and Diluted earning per share	4.39	0.36

8) Based on the guiding principles stated in accounting standard 17 "Segment reporting", the management does not recognise any distinguishable component of the company that is engaged in providing an individual product or service or a group of related products or services. Hence the disclosure requirements of AS-17 in this regard is not applicable.

9) In opinion of the management there is no contingent liabilities as on 31st March 2010. (P.Y. Contingent liability not provided for in respect of sebi compliances of Rs.185,000/-)

10) The company has unclaimed dividend of Rs.22,478/- as on 31st March 2010 and the same is represented by the demand drafts issued but not presented in bank. (P.Y. - NIL)

11) During the year the company has issued 2,500,000 preferential equity shares of Rs.10/- each at a premium of Rs.5/- vide special resolution passed at extra ordinary general meeting held on 18th May, 2009.

12) **Related Party Disclosure****List of Related Parties:-**

A. Key Management Personnel & their relatives	Kamal Poddar (Managing Director) Hemlata Poddar (Non-Executive Director) Arun Poddar
B. Subsidiaries	Choice Equity Broking Private Limited Choice Merchandise Broking Private Limited Choice Insurance Brokers Private Limited Choice Business Services Private Limited Choice Capital Advisors Private Limited Choice Wealth Management Private Limited Choice Realty Private Limited
C. Associates	Zenu Infotech Limited
D. Individuals owning directly or indirectly interest in voting power that gives them control & their relatives	Vinita Patodia Sunil Patodia Anil Patodia Archana Patodia
E. Enterprises over which (A) & (D) are able to exercise significant influence	Sunil C. Patodia HUF Anil C. Patodia HUF S. K. Patodia & Associates Hotel Relax Private Limited S. K. Patodia Advisory Services Private Limited Manbhari Biofuel Private Limited M/s. Shree Shakambhari Exim Aqua Pumps Private Limited

A. Related party transactions:	2009-10	2008-09
Key Management personnel & their relatives - Salary & perquisites	725,000	0
B. Subsidiaries -		
<b>Capital transactions:</b>	<b>2009-10</b>	<b>2008-09</b>
<b>Infusion of equity in -</b>		
Choice Equity Broking Private Limited	30,400,000	0
Choice Merchandise Broking Private Limited	10,000,000	0
Choice Insurance Brokers Private Limited	5,000,000	0
Choice Realty Private Limited	1,100,000	0
Choice Capital Advisors Private Limited	100,000	0
Choice Wealth Management Private Limited	100,000	0
Choice Business Services Private Limited	100,000	0
<b>Loan taken from -</b>		
Choice Insurance Brokers Private Limited	500,000	0
Choice Equity Broking Private Limited	1,800,000	0
<b>Outstanding loan amount at year end -</b>		
Choice Equity Broking Private Limited	1,800,000	0
<b>Maximum Outstanding loan amount -</b>		
Choice Insurance Brokers Private Limited	500,000	0
Choice Equity Broking Private Limited	1,800,000	0



		2009-10	2008-09
C.	Individuals owning directly or indirectly interest in voting power that gives them control & their relatives		
	Salary & perquisites	200,000	0
D.	Enterprises over which (A) & (C) are able to exercise significant influence		
	S. K. Patodia & Associates - Consultancy & professional fees	6,500,000	0

13) Inventories (Valued at cost or net realisable value whichever is lower on cumulative basis):

Name of the scrips	March 31, 2010		March 31, 2009	
	Quantity	Rupees	Quantity	Rupees
Duncan Inds. Ltd.	25,000	328,395	0	0
Elegant Flor. & Agro. (I) Ltd.	6,069	17,599	0	0
Indo Bonito Multin. Ltd.	4,985	44,803	0	0
Ladderup Finance Ltd.	8,449	200,664	0	0
Rock Hard Petro. Chem. Inds. Ltd.	13,765	41,301	0	0
Sankalp Properties Pvt. Ltd.	0	0	12,500	2,500,000
Shalibhadra Finance Ltd.	106,232	2,200,192	0	0
Vakrangee Softwares Ltd.	20,000	1,516,440		
<b>Total</b>	<b>184,500</b>	<b>4,349,394</b>	<b>12,500</b>	<b>2,500,000</b>

14) There is no outstanding dues of micro and small enterprises suppliers as defined under The Micro, Small and Medium Enterprises Development Act, 2006.

15) Previous year's figures have been regrouped / reclassified / rearranged / recast wherever necessary to match with current year's presentation.

16) Quantitative details - Shares traded	2009-10		2008-09	
	Quantity	Rupees	Quantity	Rupees
Opening Stock	12,500	2,500,000	197,956	11,209,983
Purchases	1,005,711	233,117,400	81,890	6,402,230
Sales	833,711	235,997,305	267,346	16,776,715
Closing Stock	184,500	4,349,394	12,500	2,500,000

Additional information pursuant to the provisions of Part-IV to Schedule-VI to the Companies Act, 1956:

**Balance Sheet Abstract and Company's General Business Profile -**

**I. Registration Details:**

Registration Number	L67190MH1993PLC071117
State Code	11
Balance Sheet Date	March 31, 2010

**II. Capital Raised During The Year:**

Public Issue	NIL
Right Issue	NIL
Bonus Issue	25,000
Private Placement	

**III. Position of Mobilisation and Deployment of Funds:**

Total Liabilities	119,971
Total Assets	119,971

**Sources of Funds -**

Paid-up Capital	65,048
Reserves & Surplus	37,670
Secured Loan	0
Unsecured Loan	1,800
Deferred Tax Liability	3,006

**Application of Funds -**

Net Fixed Assets	26,137
Investments	53,837
Net Current Assets	27,551
Miscellaneous Expenditure	0
Accumulated Losses	0

**IV. Performance of Company:**

(Rs. In '000)

Turnover/Gross receipts	346,983
Total Expenditure	307,038
Profit Before Tax	39,946
Profit After Tax	36,812
Earning Per Share (in Rs.)	4.39
Dividend Rate	5%

**V. Generic Names of Principle Products / Service of Company:**

Name of the Product / Service

Non-Banking Finance Company

As per our report of even date attached.

For **Gupta Shyam & Co.****Chartered Accountants****F.R.No.103450W****Shyamsunder Gupta**

Proprietor

Membership No.038484

Place : Mumbai

Date : May 29, 2010

**By and On behalf of Board of Directors****Kamal Poddar**

Managing Director

**Ajay Kejriwal**

Director

**Mahavir Toshniwal**

Company Secretary



# Consolidated Balance Sheet As At 31st March 2010

(Figures in Rupees)

Particulars	Schedules	March 31, 2010	
<b>SOURCES OF FUNDS:</b>			
<b>Shareholders' Funds</b>			
Share Capital	A	65,048,000	
Reserves & Surplus	B	68,359,641	133,407,641
<b>Loan Funds</b>			
Secured Loans		0	
Unsecured Loans		0	0
<b>Deferred Tax Liability</b>			
Minority Interest			3,006,395
			31,573,804
<b>Total</b>			<b>167,987,840</b>
<b>APPLICATION OF FUNDS:</b>			
<b>Fixed Assets</b>			
Gross Block	C	30,272,115	
<b>Less</b> : Depreciation		4,121,577	
Net Block			26,150,538
<b>Investments</b>			
Current Assets, Loans & Advances -	D		7,036,985
Inventories	E	4,349,394	
Sundry Debtors	F	18,070,174	
Cash & Bank Balances	G	40,912,808	
Other Current Assets	H	8,250,000	
Loans & Advances	I	72,720,180	147,302,556
<b>Less</b> : Current Liabilities & Provisions -			
Current Liabilities	J	5,213,975	
Provisions	K	7,288,264	12,502,239
<b>Net Current Assets</b>			<b>13,800,317</b>
<b>Miscellaneous Expenditure</b>			0
<b>Total</b>			<b>167,987,840</b>

Significant Accounting Policies &amp; Notes to Accounts as per Schedule - Q

As per our report of even date attached.

For **Gupta Shyam & Co.**  
**Chartered Accountants**  
**F.R.No.103450W**

**Shyamsunder Gupta**  
 Proprietor  
 Membership No.038484

Place : Mumbai

Date : May 29, 2010

**By and On behalf of Board of Directors**

**Kamal Poddar**  
 Managing Director

**Ajay Kejriwal**  
 Director

**Mahavir Toshniwal**  
 Company Secretary



# Consolidated Profit & Loss Account for the year ended on 31st March 2010

(Figures in Rupees)

Particulars	Schedules	March 31, 2010
<b>INCOME</b>		
Income from operations	L	345,491,366
Other income	M	1,851,410
<b>Total</b>		<b>347,342,776</b>
<b>EXPENDITURE</b>		
Operating expenses	N	252,439,900
(Increase)/Decrease in inventories		(1,849,394)
Personnel expenses	O	19,817,139
Administrative & other expenses	P	36,198,189
Depreciation	C	2,944,813
Interest expenses		681,177
<b>Total</b>		<b>310,231,824</b>
<b>Profit/(Loss) before tax provision</b>		<b>37,110,952</b>
Provision for tax -		
Current Tax		10,500,000
Deferred Tax		2,633,632
<b>Profit/(Loss) after tax provision before minority interest</b>		<b>23,977,320</b>
Share of minority interest in profit/(loss) for the year		(2,188)
<b>Profit/(Loss) after tax provision after minority interest</b>		<b>23,968,135</b>
Profit/(Loss) brought forward		83,858
Short provision of taxes in earlier years		11,500
Pre-acquisition profit/(loss) of subsidiaries		(13,683)
Appropriations -		
Transfer to statutory reserve		5,400,000
Proposed Dividend		3,252,400
Dividend distribution tax on proposed dividend		552,745
<b>Profit/(Loss) carried forward</b>		<b>14,849,031</b>
Basic Earning Per Share		3.39
Diluted Earning Per Share		3.39
Significant Accounting Policies & Notes to Accounts as per Schedule - Q		

As per our report of even date attached.

For **Gupta Shyam & Co.**  
Chartered Accountants  
F.R.No.103450W

**Shyamsunder Gupta**  
Proprietor  
Membership No.038484  
Place : Mumbai  
Date : May 29, 2010

By and On behalf of Board of Directors

**Kamal Poddar**  
Managing Director

**Ajay Kejriwal**  
Director

**Mahavir Toshniwal**  
Company Secretary





# Consolidated Cash Flow Statement for the year ended on 31st March 2010

(Figures in Rupees)

Particulars	March 31, 2010
<b>Cash flows from operating activities</b>	
Net profit/(loss) before taxation and extraordinary item	37,110,952
<u>Adjustments for:</u>	
Depreciation	2,944,813
Interest expense	681,177
Profit on sale of investment	(750,000)
Preliminary expenses written off	10,080
Interest income	(1,085,810)
<i>Operating profit before working capital changes</i>	38,911,212
(Increase)/Decrease in receivable, deposit & advance	(19,242,917)
(Increase)/Decrease in inventories	(1,849,394)
Income taxes paid	(6,725,657)
Increase/(Decrease) in current liabilities	4,844,143
<b>Net cash from operating activities</b>	<b>15,937,387</b>
<b>Cash flows from investing activities</b>	
Interest received	277,737
Loans & deposits given (net)	(17,032,130)
Investments in an associate	(7,036,985)
Sale/(Purchase) of investments in shares	1,000
Purchase of fixed assets	(25,616,313)
<b>Net cash used in investing activities</b>	<b>(103,406,691)</b>
<b>Cash flows from financing activities</b>	
Interest paid	(681,177)
Dividend & dividend distribution tax paid	(761,029)
Proceeds from issuance of share capital	102,500,000
<b>Net cash used in financing activities</b>	<b>101,057,794</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>13,588,490</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>11,173,049</b>
<b>Cash and cash equivalents at end of period</b>	<b>24,761,539</b>

As per our report of even date attached.

For **Gupta Shyam & Co.**  
**Chartered Accountants**  
**F.R.No.103450W**

**Shyamsunder Gupta**  
 Proprietor  
 Membership No.038484  
 Place : Mumbai  
 Date : May 29, 2010

By and On behalf of Board of Directors

**Kamal Poddar**  
 Managing Director

**Ajay Kejriwal**  
 Director

**Mahavir Toshniwal**  
 Company Secretary



## Schedules forming part of consolidated financial statements

(Figures in Rupees)

Particulars	March 31, 2010
<b>Schedules 'A' : Share Capital</b>	
<b>Authorised</b>	
6,600,000 (P.Y. 4,100,000) Equity Shares of Rs.10/- each	66,000,000
	<b>66,000,000</b>
<b>Issued, Subscribed and Paid-up</b>	
6,504,800 (P.Y. 4,004,800) equity shares of Rs.10/- each fully paid-up	65,048,000
<b>Total</b>	<b>65,048,000</b>
<b>Schedules 'B' : Reserves &amp; Surplus</b>	
<b>Statutory reserve</b>	
Opening Balance	0
Additions during the year	5,400,000
	<b>5,400,000</b>
<b>Securities Premium</b>	
Opening Balance	1,217,300
Additions during the year	46,023,810
	47,241,110
Capital reserves	869,500
Profit & loss account	14,849,031
<b>Total</b>	<b>68,359,641</b>
<b>Schedules 'D' : Investments</b>	
<b>Long Term Investments</b>	
<b>Quoted investments in equity shares fully paid-up</b>	
1,557,850 shares of Rs.10/- each of Zenu Infotech Ltd. (Market Value - Rs.51,019,588/-, P.Y. - NIL)	7,036,985
<b>Total</b>	<b>7,036,985</b>
<b>Schedules 'E' : Inventories</b>	
<b>Shares &amp; Securities</b>	
(Market Value - Rs.5,875,035/-, P.Y. Rs.2,500,000/-)	4,349,394
<b>Total</b>	<b>4,349,394</b>



### Schedule - C - Fixed Assets & Depreciation

(Figures in Rupees)

Particulars	Dep. Rate (S.L.M.)	Gross Block		Additions		Deductions		As on		Depreciation		Deductio ns		Net Block	
		As on April 1, 2009	As on March 31, 2010	As on April 1, 2009	As on March 31, 2010	As on April 1, 2009	As on March 31, 2010	As on March 31, 2010	As on March 31, 2010	As on March 31, 2010	As on March 31, 2010	As on March 31, 2010	As on March 31, 2010	As on March 31, 2009	
<b>Goodwill on consolidation</b>	0	13,415	0	0	0	0	0	0	0	0	0	0	0	13,415	0
<b>Freehold Land</b>	0%	0	6,377,910	0	6,377,910	0	0	0	0	0	0	0	0	6,377,910	0
<b>Office Equipments</b>	4.75%	995,034	87,724	0	1,082,758	254,116	50,199	0	304,315	778,443	740,918	0	0	778,443	740,918
<b>Computers &amp; Softwares</b>	16.21%	2,286,770	19,111,716	0	21,398,486	572,878	2,807,367	0	3,380,245	18,018,241	1,713,892	0	0	18,018,241	1,713,892
<b>Furniture &amp; Fixtures</b>	6.33%	1,360,583	38,963	0	1,399,546	349,770	87,247	0	437,017	962,529	1,010,813	0	0	962,529	1,010,813
<b>Total</b>		<b>4,642,387</b>	<b>25,629,728</b>	<b>0</b>	<b>30,272,115</b>	<b>1,176,764</b>	<b>2,944,813</b>	<b>0</b>	<b>4,121,577</b>	<b>26,150,538</b>	<b>3,465,623</b>	<b>0</b>	<b>0</b>	<b>26,150,538</b>	<b>3,465,623</b>



(Figures in Rupees)

Particulars	March 31, 2010
<b>Schedules 'F' : Sundry debtors</b>	
(Unsecured, considered good)	
Dues outstanding for the period in excess of six months	0
Other outstanding debts	18,070,174
<b>Total</b>	<b>18,070,174</b>
<b>Schedules 'G' : Cash &amp; bank balances</b>	
Balance with scheduled banks -	
'- in fixed deposit accounts*	39,151,269
'- in current accounts*	1,321,516
Cash on Hand	440,023
<b>Total</b>	<b>40,912,808</b>
1) Fixed deposit of Rs.10,500,000/- is kept as security with BSE Ltd..	
2) Fixed deposit of Rs.3,250,000/- is kept as security with MCX Stock Exchange Ltd.	
3) Fixed deposit of Rs.1,500,000/- is kept as security with NCDEX Ltd.	
4) Fixed deposit of Rs. 5,500,000/- is mortgaged against overdraft facility.	
5) Fixed deposit includes accrued interest of Rs. 901,269/-	
6) Current accounts includes debit balance in overdraft account of Rs. 8,712/-	
<b>Schedules 'H' : Other current assets</b>	
Other receivables	8,250,000
<b>Total</b>	<b>8,250,000</b>
<b>Schedules 'I' : Loans &amp; advances</b>	
Sundry loans (Unsecured, considered good)	67,075,000
Advances recoverable in cash or for value to be received	1,465,180
Sundry deposits	7,180,000
<b>Total</b>	<b>75,720,180</b>



(Figures in Rupees)

Particulars	March 31, 2010
<b>Schedules 'J' : Current liabilities</b>	
Sundry Creditors -	
'- due to micro and small enterprises	0
'- due to others	1,266,526
Other Liabilities	3,496,979
Advance from customers	450,465
<b>Total</b>	<b>5,213,975</b>
<b>Schedules 'K' : Provisions</b>	
Income tax (net of advance taxes)	3,098,119
Proposed dividend	3,250,400
Dividend distribution tax	552,745
Other provisions	385,000
<b>Total</b>	<b>7,288,264</b>
<b>Schedules 'L' : Income from operations</b>	
Sale of shares & securities	235,997,305
Consultancy & professional fees (TDS - 7,003,407/-)	80,905,995
Income from derivatives business (net)	28,588,066
	<b>345,491,366</b>
<b>Schedules 'M' : Other income</b>	
Interest income (TDS - 96,942/-)	1,085,810
Dividend	15,600
Profit on sale of investment	750,000
<b>Total</b>	<b>1,851,410</b>
<b>Schedules 'N' : Operating expenses</b>	
Purchase of shares & securities	233,117,400
Service charges	13,275,000
Equity research charges	3,745,000
Exchanges Admission & Processing Fees	2,302,500
<b>Total</b>	<b>252,439,900</b>



(Figures in Rupees)

<b>Particulars</b>	<b>March 31, 2010</b>
<b>Schedules 'O' : Personnel expenses</b>	
Salaries & perquisites	19,456,084
Staff welfare expenses	361,055
<b>Total</b>	<b>19,817,139</b>
<b>Schedules 'P' : Administrative &amp; other expenses:</b>	
Auditors Remuneration	184,355
Legal & professional fees	4,163,779
Conference & meeting expenses	3,295,000
Books & periodicals	865,177
Computer expenses	2,676,899
Donation	510,100
Electricity charges	326,493
General expenses	744,001
Bank charges	8,359
Postage & courier expenses	652,705
Printing & stationery	5,942,851
Rent & rates	792,500
Repairs & maintenance	1,720,742
Security expenses	78,000
Telephone & internet expenses	711,237
Conveyance expenses	2,357,958
Traveling expenses	2,370,857
Preliminary expenses written off	662,357
Business promotion expenses	1,675,838
Marketing & advertisement expenses	6,458,981
<b>Total</b>	<b>36,198,189</b>



## Schedule - Q - Notes on Accounts & Significant Accounting Policies

### 1) Significant Accounting Policies -

#### A. Basis for accounting

The consolidated financial statements are prepared under the historical cost convention on a going concern and accrual basis of accounting in accordance with the generally accepted accounting principles, accounting standards notified under section 211(3C) of the Companies Act, 1956 and the relevant provisions thereof and the applicable guidelines issued by the Reserve Bank of India.

#### B. Principles of consolidation

The consolidated financial statements relate to Choice International Ltd. (the holding company) and its subsidiaries (together the group). The consolidated financial statements have been prepared on the following basis:

- The financial statements have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra-group balances and intra-group transactions in accordance with accounting standard 21 - "Consolidated Financial Statements" prescribed by Companies (Accounting Standards) Rules, 2006.
- The excess of the cost to the holding company of its investment in a subsidiary over the parent's portion of equity of the subsidiary, at the date on which investment in subsidiary is made, is treated as goodwill and recognised as an asset in the consolidated financial statements.
- The share of minority interest in the net profit/(loss) of subsidiaries for the year is identified and adjusted against the income of the group to arrive at the net income attributable to the group.
- The share of minority interest in net assets of subsidiaries is identified and presented in the consolidated financial statements separate from liabilities and the equity of the group.
- The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the company's separate financial statements.
- Investments other than in subsidiaries have been accounted as per accounting standard - 13 on "Accounting for Investments" prescribed by the Companies (Accounting Standard) Rules, 2006.
- The financial statements of the subsidiaries and associates used in the consolidation are drawn upto the same reporting dates as that of the holding company i.e. 31st March 2010, except for Zenu Infotech Ltd. for which financial statements as on reporting date is not available.

#### • The subsidiaries considered in the consolidated financial statements are as follows:

Sr. No.	Name of the entity	Country	Ownership on 31.3.2010
1	Choice Equity Broking Private Limited	India	100.00%
2	Choice Merchandise Broking Private Limited	India	100.00%
3	Choice Business Services Private Limited	India	100.00%
4	Choice Capital Advisors Private Limited	India	100.00%
5	Choice Wealth Management Private Limited	India	100.00%
6	Choice Insurance Brokers Private Limited	India	98.04%
7	Choice Realty Private Limited	India	52.38%



**C. Use of estimates**

The preparation of financial statements requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities as on the date of financial statements and the reported amount of income and expenses during the reporting period. Management believes that the estimates used in preparation of financial statements are prudent and reasonable, future results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in the current and future periods.

**D. Revenue recognition**

Revenue/Income and Cost/Expenditure are generally accounted on accrual as they are earned or incurred, except in case of significant uncertainties.

- Fees are recognised when reasonable right of recovery is established and the revenue can be reliably measured and on accrual basis. The performance of services is measured under the proportionate completion method which relates the revenue to the work accomplished.
- Profit/Loss from dealing in shares & securities are recognised on day confirmation of transaction.
- Dividend is accounted when the right to receive payment is established.
- Interest and other income are accounted on accrual basis.
- Revenue figures excludes service tax component.

**E. Fixed assets**

All fixed assets are stated at cost of acquisition, including any cost attributable for bringing the asset to its working condition, less accumulated depreciation.

**F. Depreciation**

Depreciation on fixed assets is provided on straight line method at the rates prescribed by schedule XIV of the Companies Act, 1956. Depreciation on additions to fixed assets is provided on pro-rata basis from the date of addition.

**G. Inventories**

Shares and securities are valued at cost or net realisable value whichever is lower cumulatively for all shares. Cost is taken on FIFO basis and cost includes all incidental cost of acquisition. The company has changed its policy in regards to inventory valuation from exclusive of acquisition expenses viz. brokerage, stamp duty, transaction charges, etc. to inclusive of acquisition expenses, but this change in policy does not have a material impact on the financials of the company.

**H. Investments**

The company is regulated as Non-Banking Finance Company (NBFC) by the RBI. Accordingly, investments are classified under two categories viz. current and long term and are valued in accordance with the RBI guidelines and accounting standard 13 on "Accounting for investments".

- Long term investments are carried at cost of acquisition including incidental charges less provision for permanent diminution, if any, in value of such investments.
- Current investments are carried at cost of acquisition or net realisable value, whichever is lower.

**I. Provisions and contingent liabilities**

Provisions are recognised when the company has a present obligation as a result of past events, for which it is probable that a cash outflow will be required and reliable estimate can be made of the amount of obligation. Provisions are not discounted to their present value and are determined, based on estimate required to settle the obligation on the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect current management estimates. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources.



**J. Income tax**

Income tax is accounted in accordance with accounting standard 22 "Accounting for taxes on income" which includes current and deferred taxes. Deferred tax assets/liabilities represents timing differences between accounting income and taxable income recognised to the extent considered capable of being reversed in subsequent years. Deferred tax assets are recognised only to the extent there is reasonable certainty that sufficient future taxable income will be available, except that deferred tax assets arising due to unabsorbed depreciation and losses are recognised if there is virtual certainty that sufficient future taxable income will be available to realise the same.

**K. Earning per share**

Basic earning per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earning per share reflect the potential dilution that could occur if contracts to issue equity shares were exercised or converted during the year. Diluted earning per equity share is computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the year, except where the results are anti-dilutive.

**L. Cash flow statement**

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the company are segregated. Cash and cash equivalents include cash in hand, balances with banks and money at call and short notice but does not include interest accrued on fixed deposits and fixed deposits which are given as a security to stock exchanges since they are not freely remissible to the company, those fixed deposits are included in balances with bank in fixed deposit accounts.

**M. Impairment of assets**

The carrying amount of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal / external factors. An impairment loss is recognised whenever the carrying amount of an asset exceeds its estimated recoverable amount. The recoverable amount is greater of the asset's net selling price or value in use. In assessing the value in use, the estimated future cash flows are discounted to the present value using the weighted average cost of capital. After impairment, depreciation is provided on the revised carrying amount of the assets over its remaining useful life. Previously recognised impairment loss is further provided or reversed depending on changes in circumstances.

**N. Miscellaneous Expenditure**

Preliminary expenses are charged to the profit & loss account in the year in which they are incurred.

**O. Employee benefits**

Employee benefits of short term nature are recognised as expense as and when it accrues. Long term employee benefits and post employment benefits, both funded and unfunded, are recognised as expense based on actuarial valuation at the end of the year using the projected unit credit method. The company has changed its policy in regards to employee benefits from cash basis to accrual basis, but this change in policy does not have a material impact on the financials of the company.

**Notes on accounts -**

1)	<b>Auditors Remuneration :</b>	<b>2009-10 (Rs.)</b>
	Statutory Audit Fees	121,330
	Tax Audit Fees	11,030
	Certification Fees	64,202
	<b>Total</b>	<b>196,562</b>
2)	<b>Directors Remuneration:</b>	<b>2009-10 (Rs.)</b>
	Salary & Perquisites	600,000
3)	Balances of the debtors, creditors, advances and balances of deposits are subject to confirmation, reconciliation and adjustments, if any. The management does not expect any material difference affecting the current year's financial statements.	
4)	In the opinion of management, the current assets and advances have the value as stated in the balance sheet, if realised in the ordinary course of business.	
5)	The management has created a statutory reserve of Rs.5,400,000/- as per the provisions of section 45-IC of Reserve Bank of India Act, 1934.	
6)	The net deferred tax liability/(asset) as on 31st March 2010 has been worked out as follows:	
	Deferred tax liabilities/(assets) on account of -	<b>March 31, 2010</b>
	Depreciation	3,006,395
	<b>Total</b>	<b>3,006,395</b>
7)	<b>Earning per share (EPS):</b>	<b>2009-10</b>
	<b>Particulars</b>	
	Net Profit/(Loss) as per profit/loss account	23,968,135
	Weighted average number of equity shares outstanding	6,100,690
	Nominal value of equity shares	10
	Basic and Diluted earning per share	3.93
8)	Based on the guiding principles stated in accounting standard 17 "Segment reporting", the management does not recognise any distinguishable component of the company that is engaged in providing an individual product or service or a group of related products or services. Hence the disclosure requirements of AS-17 in this regard is not applicable.	
9)	There is no contingent liabilities as on 31st March 2010 in view of the management.	
10)	The company has unclaimed dividend of Rs.22,478/- as on 31st March 2010 and the same is represented by the demand drafts issued but not presented in bank.	
11)	During the year the company has issued 2,500,000 preferential equity shares of Rs.10/- each at a premium of Rs.5/- vide special resolution passed at extra ordinary general meeting held on 18th May, 2009.	



12) Inventories:	Name of the scrips	March 31, 2010	
		Quantity	Rupees
	Duncan Inds. Ltd.	25,000	328,395
	Elegant Flor. & Agro. (I) Ltd.	6,069	17,599
	Indo Bonito Multin. Ltd.	4,985	44,803
	Ladderup Finance Ltd.	8,449	200,664
	Rock Hard Petro. Chem. Inds. Ltd.	13,765	41,301
	Shalibhadra Finance Ltd.	106,232	2,200,192
	Vakrangee Softwares Ltd.	20,000	1,516,440
	<b>Total</b>	<b>184,500</b>	<b>4,349,394</b>

### 13) Related Party Disclosure

#### List of Related Parties:-

A. Key Management Personnel & their relatives	Kamal Poddar (Managing Director) Hemlata Poddar (Non-Executive Director) Arun Poddar
B. Associates	Zenu Infotech Limited
C. Individuals owning directly or indirectly interest in voting power that gives them control & their relatives	Vinita Patodia Sunil Patodia Anil Patodia Archana Patodia
D. Enterprises over which (A) & (D) are able to exercise significant influence	Sunil C. Patodia HUF Anil C. Patodia HUF S. K. Patodia & Associates Hotel Relax Private Limited S. K. Patodia Advisory Services Private Limited Manbhari Biofuel Private Limited M/s. Shree Shakambhari Exim Aqua Pumps Private Limited

Related party transactions:		2009-10	2008-09
A.	Key Management personnel & their relatives - Salary & perquisites	725,000	0
B.	Individuals owning directly or indirectly interest in voting power that gives them control & their relatives		
	Salary & perquisites	200,000	0
C.	Enterprises over which (A) & (C) are able to exercise significant influence		
	S. K. Patodia & Associates - Consultancy & professional fees	6,500,000	0



- 14) There is no outstanding dues of micro and small enterprises suppliers as defined under The Micro, Small and Medium Enterprises Development Act, 2006.
- 15) Since this is the first year of consolidation of financial statements, comparative figures of previous year are not presented as per the transitional provisions mentioned in accounting standard 21 - "Consolidated financial statements".

16) Quantitative details - Shares traded	2009-10	
	Quantity	Rupees
Opening Stock	12,500	2,500,000
Purchases	1,005,711	233,117,400
Sales	833,711	235,997,305
Closing Stock	184,500	4,349,394

As per our report of even date attached.

For **Gupta Shyam & Co.**  
**Chartered Accountants**  
**F.R.No.103450W**

**Shyamsunder Gupta**  
Proprietor  
Membership No.038484

Place : Mumbai

Date : May 29, 2010

**By and On behalf of Board of Directors**

**Kamal Poddar**  
Managing Director

**Ajay Kejriwal**  
Director

**Mahavir Toshniwal**  
Company Secretary



## Auditors' Report

To,  
The Board of Directors,  
Choice International Limited

As required by the "Non-Banking Financial Companies Auditor's Report (Reserve Bank) Direction, 1998" vide notification No.DFC.117/DG (SPT)-98 dated January 2, 1998 duly updated as on June 30, 2008 issued by Reserve Bank of India (RBI), and based on the books and records verified by us and according to the information and explanation given to us during the course of our audit, we give hereunder our report on matters specified in paragraphs 3 of the said Directions.

1. The company has applied for the registration on July 7, 1997 as provided in the section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) and the company has received certificate of Registration No.13.00128 dated February 26,1998 from reserve Bank of India, Department of Non-Banking Supervision, Mumbai Regional Office.
2. The Board of Directors in their meeting held on April 8, 2010 has passed a resolution for non-acceptance of any public deposit without prior approval of Reserve Bank of India in writing.
3. As per the information and explanation given to us and as appears from the books of account of the company, company has not accepted any deposit from public during the year ended on March 31,2010
4. In our opinion and as per the information and explanation given to us the company has complied with prudential norms relating to income recognition, accounting standard, asset classification, and provisioning of bad and doubtful debt as applicable to it for the year ended on March 31,2010.

For **Gupta Shyam & Co**  
Chartered Accountants  
F.R.No.103450W

Shyamsundar Gupta  
Proprietor  
Membership No.038484  
Mumbai, May 29, 2010



## Auditors' Report

To,  
The Board of Directors of  
Choice International Limited.

1. We have examined the attached Consolidated Balance Sheet of Choice International Limited, its Subsidiaries and Associates as at 31st March, 2010 and also the Consolidated Profit and Loss Account and Consolidated Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management and have been prepared by the Management on the basis of separate financial statements and other financial information regarding components.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of any of the Subsidiaries and Associates, whose financial statements reflect total assets of Rs 604.63 lacs, company's share of Revenue of Rs 3.6 lacs and the loss of Rs 28.35 lacs and cash inflows of Rs 80.10 lacs in these financial statements. These financial statements and other financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors. Further Financial statements of one of the associates are not ready as informed to us, hence not considered for the purpose of the consolidation.
4. We report that the Consolidated financial statements have been prepared by the Choice International Limited Management in accordance with the requirement of Accounting Standard (AS)21 –“Consolidated Financial Statements” notified pursuant to the Companies (Accounting Standard) Rules, 2006 on the basis of the separate audited financial statement of the Choice Group included in the consolidated financial statement.
5. On the basis of the information and explanation given to us and on the consideration of the separate audit reports on individual audited financial statements of the Choice International Limited and its aforesaid subsidiaries and associates we are of the opinion that:
  - i) The Consolidated Balance Sheet gives a true and fair view of the state of affairs of the group as at March 31, 2010
  - ii) The Consolidated Profit and Loss Account gives the consolidated profits of the group for the year ended ; and
  - iii) The Consolidated Cash Flow Statement gives a consolidated cash flow of the group for the year ended.

**For Gupta Shyam & Company**

Chartered Accountants  
F.W. No 103450W

Shyamsundar Gupta  
Proprietor  
M.No : 038484  
Mumbai , May 29, 2010



## Summary of Financial Information of Subsidiary Companies

(Currency: Indian Rupees)

	Choice Insurance Brokers Private Limited	Choice Equity Broking Private Limited	Choice Merchandise Broking Private Limited	Choice Wealth Management Private Limited	Choice Realty Private Limited	Choice Business Services Private Limited	Choice Capital Advisors Private Limited
The financial year/period of the Subsidiary Company	1st April 2009 to 31st March 2010	9th January 2010 to 31st March 2010	12th January 2010 to 31st March 2010	6th January 2010 to 31st March 2010	6th January 2010 to 31st March 2010	6th January 2010 to 31st March 2010	1st January 2010 to 31st March 2010
Share Capital (Equity & preference)	5,100,000	30,400,000	10,000,000	100,000	2,100,000	100,000	100,000
Reserve & Surplus (Net of debit balance of profit & loss Account & miscellaneous expenditure to the extent not written off)		0	0	0	63,927,271	0	0
Total Assets (Fixed Asset + Current Assets)	5,162,931	29,685,519	10,270,510	77,481	66,036,481	68,646	69,875
Total Liabilities (Debts + Currents Liabilities & Provisions)	50685	25413	8762	9210	9210	9210	9210
Details of investments (excluding investments in subsidiary COMPANIES) Details as per (annexure A)	0	0	0	0	0	0	0
Turnover	162724	180733	15858	0	0	0	0
Profit Before Tax	27500	(739894)	(1938252)	(31729)	(72729)	(40564)	(39335)
Provision for Taxation (including FBT)	11303	0	0	0	0	0	0
Profit after Taxation	16197	(739894)	(1938252)	(31729)	(72729)	(40564)	(39335)
Proposed/interim Dividend (including Dividend (Tax) (including on Preference Share)	0	0	0	0	0	0	0

Note: The turnover here represents only the interest income earned from fixed deposit and there is no activity in company.



# Choice International Ltd

Success is a matter of Choice

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● **Advisory** ● **Investment Banking** ● **Fund Syndication** ● **Insurance Consulting** ● **Outsourcing**

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