
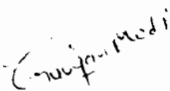
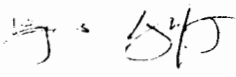
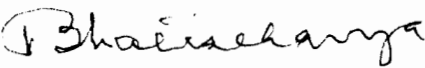
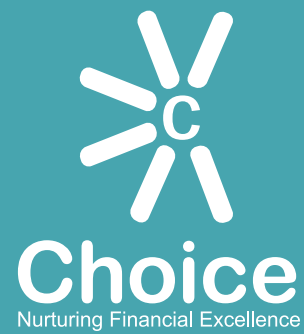


FORM A

Format of covering letter of the annual audit report to be filed with the Stock Exchange

1	Name of the company	Choice International Limited
2	Annual financial Statement for the year ended	March 31, 2014
3	Type of Audit observation	Unqualified
4	Frequency of observation	Not Applicable
5	To be signed by –	
	• CEO/Managing Director	 CA Kamal Poddar
	• CFO	 CA Gunjan Modi
	• Auditor of the Company	 CA Shyam Gupta For Gupta Shyam & Co., Chartered Accountants
	• Audit Committee Chairman	 Dr. Kali Mohan Bhattacharya





**CHOICE INTERNATIONAL LIMITED**  
CIN: L67190MH1993PLC071117

Shree Shakambhari Corporate Park,  
Plot No. 156-158, Chakravati Ashok Society,  
J.B. Nagar, Andheri (East), Mumbai-400 099.

Tel: 022-6707 9999 Tel Fax.: 022-6707 9959  
Email: [info@choiceindia.com](mailto:info@choiceindia.com)  
Website: [www.choiceindia.com](http://www.choiceindia.com)

## 21st ANNUAL REPORT

**CHOICE INTERNATIONAL LIMITED**



**ANNUAL REPORT 2013-14**



# VISION

To be a leader in the global financial services industry by providing quality services in professional and time bound manner, while nurturing relationships.



# MISSION

To persistently pursue the creation of superior stake holder value by exceeding customer expectations profitably , unleashing employee potential, while being a responsible corporate citizen, adhering to our values.

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# Our Values

**We capitalize on our strengths by embracing the following values:**

## Stand by our words

We always keep promises - big or small. We work tirelessly to proactively address exceptional circumstances when we face challenges in keeping our commitments.

## Valuing differences and respecting them

We are passionate about encouraging diversity and equal opportunity at Choice. We treat every person with respect and value his or her ideas and thoughts. We view constructive differences in opinion as learning opportunities and make decisions rationally.

## Honour and develop expertise and apply it to uniquely benefit our customers

We value industry and functional expertise and recognize that our clients look to us to provide the best solutions. We make the investments needed to help our associates build and apply the expertise required.

## Anticipate ideas and trends, not just follow them

Our success depends on our ability to innovate and outdo the competition. We think deeply about the new trends that impact our business and are not shy about developing new ideas and taking calculated risks to succeed in a rapidly changing environment. Being an early mover and anticipating trends are the keys to our success.

## Recognize and fulfill our responsibilities to the communities around us

We are sensitive to the needs of the communities around us. We constantly look for ways to help them overcome challenges. Our contribution is an important corporate and individual priority.



**Managing Director**

Message from

Dear Stakeholders,

I am very pleased to present the 21st Annual Report of our company which contains a compilation of the financial performance of our businesses and a brief description of the values, beliefs and practices that shape our company.

The year 2013-14 was one of the most challenging for the Indian economy, with India's GDP growing below the psychological 5% level for the second successive year with high inflationary pressure, rupee dipping to life time lows with large current account deficit and indications of tapering by US Federal Reserve. Being a holistic Financial Service Company, this naturally impacted our business.

Even though the financial year continued to witness the constraints that have hampered the economy in last couple of years. On the positive side, our Company has done well, which in these turbulent times is commendable. Choice's objective is to accelerate a cultural shift to address significant opportunities. On the one hand, we verticalised the marketing function; on the other, we recognized that unless we worked with a high operating efficiency, it was likely that the objectives behind the verticalisation would not be achieved. We have the widest basket of products in India's financial services sector. What we are essentially doing is creating a product-specific company reaching deeper and wider into national pockets that commercial banks find difficult to access. In this product-specific company, what we are building is a distribution pipeline to the customer through which we keep pushing an increasing number of products.

Close to 40 percent of the SME segment's financial demands are met by informal sources of finance at a high cost. Based on a recent study, close to 43 percent of existing bank customers also count on informal sources of finance. CIL, through its distinctive proposition, robust underwriting model and processes coupled with strong monitoring methodology is targeting this segment. We expect significant growth in this segment in the coming financial year.

Capital Markets businesses have, over the last three years, seen a fundamental shift in industry structure; greater volatility has become order of the day and customers have become more discerning. We have transformed our Retail Broking business into an agile organization having low fixed costs and embracing technology in all aspects of its operations, thereby enabling it to benefit substantially during the cyclical upswings. The Retail Broking, Institutional Equities, Investment Banking and Wealth Management businesses have been brought under a common roof to help better utilize client, product and distribution capabilities of the businesses.

The demand for analytics professionals in the knowledge process outsourcing (KPO) centers across the country would grow exponentially in the coming years, "Today analytics has moved from the backroom to boardroom and is fuelling the demand for managers with analytical skills,"

The Company today is inundated with a talent pool eager to explore opportunities in various fields. We keep getting new business ideas and suggestions to expand our product portfolio. Each idea or proposal is meticulously evaluated. Entrepreneurship, innovation and initiative are the driving forces of your Company. Our aim is to stay ahead of competition and for that fresh ideas must keep coming. We realize the growing importance of technology and how in coming times it can emerge to be the key differentiation. Therefore, to stay ahead of competition our investment in training and knowledge acquisition is now being supplemented by investing in technology. Most of tomorrow's innovations will be technology-driven.

Before I conclude, I would like to express my gratitude towards all the stakeholders who have reposed trust in us and extended their constant support, the dedicated team of employees and the Board of Directors for their unwavering support and guidance.

We look forward to your continued support in our future journey.

Thank you,

Sd/-   
**Kamal Poddar**  
 Managing Director  
 DIN: 01518700





**CA Kamal Poddar**  
(Managing Director)



**CA Ajay Kejriwal**  
(Non-Executive Director)



**Mrs. Hemlata Poddar**  
(Non-Executive Director)



**Dr. Kali Mohan Bhattacharya**  
(Independent Director)



**Mr. Debkumar Goswami**  
(Independent Director)



**Dr. Satish Chandra Kulhari**  
(Independent Director)



**Mrs. Bhagyam Ramani**  
(Independent Director)



**CA Brijmohan Agarwal**  
(Independent Director)



**Mr. Alexander Koshy  
Prince Vaidyan**  
(Independent Director)

# Mile Stones

Incorporated to provide advisory services in the capital market.	1993
Listed on the Bombay Stock Exchange Limited.	1995
Registration as a NBFC with RBI.	1998
Takeover of the Choice International Ltd. by Mr. Sunil Patodia (Promoter).	2008
<ul style="list-style-type: none"> <li>Commenced Investment Banking and Debt Syndication business.</li> <li>Acquired stake in Choice Infra Ventures Limited.</li> </ul>	2009
<ul style="list-style-type: none"> <li>Formation of Subsidiaries to venture into indentified business verticals.</li> <li>Acquired Commodities Broking license from MCX, NCDEX and ICEX in Choice Merchandise Broking Pvt. Ltd.</li> <li>Acquired Stock Broking membership from NSE, BSE, USE Choice Equity Broking Pvt. Ltd.</li> <li>Acquired membership for Depository Participant with CDSL.</li> </ul>	2010
<ul style="list-style-type: none"> <li>Registration as a Category I Merchant Banker from SEBI.</li> <li>Established new corporate office – Shree Shakambhari Corporate Park, an eight storied building located in J.B. Nagar, Andheri, Mumbai.</li> </ul>	2011
<ul style="list-style-type: none"> <li>Registered as a Market Maker in SME segment of BSE.</li> <li>Obtained broking license in MCX-SX in cash, F&amp;O and currency derivative segment.</li> </ul>	2012
<ul style="list-style-type: none"> <li>Acquired license in Securitisation Lending &amp; Borrowing Market ( SLBM) in NSE.</li> <li>Started Market making activities in SME segment.</li> <li>Acquired membership in Debt Market of NSE Ltd.</li> <li>Converted NSE currency derivatives segment membership from Trading to Trading cum Clearing Membership.</li> </ul>	2013
Started and managed SME IPO as a Merchant Banker.	2014



## Broking & Distribution

**W**ith our time tested knowledge and years of experience in the world of capital market, we provide personalized broking services backed with extensive research for client's portfolio. The trading platform is a high-end, integrated application for fast, efficient and reliable execution of trades. One can trade on different exchange platforms simultaneously from any location at their convenience.

### Building Trust, Building Scalability, Building Profitability

#### Our Product Offerings:

- Equities
- Derivatives
- Commodities
- Currency
- Depository Services
- Distribution of Mutual Funds/IPO/Bonds/Fixed Deposits/Insurance
- SME Market Making in NSE & BSE
- IPO Services

#### Key Strategies:

- Deliver quality research to clients with regular market updates and actionable ideas across asset classes.
- Increase in Distribution network through branches and sub- brokers/bussiness partners across India
- A well trained sales team for reaching the institutional clients.
- Educating the customers about the various financial products available in the market and its advantages.



## Investment Banking

**F**inance is a fine art of stretching scarce resources over conflicting demands for them. We, at Choice combine excellent execution capabilities, microscopic research, rich transaction experience and a wide network of global partnerships to help our clients choose a variety of strategic and financial transactions.

We are Category I Merchant Banker Registered with SEBI.

#### Our Product Offerings:

- IPO's/FPO's/Right Issues/QIPs
- Private Equity
- Debt Syndication
- Mergers & Acquisitions /Restructuring
- Listing / Delisting of Securities
- Open Offers / Preferential Issues /Buy- Backs
- Splits/Consolidation
- Revocation of Suspended Companies
- Valuation
- Due Diligence

#### Key Strategies:

- Establishing partnerships with our associate professionals to tap clients across length and breadth of the country.
- Leverage our research capabilities to identify client's needs and offer appropriate solutions to them.
- Continue to build the team along with the infrastructure having advanced technologies.





## Knowledge Process Outsourcing

**C**hoice Business Services operations are a seamless extension of our clients' operations. Our well-built operating culture defines our process effectiveness that aims at delivering the best business results and thus adding value to our clients. The team has over the period, developed wide network and relationships which are helping in rendering timely services at any place in India

### Our Product Offerings:

- Finance & Accounting
- International Taxation Management
- Company Law & SEBI Compliances
- Indirect Taxation
- Due Diligence Assistance
- International Business Setup
- Human Resource Services

### Key Strategies:

- Leveraging the knowledge and technology to provide best solutions to our clients.
- Continue to partner with associate professionals to widen our presence across globe.
- Building knowledge infrastructure through increasing the employee strength and training them to suit the client's needs and requirements.

## Corporate Information

### Board of Directors:

CA Kamal Poddar  
CA Ajay Kejriwal  
Mrs. Hemlata Poddar  
Dr. Kali Mohan Bhattacharya  
Mr. Debkumar Goswami  
Dr. Satish Chandra Kulhari  
CA Brijmohan Agarwal  
Mr. Alexander K P Vaidyan  
Mrs. Bhagyam Ramani

Managing Director  
Non –Executive Director  
Non-Executive Director  
Independent Director  
Independent Director  
Independent Director  
Independent Director  
Independent Director  
Independent Director

### Company Secretary:

Mahavir Toshniwal (FCS, FCA)

### Bankers:

HDFC Bank Limited  
AXIS Bank Limited  
State Bank of India  
Indusind Bank  
Canara Bank  
Bank of India  
SBBJ

### Auditors:

M/s. Gupta Shyam & Co.  
Chartered Accountants  
Mumbai

### 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: 022-28515606/5644  
www.sharexindia.com

### Subsidiary Companies:

Choice Equity Broking P. Ltd.  
Choice Capital Advisors P. Ltd.  
Choice Merchandise Broking P. Ltd.  
Choice Wealth Management P. Ltd.  
Choice Insurance Broker P. Ltd.  
Choice Business Services P. Ltd.  
Choice Corporate Services P. Ltd.

### Registered Office:

Shree Shakambhari Corporate Park,  
Plot No. 156-158, Chakravarti Ashok Society,  
J.B. Nagar, Andheri (East),  
Mumbai – 400 099  
Phone: 91-0 22-6707 9999  
Fax: 91- 022- 22-6707 9959  
Email: info@choiceindia.com  
Website: www.choiceindia.com

## DIRECTORS REPORT

To,  
The Members,

Your Directors have pleasure in presenting the 21st Annual Report on the business and operations of the Company together with the Audited Statement of Accounts for the Financial Year ended March 2014.

### FINANCIAL HIGHLIGHTS

- 1) A Snapshot of Standalone & Consolidated Financial Performance of the Company and its Subsidiaries for the year is as under:

(₹ in Lacs)

Standalone		Particulars	Consolidated	
2012-13	2013-14		2013-14	2012-13
806.62	1281.07	Total Revenue	6164.93	4153.61
657.95	1079.30	Total Expenditure	5603.25	3593.20
<b>148.68</b>	<b>201.77</b>	<b>Profit Before Tax</b>	<b>561.68</b>	<b>560.41</b>
36.83	65.24	Provision for Tax (Including Deferred Tax)	212.93	194.74
<b>111.85</b>	<b>136.53</b>	<b>Profit After Tax</b>	<b>348.75</b>	<b>365.67</b>
357.72	347.02	<b>Add:</b> Surplus brought forward from previous year	780.02	553.59
<b>469.57</b>	<b>483.55</b>	<b>Profit available for Appropriations</b>	<b>1128.77</b>	<b>919.26</b>
-	-	<b>Less:</b> Appropriations:		
		Transfer to General Reserve	(3.97)	-
(22.50)	(27.50)	Transfer to Statutory Reserve	(27.50)	(22.50)
(100.05)	(100.05)	Proposed Dividend	(100.05)	(100.05)
-	-	Dividend Distribution Tax on Proposed Dividend	(16.44)	(16.69)
<b>347.02</b>	<b>356.00</b>	<b>Surplus carried forward</b>	<b>980.81</b>	<b>780.02</b>

### RESULT OF OPERATION

Your Company being focused primarily on Financial Services activities needed to march very cautious path during the year as to balance between the return, expectations and risk involved in serving to various clients.

On consolidated basis, the company's revenue increased by 48.42% to ₹ 6164.93 Lacs as compared from ₹ 4153.61 Lacs of the FY2012-13. During the year, the income is primarily generated by Broking and Outsourcing services segment of the company as compared to other segment of the Company.

The Profit before Tax of FY 2013-14 as compared to last FY 2012-13 was on average same with slightly increase of 0.22 % only to ₹ 561.66 Lacs from ₹ 560.41 Lacs and the Profit after Tax is ₹ 348.73, which is slight below as compared to the Profit after Tax of FY 2012-13.

On standalone basis, revenues for the FY 2013-14 were Rs. 1281.07 Lacs, showed a upper movement by 59% as compared to previous year FY 2012-13.

Similarly Profit before Tax has increased by 36% from ₹ 148.68 Lacs in FY 2012-13 to ₹ 201.77 Lacs in FY 2013-14 and Profit after Tax also increased by 22% from ₹ 111.85 Lacs in FY 2012-13 to ₹ 136.53 Lacs in FY 2013-14.

### DIVIDEND & RESERVES

Your company has continued to reward shareholders with regular dividends. Considering the growth and continuous profits, the Board has proposed a payment of dividend of ₹ 1 per share (10%) for the year ending March 31, 2014 on equity shares aggregating to ₹ 100.05 Lacs.

According to the special provision of sub-section (1A) of section 115-O of the Income Tax Act, 1961, the company is not required to make provision for the dividend distribution tax on dividend proposed.

The dividend, as recommended by the Board, if sanctioned at the ensuing AGM, will be paid

after September 27, 2014 to those members or their mandates whose names are registered on the Company's Register of Members as on record date. The company in the year 2013-14 has appropriated a sum of ₹ 27.50 Lacs towards Reserve Fund under Section 45- IC of Reserve Bank of India Act, 1934

### SHARE CAPITAL

There was no change in the Authorised or the Paid-up Capital/Subscribed Capital during FY 2013-14.

### DEFERRED TAX

In terms of Accounting Standard on 'Accounting for Taxes on Income' (AS-22), a sum of ₹. 2,32,08,098/- has been provided being net Deferred Tax Liability for the year under review.

### SUBSIDIARIES

The company has seven subsidiaries functioning into various sectors as below:



Choice Equity Broking Private Limited in 2013-14 has been registered with NSE for Market making services to SMEs and Securities Lending & Borrowing Mechanism (SLBM).

As per Section 212 of the Companies Act, 1956, we are required to attach the Directors' Report, Balance Sheet, and Statement of Profit & Loss Account of our subsidiaries. The Ministry of Corporate Affairs, Government of India vide



its circular no. 2/2011 dated February 8, 2011 has provided an exemption to companies from complying with Section 212, provided such companies publish the audited consolidated financial statements in their Annual Report. Accordingly, the Annual Report 2013-14 does not contain individual financial statements of its subsidiaries, but contains the audited consolidated financial statements of the Company and its subsidiaries. Further, as required under the circular, the Board of Directors has, at its meeting held on 14th August, 2014 passed a resolution giving consent for not attaching the balance sheet of the subsidiary companies. The audited annual accounts and related information of the subsidiaries will be made available to the shareholders of the Company seeking such information upon request.

These documents will also be available for inspection during business hours at the company's registered office.

The same will also be published on our website, [www.choiceindia.com](http://www.choiceindia.com) The Statement pursuant to Section 212 of Companies Act, 1956, containing details of the Company's Subsidiaries is attached herewith.

#### CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Financial Statements of the Company prepared as per Accounting Standard AS 21 and Accounting Standard AS 23, consolidating the Company's accounts with its subsidiaries and an associate have also been included as part of this Annual Report.

#### MANAGEMENT DISCUSSION AND ANALYSIS

Management 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.

#### CORPORATE GOVERNANCE REPORT

A report on corporate governance repeat ahead together with the Auditors' Certificate on compliance with the conditions of Corpo-

rate Governance as laid down as per clause 49 of the Listing Agreement and the corporate governance voluntary guidelines, 2009 issued by Ministry of Corporate Affairs form part of the Annual Report.

#### DIRECTORS ELIGIBLE FOR RE-APPOINTMENT/APPOINTMENT

In light of the provisions of the section 152 of the Companies Act, 2013, Mrs. Hemlata Poddar, Non-Executive Director has now become a retiring director by rotation, thus Mrs. Hemlata Poddar retires from the Board this year and being eligible, offers herself for re-appointment.

Dr. Satish Chandra Kulhari, (DIN- 02699281), Director of the Company, who is retiring by rotation at the 21st Annual General Meeting has not sought re-appointment. It is proposed not to fill up the vacancy thereby caused.

With the enactment of the Companies Act, 2013 (Act) it is now incumbent upon every listed company to appoint Independent Directors as defined in section 149 of the Act, who are required to be appointed for a term of maximum of 5 (five) consequent years and shall not be liable to retire by rotation and pursuant to clause 49 of the Listing Agreement with Stock Exchanges (to come into effect from October 1, 2014), a person who has already served as an independent director for five years or more in a company as on October 1, 2014 shall be eligible for appointment, on completion of his present term, for one more term of upto five years only. Hence, Mr. Brijmohan Agarwal, Dr. Kali Mohan Bhattacharya, Mr. Deb Kumar Goswami, Mrs. Bhagyam Ramani and Mr. Alexander Koshy Prince Vaidyan are proposed to be appointed for a period as mentioned in the notice from the conclusion of this Annual General Meeting Accordingly. The Independent directors have filed requisite declarations with the Company under section 149 (7) of the Act to the effect that they meet with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Companies Act, 2013 and under Clause 49 of the Listing Agreement with the Stock

Exchanges.

Mr. Manak Chand Daga has resigned as director in the company with effect from August 08, 2013 due to his personal commitments. The resignation has been duly accepted by the Board. The Board places on record its sincere appreciation for the valuable services rendered by him during his tenure.

Brief resume of the Directors proposed to be re-appointed/appointed, nature of their expertise in specific functional areas and names of public limited companies in which they hold directorships and memberships/ chairmanships of Board Committees, as stipulated under Clause 49 of Listing Agreements with the Stock Exchanges in India, are provided in the notice along with the 21st Annual Report of the Company.

#### LISTING OF EQUITY SHARES

Your Company, at present is listed at:

**The BSE Limited,**  
P. J. Towers, Dalal Street, Fort,  
Mumbai – 400 001

#### 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

The Statutory Auditors Gupta Shyam & Co, Chartered Accountants, having Firm Registration No. 103450W, holds office until the conclusion of this ensuing Annual General Meeting and is eligible for reappointment pursuant to the provisions of section 139 of the Companies Act, 2013 and the Rules made thereunder. Your Company has received confirmation from the Auditors to the effect that their appointment, if made, will be in accordance with the limits specified under the Companies Act, 2013 and the firm satisfies the criteria specified in

Section 141 of the Companies Act, 2013 read with Rule 4 of Companies (Audit & Auditors) Rules 2014.

Your Board is of the opinion that continuation of Gupta Shyam & Co., Chartered Accountants, Statutory Auditors during FY 2014-15 will be in the best interests of the Company and therefore, members are requested to consider their re-appointment as Statutory Auditors of the Company from the conclusion of ensuing Annual General Meeting till conclusion of next Annual General Meeting at remuneration as may be decided by the Board.

#### 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 AS 23 on Accounting for Investments in Associates, the Directors have provided the Audited consolidated financial statements in this Annual Report.

In the year under review provisions have been made for deferred tax liabilities/(assets).

#### PARTICULARS OF EMPLOYEES

During the year no employee whether employed for the whole year or part of the year was drawing remuneration exceeding the limit as laid down under section the Companies Act, 1956 and Rules made there under which needs to be disclosed in the Director's Report.

#### 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 applica-

ble to the company. There was no inflow/outflow of foreign exchange during the year under review.

### CORPORATE GOVERNANCE

Pursuant to clause 49 of the Listing Agreement with stock exchange, a separate section titled 'Corporate Governance' has been included in the annual report along with 'Management Discussion and Analysis Report'.

All Board members and senior management personnel have affirmed compliance with the code of conduct for FY 2014. A declaration to this effect signed by the Chief Executive Officer (CEO) of the Company is contained in this Annual Report. The CEO have certified to the Board with regard to the financial statements and other matters as specified in clause 49 of the Listing Agreement and the said certificate is included in this annual report.

### THE COMPANIES ACT, 2013

The Companies Act, 2013 (the Act) came into force as on 1st April, 2014 (in the manner, to the extent notified by the Ministry of Corporate Affairs). The Act has replaced the Companies Act, 1956 and has brought a new set of compliances for companies.

The new Legislation will facilitate greater transparency, more disclosures and enhanced corporate governance. The Exchange is taking necessary steps for implementation of the provisions of the Act.

### STATUTORY DISCLOSURES

Directors' responsibility statement as required by section 217(2AA) of the Companies Act, 1956 appears in the foregoing paragraph.

Certificate from auditors of the Company regarding compliance of conditions of Corporate Governance is annexed to this report.

Disclosures as prescribed by Non-Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 and other NBFC regulations have been made in this annual report.

A cash flow statement for FY2014 is attached to the balance sheet.

### 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:

1. In preparation of the annual accounts for the financial year ended March 31, 2014, the applicable accounting standards have been followed and that there are no material departures from the same;
2. 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, 2014, and of profit of the Company for the said period.
3. 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
4. The Directors have prepared the accounts for the financial year ended March 31, 2014 on a going concern basis.

### LOANS AND ADVANCES

The particulars of loans/advances and investment in its own shares by listed companies, their subsidiaries, associates, etc., required to be disclosed in the annual accounts of the company pursuant to clause 32 of the Listing Agreement with the Company, are furnished separately.

### ESTABLISHMENT OF WHISTLE BLOWER

### POLICY/VIGIL MECHANISM:

As per the provisions of section 77 of Companies Act, 2013 and as per amendment in the Clause 49 of Listing Agreement, your Company has adopted Vigil Mechanism/Whistle Blower Policy to provide appropriate avenues to the employees to bring to the attention of the management any issue which is perceived to be in violation of or in conflict with the fundamental business principals of the Company.

The Company promotes ethical behaviour in all its business activities and has put in place a mechanism wherein the employees are free to report illegal or unethical behaviour, actual or suspected fraud or violation of the Company's Codes of Conduct or Corporate Governance Policies or any improper activity to the Audit Committee of the Company or Chairman of the Company.

The Whistle Blower Policy has been appropriately communicated within the Company. Under the Whistle Blower Policy, the confidentiality of those reporting violation(s) is protected and they are not subject to any discriminatory practices.

No personnel has been denied access to the Audit Committee. Further, the Whistle Blower Policy has been adopted to make it applicable to both the Directors and the Employees of the Company alike, to facilitate implementation of Vigil Mechanism. The Policy empowers the Chairman of the Audit Committee/Chairman of the Company to investigate any protected disclosure including matters concerning financials/accounting, etc. received from the Employees under this policy.

Whistle Blower Policy of the Company is being displayed on the Company's website <http://www.choiceindia.com>.

### VOTING THROUGH ELECTRONIC MEANS:

Pursuant to section 108 of the Companies Act, 2013 and Clause 35B of the amended Listing Agreement, your Company is taking necessary steps to make available the facility provide to its members the facility to exercise their right to

vote by Electronic means for the transactions which require approval through Postal Ballot. The Company will also have the E-voting facility for the items to be transacted at this AGM. The MCA has authorised NSDL and CDSL for setting up electronic platform to facilitate casting of votes in electronic form. The Company has an agreement with CDSL for availing e-voting facilities.

### ACKNOWLEDGEMENT

The directors would like to thank every one of the Company's customers, business associates and other stakeholders for their valuable contribution to the Company's growth and success. The directors also recognise and appreciate the passion and commitment of all the employees of the Company across the country.

The directors are also grateful to the Company's other stakeholders and partners including its shareholders, promoters, strategic partner and Government of India, bankers and others for their continued support.

### On behalf of the Board of Directors

Sd/- <b>Kamal Poddar</b> Managing Director (DIN-01518700)	Sd/- <b>Ajay Kejriwal</b> Director (DIN-03051841)
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**Mumbai, August 14, 2014**



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

(Amount of ₹)

Particulars	Choice Capital Advisors Private Limited	Choice Equity Broking Private Limited	Choice Merchandise Broking Private Limited	Choice Wealth Management Private Limited	Choice Business Services Private Limited	Choice Insurance Brokers Private Limited	Choice Corporate Services Private Limited*
The Financial year/period of the Subsidiary Company.	April 1, 2013 to March 31, 2014	April 1, 2013 to March 31, 2014	April 1, 2013 to March 31, 2014	April 1, 2013 to March 31, 2014	April 1, 2013 to March 31, 2014	April 1, 2013 to March 31, 2014	April 1, 2013 to March 31, 2014
Extent of interest in Subsidiary Company							
Equity Share Capital	50,500,000	42,360,000	10,000,000	100,000	100,000	5,100,000	100,000
% Shares held by Choice International Limited	100%	100%	100%	100%	100%	100%	-
Net aggregate amount of the profits/(losses)of the Subsidiary Company for the period , so far as it concerns members of Choice International Limited							
a) not dealt with in the Accounts of the Company							
(i)For the financial year of the subsidiary	6,548,310	15,852,727	368,762	31,123	8,682,349	28,964	(4097)
(ii)For the previous financial years since it became the subsidiary of the Company	13,429,206	10,111,015	1,423,696	83,064	7,573,288	336,031	(14001)
b) dealt with in the Accounts of the Company							
(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

\*The Choice Corporate Services Pvt. Ltd. is wholly owned subsidiary of Choice Capital Advisors Pvt. Ltd.

\*\*The above details are as on March 31,2014

**On behalf of the Board of Directors**

**Mumbai, August 14, 2014**

Sd/-  
**Kamal Poddar**  
(Managing Director)  
DIN: 01518700

Sd/-  
**Ajay Kejriwal**  
(Director)  
DIN: 03051841

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

(Amount of ₹)

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The financial year/period of the Subsidiary Company	April 1, 2013 to March 31, 2014	April 1, 2013 to March 31, 2014	April 1, 2013 to March 31, 2014	April 1, 2013 to March 31, 2014	April 1, 2013 to March 31, 2014	April 1, 2013 to March 31, 2014	April 1, 2013 to March 31, 2014
Share Capital (Equity & Preference)	50,500,000	42,360,000	10,000,000	100,000	100,000	51,00,000	100,000
Reserve & Surplus (Net of debit balance of profit & loss Account & miscellaneous expenditure to the extent not written off)	9,989,861	129,390,409	1,004,488	466,034	20,100,959	(29,165)	(18,098)
Total Assets (Fixed Asset+Current Assets)	30,622,046	1,040,915,259	28,264,634	1,275,028	98,336,232	5,285,964	85,273
Total Liabilities (Debts+Currents Liabilities & Provisions)	20,429,091	981,728,247	34,748,343	708,994	78,135,272	215,129	3,371
Details of investments(excluding investments in subsidiary companies)	50,296,906	112,563,398	-	-	-	200,000	-
Turnover	136,109,940	211,695,801	13,070,828	1,610,801	150,442,159	328,622	-
Profit Before Taxation	9,450,199	23,340,948	584,695	54,175	12,809,404	41,964	(4,097)
Provision for Taxation	2,901,889	7,488,221	215,933	23,052	4,127,055	13,000	(4,097)
Profit after Taxation	6,548,310	15,852,727	368,762	31,123	8,682,349	28,964	-
Proposed/interim Dividend(including Dividend tax)	5,869,236	5,907,822	-	-	-	-	-

**Notes:** \*Information on subsidiaries is provided in compliance with the circular no. 2/2011 dated February 8,2011 of the Ministry of Corporate Affairs, Government of India. We undertake to make available the audited annual accounts and related information of subsidiaries,where applicable,upon request by any of the shareholders. The annual accounts will also be available for inspection during business hours at our registered office in Mumbai, India.

**On behalf of the Board of Directors**

**Mumbai, August 14, 2014**

Sd/-  
**Kamal Poddar**  
(Managing Director)  
DIN: 01518700

Sd/-  
**Ajay Kejriwal**  
(Director)  
DIN: 03051841

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### Forward- Looking Statement

This Report contains forward – looking statements, which may be identified by their use of words like ‘plans’, ‘expects’, ‘will’, ‘anticipates’, ‘believes’, ‘itends’, ‘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.

The Company retains the flexibility to respond to fast changing market conditions and business imperatives. Forward –looking statements are based on certain assumptions and expectations of future events.

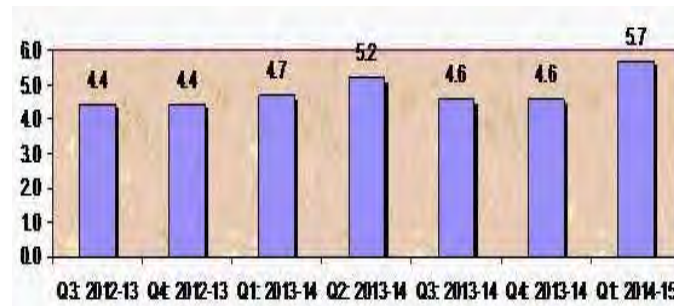
Further, the Company cannot guarantee that these assumptions and expectations are materially from those projected in any such forward –looking statements. Therefore, the Company may need to change any of the plans and projections that may have been outlined in this report, depending on market conditions.

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.

### Indian Economic Overview:

The Indian economy is poised to overcome the sub-5 per cent growth of gross domestic product (GDP) witnessed over the last two years. The growth slowdown in the last two years was broad based, affecting in particular the industry sector.

Global economic activity remains subdued amidst signs of diverging growth paths across major economies. India continues to witness a very challenging macroeconomic environment even in the Financial Year 2013-14.



The GDP growth remained weak and continued to decline throughout 2013-14 (FY2014): 4.7 percent in Q1, 5.2 percent in Q2, followed by 4.6 percent in Q3 and the last Q4 being the 4.6 percent growth.

Source: <http://www.finmin.nic.in/reports/PDM4thQ201314.pdf>

The declining trend in inflation rate since December 2013 based on WPI was reversed in Second Quarter when it increased to 5.2 percent as compared with 4.7 percent in previous quarter. India is in transition and if it desires to regain its position as a leading emerging market investment destination, clarity and consistency of policy action is paramount.

Expectations over the elections also brought a shift in sentiments. The election results hold the key in the last quarter of the FY 2013-14.

Despite the challenges, the outlook seems positive. There is a sense of optimism for the future, despite the fact that the new government would inherit an economy in crisis - the winner’s curse. May with the new government, hopes for the new fiscal year would see decisive movement on the policy front, which would give businesses more opportunity to grow along with the capital market activity.

### Business Streams

We offer a range of products and services such as Broking and Distribution, Institutional Equities, Wealth Management Advisory, Investment Banking, Private Equity, Business outsourcing etc., through various subsidiaries.

A brief snapshot of the different services rendered through various subsidiaries is given below:

Name of the Subsidiary Company	Holdings	Primary products and services offered
Choice Capital Advisors Pvt. Ltd. (CCAPL)	100 %	Investment Banking, Corporate Advisory, Debt Syndication, Private Equity
Choice Equity Broking Pvt. Ltd. (CEBPL)	100 %	Equity, Currency, Derivatives and Depository Services
Choice Wealth Management Pvt. Ltd. (CWMPL)	100 %	Distribution of Mutual Fund, IPO, fixed deposits, debentures and bonds
Choice Merchandise Broking Pvt. Ltd. (CMBPL)	100 %	Commodity Broking
Choice Business Services Pvt. Ltd. (CBSPL)	100 %	Knowledge Process Outsourcing
Choice Insurance Brokers Pvt. Ltd.* (CIBPL)	100 %	Insurance (both life and non life)
Choice Corporate Services Pvt. Ltd.** (CCSPL)	100%	Retail Loans Syndication

\*Choice Insurance Brokers P. Ltd. is yet to commence business, since waiting for license along with the registration from IRDA.

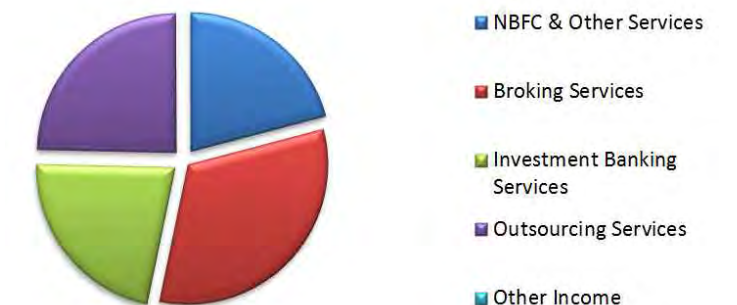
\*\*Choice Corporate Services P. Ltd. is wholly owned subsidiary of Choice Capital Advisors P. Ltd. and is yet to commence business.

Since the management takeover of the company, your Company has successfully chartered out a growth strategy of diversifying into newer asset classes, newer client segments and newer products. This strategy of the company has supported the operations of Choice while bringing stability to its performance.

### BUSINESS INCOME HIGHLIGHTS:

The composition of the consolidated income has been as follows:

Particulars	2014 (₹ in Lacs)
NBFC & other services	1279.55
Broking & Distribution Services	1982.52
Investment Banking Services	1351.79
Outsourcing Services	1504.42
<b>Total</b>	<b>6118.28</b>



### NBFC OPERATIONS

### INDUSTRY FACTS

The Indian financial sector consists of a wide variety of institutions which cater to different market segments. NBFCs are already game changers in areas of financial inclusion, especially micro finance, affordable housing, second hand vehicle finance, gold loans and infrastructure finance.

NBFCs play an important role in promoting inclusive growth in the country, by catering to the diverse financial needs of bank excluded customers. NBFC sector clocked phenomenal growth in the last ten years. The sector on an average, witnessed a Compound Annual Growth Rate of 22 per cent during the period between March 2006 and March 2013. Most of

the years NBFC sector grew faster than banking sector.

The deployment of credit to industries moderated in FY 2013-14, even as credit to agriculture and allied activities, services and personal loans picked up. There was marked easing in liquidity conditions in Q1 of FY 2013-14, which broadly remained in line with policy objectives. Broad money (M3) growth remained in line with the indicative trajectory. The easing course of monetary policy was disrupted by ‘tapering’ fears in May 2013 that caused capital outflows and exchange rate pressures amid unsustainable CAD, as also renewed inflationary pressures on the back of the rupee depreciation and a vegetable price shock. The policy was recalibrated and availability and cost of rupee liquidity was tightened in July 2013, with a view



Table 1 : Assets of NBFC and Banking (SCBs) Sectors as a % to GDP Year Ratio	2006	2007	2008	2009	2010	2011	2012	2013
NBFC Assets to GDP (%)	8.4	9.1	10.1	10.3	10.8	10.9	11.9	12.5
Bank Assets to GDP (%)	75.4	80.6	86.8	93.0	93.0	92.2	92.7	95.5

**Source:** (i) Reports on Trend and Progress of Banking in India, 2006-2013;  
(ii) Hand Book of Statistics on Indian Economy, 2012-13

**Note:** Assets of NBFC sector include assets of all deposit taking NBFCs and Non-Deposit Taking NBFCs having assets size Rs. 100 crore and above (NBFCs-ND-SI)

to restoring stability to the foreign exchange market. The Reserve Bank resorted to exceptional policy measures to maintain liquidity conditions such that volatility in the forex market is contained. The short-term interest rates were raised by increasing the Marginal Standing Facility (MSF) rate by 200 bps and curtailing liquidity available under the Liquidity Adjustment Facility (LAF) since July 2013.

However, to facilitate adequate credit to productive sectors, significant primary liquidity injection was provided via LAF, MSF, OMOs and standing facilities. As orderly conditions were restored in the currency market by September 2013, the Reserve Bank quickly moved to normalize the exceptional liquidity and monetary measures by lowering the MSF rate by 150 bps in three steps. However, with a view to containing inflation that was once again rising, the policy repo rate was hiked by 75 bps in three steps. The Reserve Bank has maintained a tight monetary policy stance but has desisted from stiff tightening keeping in mind the weak state of economy. It has been evolving its policy action with rapidly changing financial and macroeconomic conditions. As on March 31, 2014, CRR was at 4%, SLR at 23%, repo rate at 8%, reverse repo at 7% and MSF/bank rate at 9%.

Source: Various reports of RBI and other print & electronic media.

#### Our NBFC operations:

Choice International Limited (CIL) is a non-banking financial company (NBFC), registered under the Reserve Bank of India Act, 1934.

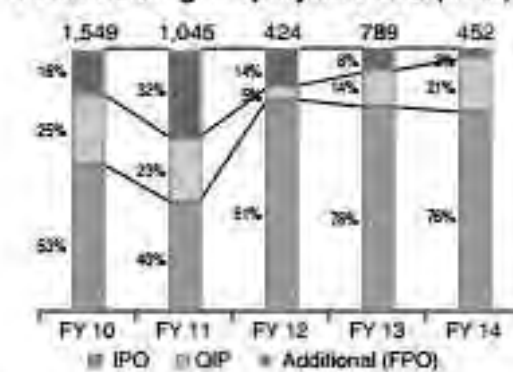
There is a clearly defined set of procedures for evaluating the credit worthiness of customers that extends from initial evaluation to loan approval. Funds are advanced after due process of evaluation and upon providing the necessary documentation. A lot of emphasis is placed on tailoring finance to customer needs. CIL's objective is to ensure appraisal and disbursement within the shortest possible time, without compromising on asset quality. The lending portfolio of your company is diversified across various sectors like financial services, information technology, textile industry, etc. In the FY13-14 the income reached to ₹ 1279.55 Lacs as compared to ₹ 803.37 lacs in the year FY12-13.

#### INVESTMENT BANKING

##### INDUSTRY FACTS

Investment banking activities remained impacted as the slowdown in the capex cycle continued. Volumes in the IPO market shrank to its lowest in recent years, and most IPOs were on the SME platform. The Additional

Fund Raising - Equity Markets (₹ bn)



Source: Bloomberg League Tables

segment (FPOs/OFS etc) also ended the year with lower volumes. QIPs, which had emerged as a favoured route for fund-raising during FY2013, also saw a dip in FY2014. Domestic bond issuances saw a slight moderation this year, although volumes clocked in FY2014 were still higher than those seen in years prior to FY2013, i.e. FY2009- 2012.

The capital raising activity remained subdued during the year as in the previous year. The Initial/Follow-on Public Offer (IPO/FPO) market witnessed 38 IPOs and 2 FPOs of equity for raising an aggregate amount of ₹ 8,693 Crore and 35 debt issuances raising an aggregate ₹ 42,735 Crore in FY 2013-14 as against 33 IPOs of equity aggregating ₹ 6,528 Crore and 20 debt issuances aggregating ₹ 16,982 Crore in FY 2012-13. During the year, the corporate preferred to raise funds through qualified institutional placement raising an aggregate of ₹ 13,663 Crore from 17 issuances as against ₹ 15,996 Crore from 45 issuances in FY2012-13.

The corporate also raised ₹ 4,576 Crore through 15 Rights Issues in FY 2013-14 as against ₹ 8,945 Crore through 16 Rights Issues in FY 2012-13. The Small Medium Enterprise Listing (SME Listing) which was initiated by the BSE Ltd. & NSE Ltd. has given the scope for small Entrepreneurs to get listed on the SME board of stock exchange.

#### Our Investment Banking Services:

Choice Capital Advisors Private Limited (CCAPL), being committed to the business of

Merchant Banking, Private Equity Advisory and Debt Syndication for Indian and offshore investors, during the year under review, have been successful in scaling up the advisory business of the Company. CCAPL has a strong investment banking team with diverse experience across capital markets, investment banking, mergers and acquisitions, performance enhancement, organizational development and shareholder value creation. With the team comprising of multi-disciplinary professionals having an extensive understanding of different sectors, by strong experience enables it to provide customized financial solutions to the clients across industries. We provide advisory services for capital market transactions including fund raising in public markets and from private equity investors, mergers, acquisitions, restructuring, financial advisory to a diversified client base across country.

During the year under review, the income generated from investment banking activities stood at ₹ 1351.79 Lacs as at March 31, 2014. The company believes that in medium to long term, the business will have greater pricing power and better relationships with clients.

#### BROKING & DISTRIBUTION BUSINESS

##### Industry Facts

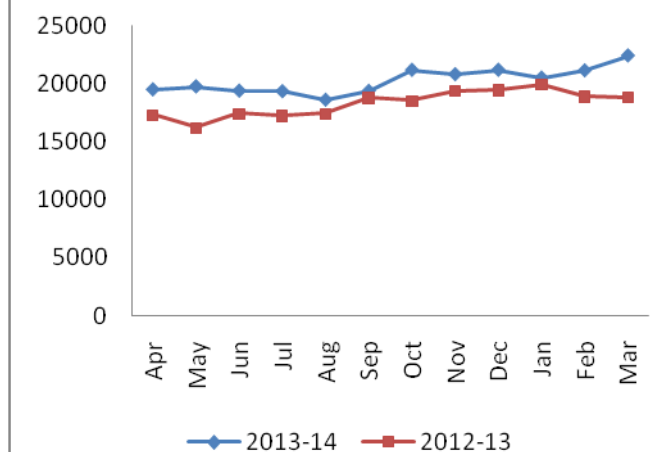
The BSE Sensex was up 18.85% YoY in FY2014, up from 8.23% in FY2013. Bulk of the returns came during the second half of the year on the back of stability in some macro indicators and expectations regarding the evolving political scenario. The year was a volatile one in terms

Primary market	2013-14		2012-13	
	No.	₹ in Crores	No.	₹ in Crores
IPO	38	1236	33	6529
FPO	2	7457	-	-
Right Issues	15	4576	16	8945
QIP	17	13663	45	15996
Total Equity raised	72	26932	94	31470
Total debt raised through Public Issue	25	42735	20	16982
Total amount raised	107	69667	104	48452

Source: Various reports of RBI and other print & electronic media.



### BSE Sensex Comparison



of Month-on-Month returns. The index clocked high Month-on-Month gains in Sept, Oct and Mar, coinciding with months of high FII net inflows. In the broader market, the BSE midcap and small cap indices outperformed the Sensex during the 2nd half of the year, despite lagging during the 1st half of the year.

The BSE market capitalization stood at ₹ 71.59 tn as on 31st March 2014, up 8.82% for the year. India outperformed both emerging markets and developed markets between Jan-Mar buoyed by positive sentiments. However, FY2014 saw a trend reversal, as the volatility in the Sensex increased. However, one has to keep in mind the sectoral variances.

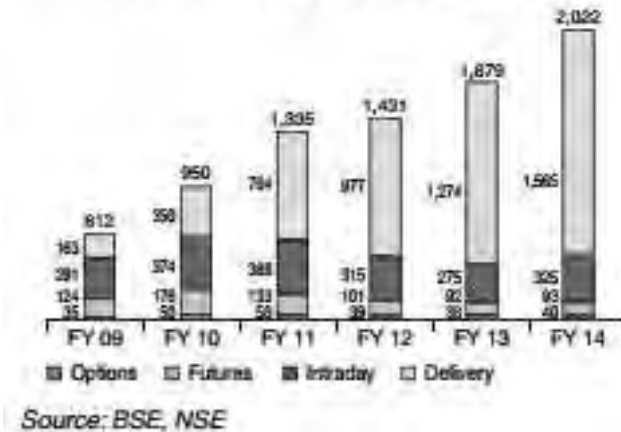
Equity market volumes continue to be boosted by options; however cash volumes might be bottoming out.

Brokerage serves participants across FIIs, domestic institutions, HNIs and retail. This business comprises of two distinct units - Retail Broking & Distribution and Institutional Equities.

#### Retail Segment:

Services offered under the "Retail Broking and Distribution business" include equities, derivatives, commodities, currency, depository services and distribution of portfolio management services, mutual funds, primary equity offerings and insurance products.

### Average Daily Volumes in ₹ bn



Source: BSE, NSE

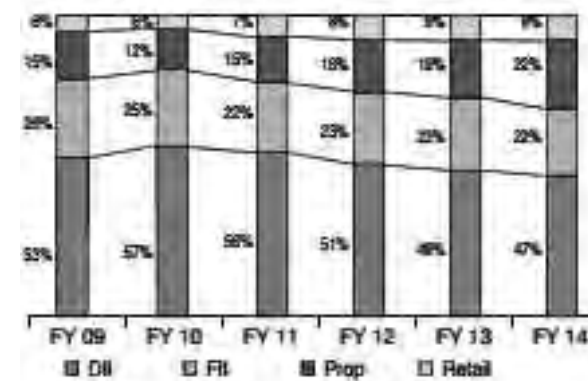
FY 2015 has seen a positive start in terms of equity market participation on the back of election expectations and some macro stability. Volume levels in the cash equities market have increased since March onwards, especially in the high-yield delivery segment. Moreover, participation from the retail investor segment, which was subdued in recent years, has shown an uptick so far in FY 2015.

Equity market Average Daily Volume (ADTO) reached ₹ 2 tn in FY2014, up 20.43% from last year. But this uptick was almost entirely led by the options segment, yet again. Options increased 22.84% YoY, and comprised 77.38% of overall market volumes in FY2014. Futures were up 18.1% YoY, and comprised 16.1% of market volumes, same as last year. Average daily volumes in cash equities, at ₹ 132.68 bn in FY 2014, was just marginally up by 1.84% as compared to FY 2013. Within this, the high-yield delivery segment showed an uptick of 3.97%. The fact that cash equities volumes have held in the ₹ 130-140 bn range since last three years possibly indicates that cash volumes might have bottomed out at last. However, the month-on-month delivery volumes during the year remained volatile, witnessing few phases of spurts on the back of certain economic news flow and developments.

This was especially seen during Aug, Sep, Dec, Jan and Mar, proving the adage that delivery volumes see a disproportionate rise during periods of market uptick.

Within cash volume participants, the growth

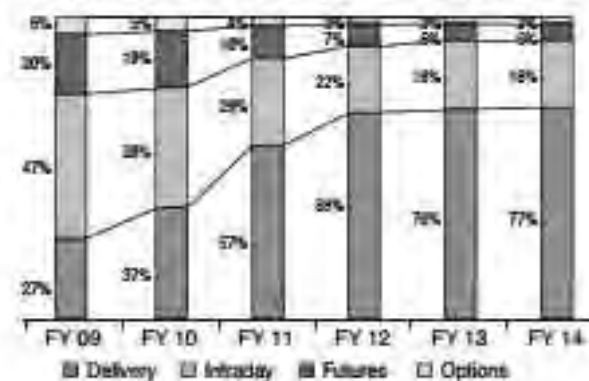
### Participant-wise Cash ADTO Proportions



Source: BSE, NSE

was mainly seen in the FII volumes. Net inflows from FIIs continued unabated in the second half of the year, reversing the outflows seen during the first half following the US tapering news. FII cash volumes were up 16.84% YoY, and they comprised 21.79% of cash volumes in FY2014, from 19% last year. In contrast, retail participation declined 2.86% YoY. Proportion of retail within cash volumes dipped further, from 49.13% to 46.86% YoY. DII cash volumes went up 7.22% YoY, and they comprised 9% of cash volumes, from 8.55% last year. With drying up of primary market activity, new demat accounts created in FY2014 was lower at 0.9 mn vs. 1 mn in FY2013. This is the lowest level clocked since the last few years.

### Segment-wise Overall ADTO Proportions



Source: BSE, NSE

#### Mutual Fund Segment:

Though the Indian Mutual Fund Industry grew at a healthy pace of 18% (in terms of growth in average asset under management) during the financial year 2013-14, it lost around 32.80

lakh investors, measured in terms of individual folios. The equity schemes were the biggest losers with a decline of ₹ 29.18 Lakh folios mainly due to profit booking.

The Securities Exchange Board of India (SEBI) framed long-term policy for mutual funds in India, inter alia includes enhancing the reach of mutual funds products, promoting financial inclusion, tax treatment, obligation of various stakeholders increasing transparency etc. This move is expected to benefit Mutual Fund Industry in year to come.

Source: Various reports and website of SEBI and other print & electronic media.

#### Insurance Segment

With most of the country's population still uninsured, India's insurance sector offers immense growth potential. Insurance sector growth is expected to be driven by a combination of factors viz., expanding economy, rise in young earners, growing public awareness and escalating concern about the incidence of natural calamities. The country's general insurance and life insurance markets are likely to reach ₹ 90,000 Crores and ₹ 5,17,000 Crores, respectively by 2015.

#### Our Broking & Distribution Service business:

Choice business comprises the income received from broking and related activities in cash and derivatives segments of equities on BSE & NSE, commodities, currency derivatives and Market Maker activities for listed SME Companies on stock exchanges. The related income includes distribution of IPO's, bonds, debentures, fixed deposits and mutual funds. During the year under review, the income from our broking operations stood at ₹ 1982.52 Lakhs, an increase by more than thirty seven percent as compared to ₹ 1447.18 Lakhs in the last FY 2012-13.

With its core strength of personalized services backed by strong research and advisory services, the company continues to focus on the high-yielding cash and derivatives segment. As



the market performance and retail participation picks up, the company will be best poised to capture the resultant upside. The company has continuously trying to improve its trading platforms to ensure a superior experience for broking customers.

## OUTSOURCING BUSINESS

### Industry Facts

Outsourcing is one of the fastest growing industries on the world platform. Outsourcing business processes requires adoption for the outsourcer or migration for the customer. It may be broadly classified into information technology (IT), human resource, customer service, engineering, knowledge services, legal, R&D outsourcing, etc. Service enablement obviates the need for platform changes focusing instead on pushing data through the process in a seamless stream. Other developing countries with a significantly underutilized university-educated population are trying to replicate what India has done by providing incentives to attract outsourcing business.

China, for example, has designated 20 cities as outsourcing hubs to attract more international investment and has provided them with tax breaks, labor hour systems, and employment subsidies. Similarly, the Philippine government has declared outsourcing a priority industry and has implemented policies (e.g., formation of economic zones and income-tax holidays) to boost foreign investment.

The combination of the current economic events and shift to both traditional and emerging set of utility-based outsourcing service options will require offshore providers to pursue the following to ensure their short- and long-term success. They have to take advantage of the economy and make strategic investments that will enable differentiation and alignment with the market in the future.

Banking and financial services contribute nearly 40 percent to India's outsourcing industry. But, outsourcing industry has been facing

many challenges, like, cut-throat competition, severe shortages of trained and skilled manpower, more investment needed in KPO infrastructure, need of higher level of control, maintenance of higher quality standards, etc. Besides, there are several problems faced by BPO employees which affects their health and lifestyle, namely, working in night shifts, problem of sexual harassment at workplace, etc. In case of offshore outsourcing, cultural mismatch or language barriers can pose a big risk.

The success of off-shoring BPO sector in India has led to the emergence of Knowledge Process Outsourcing (KPO) sector in India, which deals with off-shoring of knowledge intensive business processes requiring specialized domain-based expertise. India is well endowed with large pool of skilled manpower, like, Chartered Accountants, Doctors, MBAs, Lawyers, Research Analysts, etc., which would help to add value to the global KPO business and its high-end processes like valuation research, investment research, patent filing, legal and insurance claims processing, online teaching, media content supply, etc.

With a huge market size, India's outsourcing is still continuing to dominate the global outsourcing market. Indian market climbs the global value and knowledge chain.

### Our Outsourcing Business services:

During the year under review, the income from our Outsourcing Business operations stood at Rs. 1504.42 Lacs, a increase by more than as compared to Rs. 1142.31 Lacs in the last year. With its core strength of personalized services backed by strong research and advisory services, the company continues to focus on the high-yielding cash and derivatives segment. As the market performance and retail participation picks up, the company will be best poised to capture the resultant upside.

### OUTLOOK AND STRATEGY

After the economic slowdown in the previous years, India's growth is now gaining momentum. The outlook for the Indian economy has improved over the past few months with cau-

tiously positive business sentiments, improved consumer confidence, expectations of a modest recovery in growth and decline in inflation. The recovery is likely to be supported by investment activity picking up due to part resolution of stalled projects and improved business and consumer confidence.

The risks in the external sector have lowered, allowing monetary policy to focus on its core concern of lowering inflation and supporting growth. The narrowing of the Current Account Deficit (CAD) in FY 2013-14 followed a lower trade deficit due to higher exports as well as moderation in imports. With this background and possibility of a stable and pro-reforms government at the centre, the Indian capital market is expected to perform well as is visible in current rally which has taken the markets to all time high levels. With strengthening of the economy and the country's growth prospects looking positive, we continue to be optimistic about the Company's opportunities and potential profit avenues in the financial services sector. However, the growth curve may not move steadily upwards in the short to medium term, multiple challenges would tamper the speed of growth in various businesses. Given the inherent linkage of most of our business with the economy and capital markets, our financial performance is subject to fluctuations depending on the pace of economic growth and activity in the capital market.

Given the growth prospects, we seek to consolidate our position as one of the premier financial services group in India. Our strategy for achieving this goal is to keep deepening our portfolio of financial services and products, provide effective financial solutions, effective risk management and build a business model that is well diversified across financial market activities with unique strengths in each business. The Company is looking forward to make its presence in all over India by 2020 having at least one branch /business partners in each district of the country. We will continue to focus on our clients and endeavour to deliver unique solutions to their satisfaction and ensure accountability, transparency, professionalism

and risk containment.

## OPPORTUNITIES AND THREATS

### OPPORTUNITIES

As reported earlier, with the improvement in the outlook of the Indian economy and global growth prospects over the past few months and possibility of a stable and pro-reforms government at the centre, the Indian capital market is expected to perform well as is visible in current rally which has taken the markets to all time high levels.

This along with the focus of the government on financial inclusion will present ongoing opportunities for financial intermediaries to spread and benefit from the investment culture across the country.

### The following factors present specific opportunities across our businesses:

- Focus on reforms will provide opportunities for sustainable growth of Indian economy leading to investment/capital requirement;
- Globalization - corporates are looking at expanding in overseas/domestic markets through mergers & acquisitions;
- Acquisitions/consolidations/restructuring by corporate provides greater opportunities for corporate advisory business;
- Focus on financial inclusion will lead to wider participation from all levels of investors;
- Growing mid-size segment of corporate activity where the need for customized solutions is particularly high;
- Favourable demographics like huge middle class, larger younger population with more disposable incomes and investible surplus and change in their attitude from wealth protection to wealth creation;
- Low penetration of financial services and products in India; and
- Regulatory reforms aiding greater participation by all classes of investors.

### THREATS

The performance of capital market in India has a direct correlation with the prospect of economic growth and political stability. With the



Indian growth declining in the past year or two, the level of confidence of corporates has gone down which in turn has an impact on their expansion plans with the result that investment activity is at one of its lowest. Lack of determined action from Government to jump-start investment cycle and carry on the reforms may continue to affect the financial services sector.

**Despite great opportunities, there are significant factors presenting threats to our businesses viz.**

- Uncertainty of political situation in the country leading to concerns of diffused focus on growth and reforms;
- Slowing economy, tight monetary policy and continued high inflation leading to decelerating investment demand;
- Regulatory changes across the world impacting the landscape of business;
- Increased competition from local and global players operating in India;
- Attrition of employees caused by strong demand from ever increasing number of market participants;
- Continuous downward pressure on the fees, commissions and brokerages caused by heightened competition and willingness of most players to deliver services at very low fees; and
- Risks arising from reduced ability of corporates to generate sustained revenue to service loans given by our NBFC in a timely manner.

#### RISK MANAGEMENT

Risk is an integral part of the business and we aim at delivering superior shareholder value by achieving an appropriate balance between risks and returns. The financial services industry is subject to continuously evolving legislative and regulatory environment due to increasing globalisation, integration of world markets, newer and more complex products & transactions and an increasingly stringent regulatory framework. As a result, today's operating environment demands a rigorous and integrated approach to risk management. The ability to manage risks across geographies, products, asset classes, customer segments

and functional departments is of paramount importance for the hindrance free growth of the organisation. The inability to manage these risks can cause irreparable damage. Though the Company, on a standalone basis derives its income mainly from dividends and other income categories and is not directly exposed to risks, the major risks for Choice arises primarily out of the risks associated with the businesses of various companies within the group.

Regulatory framework, focused on maintaining controls on domestic businesses but even inadvertently creating more favourable regulatory environment for global entities operating in India is a matter of concern. We actively participate in dialogue in industry bodies and with regulators to point these out and to recommend appropriate changes. Timely and effective risk management is of prime importance to our continued success. We believe that risk assessment is the first step in a sound risk management procedure.

A team of experienced and competent professionals at business level as well as group level identify and monitor the risks on an ongoing basis and evolve processes/systems to monitor and control the same to contain the risks to minimum levels. Ongoing monitoring by our officials help in identifying risks early.

#### MARKETING INITIATIVES - GROWING NETWORK

Your company is in the service industry wherein relationships have equal importance. To create a niche in industry and to sustain the intense competition in the industry, the company has been participating and organising various conferences and seminars. While CIL's presence on social media networks like LinkedIn has grown to achieve new heights, we envision Facebook as the next social network which will help us engage with audiences better.

#### CORPORATE SOCIAL RESPONSIBILITY

Choice embraces responsibility for impact of its operations and actions on all stakeholders including society and community at large.

Management's commitment, work ethics and business processes at Choice encourages all its employees and other participants to ensure positive impact and its commitment towards corporate social responsibility. Being a part of the service industry, we have unique scope and opportunity to develop raw, potential candidates into skilled workforce that are employable by the financial service industry. The world population will soon reach the 7 billion mark this year, posing greater challenges to humanity than ever before. This puts enormous pressure on the finite resources of the universe.

Your Company's major interventions in the lives of the underprivileged are through health, education and skill building. These have been implemented through the Choice's management and employees, these initiatives are undertaken in partnership with NGOs to foster a holistic, sustained approach.

#### A Snapshot of your Company's work –

##### 1. Choice Initiative

Your Company, growing in a competitive and dynamic environment, recognises the significance of training and development of its employees, who make the decisive difference in the Financial Services industry. The company has formulated systems to continuously monitor the performance of employees based on guest satisfaction.

Every year the company celebrates inhouse various festivals and events like Holi, Ganesh Chaturti, Rangoli competition, Diwali, Christmas, etc. where all associates actively participate, making these the most happening events of the year. Various activities mark these occasions and the awards are presented to employees for their motivation which is very good way of employee recognition. This makes them feel conceited and acts as catalyst for others to do better and get recognised, thus marking healthy competition which benefits both the organisation as well as associates.



The Company has also initiated various welfare initiatives for the staff, which includes free education and health care facilities for staff and their family members. The Company organises "Free Health Check-ups" for the employees and their family members in its premises on a regular basis and other initiatives like Reiki session for meditation, devotional and health purpose at its premises for the benefit of employees of the company. The company has organised the inhouse seminar session by URJA YOG, the NGO which is registered trust and working diligently towards improving the Lives of people in every way for last many years.

The company also undertakes "Free Education programme" for its employees and their children, in line with its guiding principle which is changing lives by empowering individuals through Education. The Company also provides assistance to its staff in form of short term loans in case of emergency.

##### 2. Choice Go Green Move

At Choice, we believe that volunteering for a societal cause is an enriching experience and allows the human values and self worth of individuals and teams to flourish. As our industry and operations do not directly cause harm to natural environment, our commitment to the environment is primarily through reduction of the impact of our daily operations on critical natural resources. In view of the above, your company has started "CHOICE GO GREEN MOVE" which is in



accordance with the MCA green initiatives wherein the communication to the shareholders shall be send in the electronic form.

### 3. Education

Choice firmly believes that every child in India should obtain excellent education and is playing its role to support the cause. Your company has been involved in the sponsorship of events in various educational institutions to develop and build the talent present in the community.

#### Investor Relations:

We view Investor Relations as an important bridge between the firm and the investing community. We continue to enhance our disclosure levels and provide our investors and stakeholders with the information on our performance, strategies and prospects. We also update the information on our website [www.choiceindia.com](http://www.choiceindia.com). We are committed to adopting best investor relation practices to further enhance communication with the investing community so that we are perceived as a responsive and transparent organisation.

#### Information Technology:

Being in the service sector delivering across several locations, IT is critical to the operational performance of the group as whole in meeting its business objectives. Thus, the Company has invested significantly in technology and continuously strives to have the best-in-class infrastructure and expertise to support and augment the efficiency of its operations.

#### INTERNAL CONTROL SYSTEM:

The Company has put in place an adequate internal control system to safeguard all assets and ensure operational excellence. The system also meticulously records all transaction details and ensures regulatory compliance. It also has a team of internal auditors to conduct internal audit. Wherever deemed necessary, internal control systems are strengthened and corrective actions initiated.

#### MATERIAL DEVELOPMENT IN HUMAN

### RESOURCES

The success of the business of your company squarely depends on availability of trained and experienced personnel and people with high ethics and integrity. The company continuously evolves policies to create a work culture and value system in the company so that each employee receives adequate space, freedom and guidance to bring out their full potential and provide personal growth opportunities within the organization. The company has been in a position to meet its targets and ensure sustained growth year after year is primarily on account of contribution by its human resource.

The Company growth and sustained leadership is the result of hard work and commitment of its people. The human enterprise drives the Company's customer-driven business model. During the year your company has conducted induction programme to the employees of the company on management skills.

The Company recruits and retains industry relevant talent by virtue of a strong recruitment policy, clearly defined roles and responsibilities, individual performance management systems and performance-based compensation policies. The inspiring work environment also ensures career progression of the employees. Besides, the Company regularly identifies areas of improvement to accelerate business processes.

We are also forefront with regards to employee's health; therefore Choice has taken initiative such as availability of doctor at week-end at work to give the employees the benefit of having their health check up done in the office premises at their convenience. This in turn serves as an immediate treatment option; saving one from procrastination and delay.

#### On behalf of the Board of Directors

Sd/-  
**Kamal Poddar**  
Managing Director  
(DIN-01518700)

Sd/-  
**Ajay Kejriwal**  
Director  
(DIN-03051841)

## Corporate Governance

### (As required by clause 49 of the Listing Agreement with the stock exchange)

This section on Corporate Governance forms part of the Directors' Report to the shareholders. This report is given in terms of clause 49 of the Listing Agreement entered with the BSE Limited where the shares of the Company have been listed.

#### 1. Company's philosophy on code of governance

Corporate Governance is concerned with maintaining the right balance between economic and social goals and between individual and community goals. Corporate Governance is a set of principles, processes and systems to be followed by the Directors, management and all employees of the Company for enhancement of shareholder value, keeping in view interests of other stakeholders.

These policies prescribes a set of systems and process guided by the core principles such as independence, accountability, responsibility, transparency, fair and timely disclosures, credibility etc. which serve as the means of implementing the philosophy of Corporate Governance in letter and spirit.

The Choice's policy on Corporate Governance is shaped by the twin objectives of transparency and fairness in its business dealings and an adequate system of checks and controls to ensure that executive decisions benefit all stakeholders and disclose accurate information regarding our financials and performance, as well as the leadership and governance of the Company.

The Board of Directors ('the Board') is at the core of our corporate governance practice and oversees how the Management serves and protects the long-term interests of all our stakeholders.

#### 2. Board of Directors:

The Board of Directors of Choice provide leadership and strategic guidance, objective judgment and exercises control over the Company, while remaining at all times accountable to the stakeholders. The disclosure requirements of Clause 49 of Listing Agreements with Stock Exchanges are given below:

#### (A) Composition, size of the Board, attendance of the Directors at Board and AGM and their memberships in other Board and Board Committees:

The Company's Board of Directors is the one who is the guardian of fairness, transparency and accountability and provides appropriate directions with regard to leadership, vision, strategy, policies, monitoring, supervision, accountability to shareholders and to achieve greater levels of performance on a sustained basis as well as adherence to the best practices of Corporate Governance. The Company's policy is to maintain optimum combination of Executive and Non-Executive Directors, all of whom are eminent persons with considerable professional expertise and experience in business and industry, finance, management and law. Your Company is managed and guided by a professional Board comprising 10 (Ten) Directors as on March 31, 2014 whose composition is given below. The composition of the Board of Directors is in conformity with the stipulation laid down in the code of Corporate Governance recommended by the Securities and Exchange Board of India (SEBI) through clause 49 of the Listing Agreements with the Stock Exchanges:

#### (B) Definition and Role of Independent Directors

According to clause 49 of the Listing Agree-

Sr. No.	Name of Directors with category	Board meetings		No. of shares held in the company	No. of Directorship in Held in other Public Ltd. Company		Committee Positions in other Companies	
		Held	Attended		Chairman of Board	Board Member	Chair man	Member
	Promoter & Managing Director							
1	Kamal Poddar*	4	4	5,62,600	-	1	-	1
	Executive Director							
2	CA Pankaj Bhansali*	4	3	-	-	-	-	-
	Non-Executive Directors							
3	Ajay Kejriwal	4	4	2,000	-	-	-	-
4	Hemlata Poddar*	4	4	2,00,000	-	1	-	-
	Independent Director							
5	Dr. Satish Chandra Kulhari	4	2	-	-	-	-	-
6	Brijmohan Agarwal	4	1	-	-	3	1	-
7	Manak Chand Daga*	4	-	-	-	-	-	-
8	Dr. Kali Mohan Bhattacharya	4	3	-	-	4	1	2
9	Deb Kumar Goswami	4	3	-	-	3	-	1
10	Bhagyam Ramani	4	3	-	-	1	1	2
11	Alexander Koshy Prince Vaidyan	4	2	-	-	-	-	-

Notes : \*Excluding directorship in Choice International Limited & its subsidiaries, private companies, foreign companies and companies under Section 25 of the Companies Act, 1956.

\*As required by Clause 49 of the listing agreement, the disclosure includes memberships of audit committee and investor grievance committee in Indian public companies (listed and unlisted). Further none of the directors on the board serves as members of more than 10 committees nor are they chairman of more than 5 committees.

- (1) No Director is related to any other Director on the Board, except for Mr.Kamal Poddar and Mrs. Hemlata Poddar, who are husband and wife respectively.
- (2) Mr. Manak Chand Daga resigned on from the Board w.e.f August 8, 2013.
- (3) Mr. Pankaj Bhansali resigned on from the Directorship w.e.f. June 30, 2014.
- (4) Mrs. Hemlata Poddar is proposed to be re-appointed on basis of rotational retirement and re-appointment in this 21st AGM of the Company.

ment entered with the BSE Limited, an independent director means a person a non - executive director of the company who apart from receiving directors remuneration does not have any material pecuniary relationship or transactions with the company, its promoters, its directors, its senior management its holding, subsidiaries and associates which may affect the independence of the director nor does have any relations with promoters. Board level or one level below Board, nor being executive in last three financial years or partner of statutory auditor or internal auditor of the company or any other way to show the salaries or income person from the company as executive or holds more than two percent of block of voting shares

which in the opinion of our Board of Directors, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director.

Independent Directors play a key role in the decision making process of the Board by participating in framing the overall strategy of the Company. The Independent Directors are committed to acting in what they believe to be in the best interest of the Company and its stakeholders. The Independent Directors are professionals, with expertise and experience in general corporate management, legal, public policy, finance, banking and other allied fields.

#### • **Materially significant related party transactions**

All the materially significant related party transactions, monetary transactions or relationships between the Company and Directors, the Management, subsidiaries or relatives are disclosed in the financial statements for the year ended March 31, 2014.

#### • **Non-executive directors' compensation and disclosure:**

All fees/compensation, if any, is paid by the company to Non-executive director including Independent director, is fixed by the Board of Directors.

#### (C) **Details of Board meeting conducted during the year:**

- (i) Minimum four pre-scheduled Board meetings are held every year. Apart from the above, additional Board Meetings are convened by giving appropriate notice to address the specific needs of the Company. The Board meets at least once every quarter inter alia to review the quarterly results which was held on May 28, 2013, August 08, 2013, November 13, 2013 and February 14, 2014.
- (ii) The Meetings are usually held at the Company's Registered Office at Shree Shakambhari Corporate Park, Plot No. 156-158 Chakravarty Ashok Society, J B Nagar, Andheri (E), Mumbai – 400099.
- (iii) The Company sends a detailed agenda folder to each Director sufficiently before Board and Committee Meetings. To enable the Board to discharge its responsibilities effectively, the Managing Director appraises the Board at every meeting on the overall performance of the Company, followed by the detailed presentation.
- (iv) To enable the Board to discharge its responsibilities effectively, the members of the Board are briefed at every Board Meeting on the overall performance of the

Company. Senior management is invited to attend the Board Meetings as and when required, so as to provide additional inputs to the items being discussed by the Board.

- (v) The Minutes of the proceedings of the Meetings of the Board of Directors are noted and the draft minutes are circulated amongst the Members of the Board for their perusal. Comments, if any, received from the Directors are also incorporated in the Minutes, in consultation with the Chairman of the Board.

#### (D) **Role of the Company Secretary in Governance Process**

The Company Secretary plays a key role in statutory and administrative matters. The Company Secretary ensures that all relevant information, details and documents are made available to the directors, sent the Notice of Board Meetings, prepare the Agenda of the meetings for effective decision making at the meetings. The Company Secretary is primarily responsible to ensure compliance with applicable statutory requirements and is the interface between the management and regulatory authorities for governance matters. The Company Secretary records the minutes of the proceedings of each Board and Committee Meeting.

#### 3. **Committees of the Board of Directors**

The Board functions either as a full Board or through various committees constituted to oversee specific operational areas. The Board of Directors and its committees meet at regular intervals. All decisions pertaining to the constitution of Committees, appointment(s) of members and fixation of terms of service for members of Committees is taken by the Board of Directors.

The role and composition of these Committees, including the number of meetings held during the financial year and the related attendance are provided below.



- I. Audit Committee;
- ii. Remuneration committee (forth shall be known as Nomination and Remuneration Committee);
- iii. Investors Grievance committee (forth shall be known as Stakeholders' Relationship Committee)

### 3 (i) Audit committee

- **Terms of reference:**

In terms of Clause 49 of the listing agreement as well as Section 292A of the Companies Act, 1956 and Non-Banking Financial (Non- Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 the Board has constituted Audit Committee of the Board of Directors. All the members of the Committee possess financial accounting exposure.

The Audit Committee, inter alia, advises the management on the areas where systems, processes, measures for controlling and monitoring revenue assurance, internal audit and risk management can be improved. The minutes of the meetings of the Audit Committee are placed before the Board. The terms of reference of this Committee are very wide. Besides having access to all the required information from within the Company, the Committee can obtain external professional advice whenever required. The Committee acts as a link between the Statutory and the Internal Auditors and the Board of Directors of the Company. It is authorised to select and establish accounting policies, review

reports of the Statutory Auditors and the Internal Auditors and meet with them to discuss their findings, suggestions and other related matters. The Committee is empowered to review, inter alia, the remuneration payable to the Statutory Auditors and to recommend a change in Auditors, if felt necessary. It is also empowered to review Financial Statements and investments of unlisted subsidiary companies, Management Discussion & 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 49 II D of the Listing Agreement are covered in the terms of reference. The Audit Committee has been granted powers as prescribed under Clause 49IIC of the Listing Agreement.

The committee has recommended to the Board of Directors the re-appointment of M/s. Gupta Shyam & Co., Chartered Accountants, as the Statutory Auditors of the Company for the fiscal ending March 31, 2015, and that the necessary resolutions for appointing them as Statutory Auditors are placed before the shareholders.

- **Composition of Audit committee and attendance of members**

The Audit Committee had 4 meetings during the year under review i.e. May 28, 2013, August 08, 2013, November 13, 2013 and February 14, 2014. The time gap between any two meetings was less than four months. Audit Committee was reconstituted on May 28, 2013.

Name of the Member		No. of Meetings	
		Held	Attended
Dr. Kali Mohan Bhattacharya	Chairman	4	3
Mr. Pankaj Bhansali	Member	4	2
Mr. Prince Vaidyan	Member	4	3
*Mr. Brijmohan Agarwal	Chairman	4	1
*CA Kamal Poddar	Member	4	1
*Dr. Satish Chandra Kulhari	Member	4	1

stituted on May 28, 2013.

- \* Audit Committee was reconstituted at the first Board Meeting of the Company. Mr. Brijmohan Agarwal, Dr. Satish Chandra Kulhari and CA Kamal Poddar has been replaced w.e.f. May 28, 2013.

The Company Secretary is the Secretary to the Committee. The members of the Audit Committee possess strong accounting and financial management expertise. In conclusion, the committee is sufficiently satisfied that it has complied with its responsibilities as outlined in the audit committee charter.

### 3 (ii) Nomination and Remuneration committee (earlier known as Remuneration Committee)

- **Terms of reference**

The Remuneration Committee of the Board is constituted to formulate from time to time

- (a) process for selection and appointment of

- (b) new directors and succession plans and recommend to the Board from time to time, a compensation structure for directors and the senior manager based on their performance and defined assessment parameters suitably within the limits prescribed under the Companies Act, 1956.

### Remuneration policy

The Remuneration Committee determines and recommends to the Board, the compensation of the Directors and the senior Manager. The key components of the Company's Remuneration Policy are:

- a. Compensation will be competitive and benchmarked with a select group of companies from the service sector.
- b. Compensation will be transparent, fair and simple to administer.
- c. Compensation will be fully legal and tax compliant.

- **Composition of committee and attendance of members**

The Remuneration Committee had 1

Name of the Member		No. of Meetings	
		Held	Attended
Dr. Mrs. Bhagyam Ramani	Chairman	1	1
Dr. Kali Mohan Bhattacharya	Member	1	1
Mr. Deb Kumar Goswami	Member	1	1
* Dr. Satish Chandra Kulhari	Chairman	1	-
*Mrs. Hemlata Poddar	Member	1	-
* CA Brijmohan Agarwal	Member	1	-

\* Dr. Satish Chandra Kulhari, Mr. Brijmohan Agarwal, and Mrs. Hemlata Poddar has been replaced w.e.f. May 28, 2013. The Remuneration Committee comprises of three directors i.e. Mrs. Bhagyam Ramani, Dr. Kali Mohan Bhattacharya and Mr. Deb Kumar Goswami as members

meeting during the year under review i.e. August 08, 2013. The Remuneration Committee was reconstituted at the first Board Meeting of the Company held on May 28, 2013.

- **Details of the remuneration to all the directors during the FY 2013-14:**

Name of the Director	Salary, Allowances & Perquisites
Mr. Kamal Poddar	Rs. 42,00,000 p.a.

### Executive directors

The company pays the remuneration by way of salary, allowances and perquisites to the CEO & Managing Director and the Executive Directors. Salary is paid within the range approved by the Members. This is subject to revised from time to time depending upon performance of the

company, individual director performance and prevailing industry norms. The detail of the remuneration paid to the Managing Director during the year is as follows:

#### Non-executive / Independent director

The Non-Executive/ Independent Directors are eligible for remuneration by way of sitting fees. The company pays minimum sitting fees of Rs. 10,000/- per meeting of the Board to the Independent Directors for attending the meetings of the Board.

The Board believes that the above remuneration structure is commensurate with the industry practices in terms of remunerating non-executive/independent directors of a company of a similar size and adequately compensates for the time and contribution made by our non-executive/independent directors.

#### 3 (iii) Stakeholders' Relationship Committee

(earlier known as Shareholders' / Investors Grievance Committee):

The Committee, inter alia, approves issue of duplicate certificates and oversees and reviews all matters connected with transfer of securities of the Company.

The Committee also monitors redressal of investors' grievances. Particulars of investors' grievances received and redressed are furnished in the investor information section of this report.

The Committee oversees performance of the Registrar and Transfer Agent of the Company and recommends measures for overall improvement in the quality of investor services.

The Committee also monitors implementation and compliance of Prohibition of Insider Trading in pursuance of SEBI (Prohibition of Insider Trading) Regulations, 1992.

The Company has appointed Sharex Dynamic India Private Limited to act as Registrar and Transfer Agent of the Company.

- **Composition of committee**  
As on March 31, 2014, the Committee comprised of 2 Non-executive Directors of which the Chairman is an Independent Director.
- Attendance at the meeting of the Stakeholders' Relationship Committee held during 2013-14.

The Committee meets as and when required, to deal with the investor related matters etc. During the year, the Committee held its meeting on February 14, 2014. All the members were present in all the meetings.

Particulars	No. of complaints
Pending at the beginning of the year	Nil
Received during the year	Nil
Disposed off during the year	Nil
Lying unresolved at the end of the year	Nil

Details of queries and grievances received and attended by the Company during the financial year 2013-14 are given herein below: -

- **Name of Compliance officer**

**Mr. Mahavir Toshniwal**

Designation: Company Secretary

Phone: 022 - 6707 9999

Email Id: [mahavir.toshniwal@choiceindia.com](mailto:mahavir.toshniwal@choiceindia.com)

#### 4.General meetings

The details of the Annual General Meeting in the last three years and the special resolutions passed thereat are as follows:

Year	2010-11	2011-12	2012-13
Date	September 30, 2011	September 28, 2012	September 16, 2013
Venue	Anchorage Hall, Hotel Suba International, 211, Chakala Sahar Road, Andheri (E), Mumbai – 400 099	Shree Shakambhari Corporate Park, 156-158, Chakravarty Ashok Society, J.B Nagar, Andheri (E), Mumbai – 400099	Anchorage Hall, Hotel Suba International, 211, Chakala Sahar Road, Andheri (E), Mumbai – 400 099
Time	11.00 AM	11.00 AM	12:30 PM
No. of Special Resolution Passed	Two	Nil	One

- **Postal Ballot:**

No postal ballot was conducted pursuant to Section 192A of the Companies Act, 1956 read with Companies (Passing of the Resolution by Postal Ballot) Rules, 2011 for obtaining the consent of the shareholders of the Company during the year 2013-14. The company had issued result for the consent of the members through Postal Ballot on February 12, 2013 and the result of postal ballot had been declared on April 12, 2013.

#### 5. Subsidiary Companies

Clause 49 defines a "Material Non-listed Indian subsidiary" as an unlisted subsidiary, incorporated in India, whose turnover or net worth (i.e. paid up capital and free reserves) exceeds 20% of the consolidated turnover or net worth respectively of the listed holding company and its subsidiaries in the immediately preceding accounting year. During the year 2013-14, your Company has three material non-listed Indian subsidiaries i.e. Choice Capital Advisors Private Limited, Choice Equity Broking Private Limited and Choice Business Services Private Limited whose turnover exceeds 20% of the consolidated turnover of the listed holding company and its subsidiaries in the immediately preceding accounting year. As per the requirement of the Listing Agreement, the Board had deliberations on the appointment of one Independent Director on the Board of

Choice Capital Advisors Private Limited. Currently, the company has seven subsidiaries under its umbrella. The financial statements and investments of subsidiaries are reviewed by the Audit Committee of the Company. The minutes of the Board Meetings of the subsidiary companies have been placed before the Board of the Company.

#### 6. Disclosure:

- During the year 2013-14, material transactions entered by the Company with the Promoters or Directors or Management or their relatives, subsidiaries that may have a potential conflict with interest of the Company except for those disclosed in the financial statements for the year ended March 31, 2014. The related party transactions with subsidiary companies and others are disclosed in Notes to Accounts.
- There has been no instance of non-compliance by the Company on any matter related to capital markets during the last three years and hence no penalties or strictures have been imposed on the Company by the Stock Exchanges or SEBI or any other Statutory Authority.
- The financial statements have been prepared in accordance with the accounting standards and policies generally accepted in India.



iv. The CEO certification of the financial statements for the year is enclosed at the end of this Report.

v. 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 constituted a Nomination & Remuneration Committee, the details whereof are given under the heading "Nomination & Remuneration Committee".

The quarterly, half yearly and yearly financial results are displayed on the Company's website and are published in the newspapers.

vi. 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 at the end of this Report.

vii. The Company has periodically filed all the necessary documents with the MCA Portal.  
viii. Processing of investor complaints of listed companies in SEBI Complaints Redress System (SCORES) commenced by SEBI vide circular CIR/OIAE/2/2011 dated June 3, 2011. The investor complaints are processed in a centralized web based complaint redress system.

The salient features of this system are: Centralised database of all complaints, online upload of Action Taken Reports (ATRs) by the concerned companies and online viewing by investors of action taken on the complaint and its current status.

#### 7. Means of communication:

The company recognizes communication as a key element of the overall Corporate Governance framework and therefore emphasizes continuous, efficient and relevant communication to all external constituencies. The Company communicates with its shareholders through :

<b>Quarterly/Half yearly/Annual financial results</b>	Results are published in leading English and Vernacular language newspapers like The Financial Express and Apla Mahanagar (Marathi)
<b>Annual report</b>	All important information pertaining to the Company is mentioned in the Annual Report of the Company containing inter-alia audited accounts, consolidated financial statements, directors' report, auditors' report, Management Discussion and Analysis Report which form part of Directors' Report, report on Corporate Governance is circulated to all the members and all others like auditors, equity analysts, etc. for each financial year.
<b>Filing with Stock Exchanges</b>	Information to Stock Exchanges is now being filed online to BSE.
<b>Website</b>	The Company's corporate website <a href="http://www.choiceindia.com">www.choiceindia.com</a> provides comprehensive information about its portfolio of businesses. Section on "Investors" serves to inform and service the Shareholders allowing them to access information at their convenience. The quarterly shareholding pattern of the Company is displayed on the website. The entire Annual Report and Accounts of the Company is available in downloadable

	formats. The same is also be made available on the websites of the Stock Exchanges where Company shares are listed.
<b>News Releases</b>	Official news releases are sent to stock exchanges as well as displayed on the Company's website: <a href="http://www.choiceindia.com">www.choiceindia.com</a> .

#### 8. Reconciliation of Share Capital 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 number of shares in physical form and the dematerialised shares held by the NSDL and CDSL.

#### 9. General shareholders information:

21st AGM

<b>1. Annual General Meeting</b>	
- Date and Time	September 27, 2014, 12.30 p.m.
- Venue	Anchorage Hall, Hotel Suba International, 211, Chakala Sahar Road, Andheri (East), Mumbai - 400099
<b>2. Financial Year (Tentatively)</b>	
- Financial reporting for the quarter ending June 30, 2014	2nd week of August, 2014
- Financial reporting for the half year ending September 30, 2014	2nd week of November, 2014
- Financial reporting for the quarter ending December 31, 2014	2nd week of February, 2015
- Financial reporting for the year ending March 31, 2015	2nd week of May, 2015
- Annual General Meeting for the year ended March 31, 2015	Last week of September, 2015
<b>3. Dates of Book Closure</b>	September 23, 2014 to September 27, 2014 (both days inclusive)
<b>4. Dividend Payment Date</b>	Upto October 27, 2014
<b>5. Registered Office</b>	Shree Shakambhari Corporate park, Plot No. 156-158, Chakravarti Ashok Society, J.B. Nagar, Andheri (E), Mumbai - 400 099 Tel: (91-22) 6707 9999, Fax: (91-22) 6707 9959 Email : <a href="mailto:info@choiceindia.com">info@choiceindia.com</a> Website: <a href="http://www.choiceindia.com">www.choiceindia.com</a>
<b>6. Listing on Stock Exchanges</b>	BSE Limited
<b>7. Stock Code</b>	BSE - 531358
<b>8. ISIN No.</b>	INE102B01014
<b>9. Payment of Annual Listing fees</b>	Listing fees for the financial year 2014-15 has been paid to the BSE Limited.
<b>10. Custodial Fees to Depositories:</b>	The Company has paid custodial fees for the year 2014-2015 to National Securities Depository Limited (NSDL) & Central Depository Services (India) Limited (CDSL).

**Payment of Dividend**

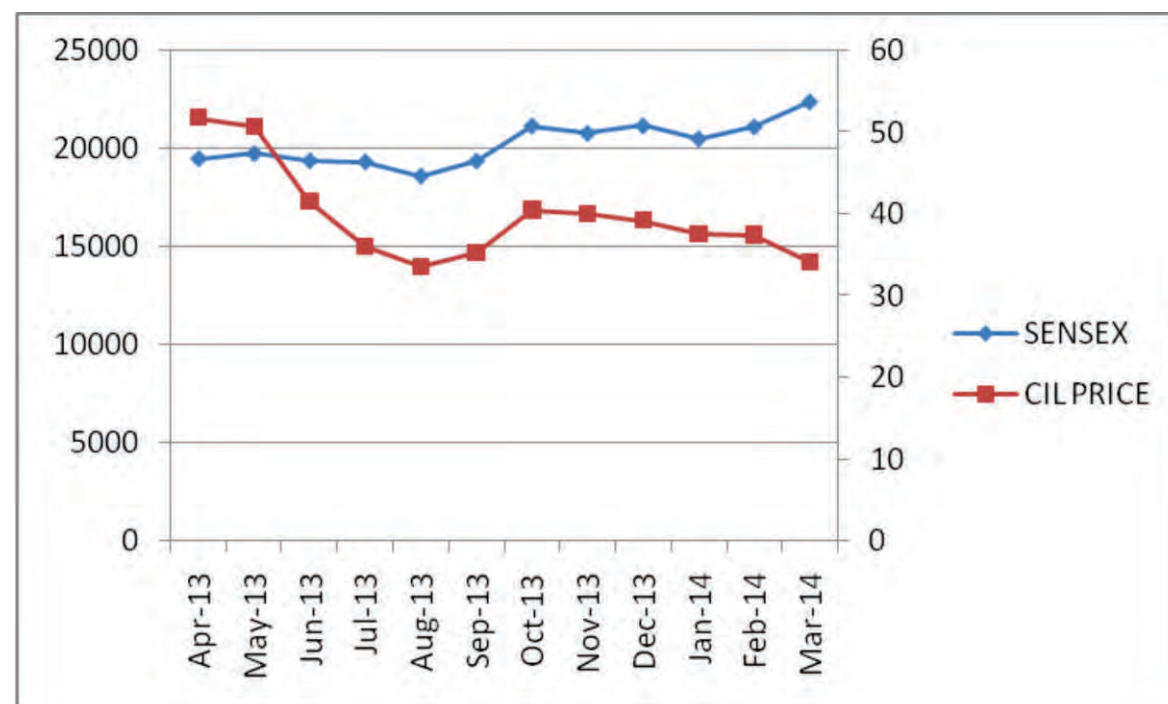
The Board of Directors of the Company for the financial year ended March 31, 2014, has recommended payment of final dividend of 10% i.e. Rs. 1 per share on the paid up equity share capital of the Company, which will be paid after your approval at the Annual General Meeting.

The Dividend, if declared at the AGM, would be paid to the shareholders within 30 days from the date of AGM.

**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, 2014 are as under:

Month	High	Low	Close Price	Trade Quantity	Sensex
Apr-13	58.40	50.35	51.75	9,26,623	19504.18
May-13	55.00	50.50	50.70	8,79,848	19760.30
Jun-13	51.50	40.05	41.55	7,88,476	19395.81
Jul-13	42.10	34.80	36.00	9,35,810	19345.70
Aug-13	37.00	33.00	33.55	10,41,784	18619.72
Sep-13	40.50	33.50	35.20	11,48,396	19379.77
Oct-13	42.70	34.70	40.50	19,23,973	21164.52
Nov-13	44.00	38.80	40.00	15,49,650	20791.93
Dec-13	41.00	38.50	39.20	14,14,160	21170.68
Jan-14	44.80	36.50	37.55	16,47,173	20513.85
Feb-14	38.50	36.50	37.40	12,27,710	21120.12
Mar-14	38.50	33.50	34.10	16,48,735	22386.27

**Monthly movements of the scrip on BSE:****Share Transfer System:**

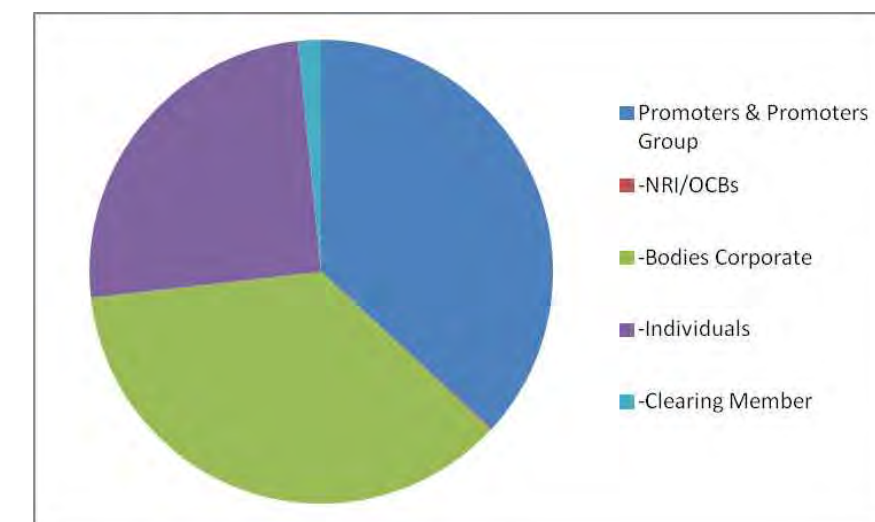
The share transfer activities under physical mode are carried out by the RTA. Shares in physical mode which are lodged for transfer are processed and returned within limited time limit from the date of lodgement as per SEBI amendment vide circular no. CIR/MIRSD/8/2012 dated July 05, 2012. A summary of transfer/transmission of securities of the Company so approved by the Managing Director/ Company Secretary. The Company obtains from a Company Secretary in Practice half-yearly certificate of compliance with the share transfer formalities as required under Clause 47 (C) of the Listing Agreement and files a copy of the said certificate with the Stock Exchanges.

**Distribution of Shareholding as on March 31, 2014**

No. of Shares	No. of Shareholders	% to total No. of Shareholders	Share Amount (in Rs.)	% to total share capital
1-100	926	37.80	5,52,640	0.55
101-200	316	12.90	5,74,460	0.57
201-500	471	19.22	18,62,550	1.86
501-1000	284	11.59	22,65,520	2.26
1001-5000	324	13.22	74,52,310	7.45
5001-10000	42	1.71	29,61,460	2.96
10001-100000	67	2.73	2,54,84,610	25.47
100001 to Above	20	0.82	5,88,94,450	58.87
<b>Total</b>	<b>2,450</b>	<b>100.00</b>	<b>10,00,48,000</b>	<b>100.00</b>

**Categories of Shareholders as at March 31, 2014**

Description	No. of Shares	% to Capital
Promoters & Promoters Group	36,86,527	36.85
<b>Public Shareholding</b>		
-NRI/OCBs	9,453	0.09
-Bodies Corporate	36,28,426	36.27
-Individuals	25,19,645	25.18
-Clearing Member	1,60,749	1.61
<b>Total</b>	<b>1,00,04,800</b>	<b>100.00</b>

**Categories of Shareholders as at March 31, 2014**



**Registrar and Transfer Agent:**

M/s 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

**Shares Transfer and Dematerialization of shares and liquidity:**

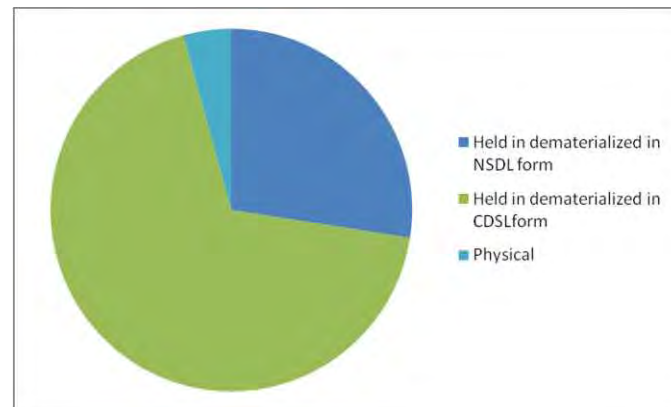
The shares under physical segment are transferred through Sharex Dynamic India Private Limited. It receives the shares to be transferred along with the transfer deed from transferee, verifies it, and prepares the Memorandum of Transfer etc.

Considering the advantages of scrip less trading, shareholders are requested to consider dematerialization of their shareholding so as to avoid inconvenience in future.

The equity shares of the Company have been admitted with the National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL) bearing ISIN No. INE102B01014.

The shares of the company are traded on the BSE Limited only in the dematerialized form. As on March 31, 2014, 95.72% of the Company's shares were in dematerialized form:

Particulars	No. of shares	% of Total share Capital
Held in dematerialized in NSDL form	2745968	27.45
Held in dematerialized in CDSL form	6830230	68.27
Physical	428602	4.28
<b>Total</b>	<b>10004800</b>	<b>100.00</b>



Shareholders/Beneficial Owners are requested to quote their folio no/DP & Client Id Numbers as the case may be, in all correspondence with the Company/its RTA

**Address for Correspondence and request to investors**

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.

Investors holding shares in electronic form are requested to deal only with their respective depository participant for change of address, nomination facility, bank account number etc. Members may contact CS 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**

Shree Shakambhari Corporate Park, Plot No. 156-158, Chakravarti Ashok Society, J.B. Nagar, Andheri (E), Mumbai – 400 099  
Tel : +91 022 6707 9999  
Fax No: +91 022 6707 9959  
Email id: info@choiceindia.com

**Other Useful Information for Shareholders:****Unpaid/Unclaimed Dividends:**

Demand Drafts in respect of the Dividend declared in September 2013 have been dispatched to the shareholders at the addresses registered with the Company. Those share-

holders who have not yet received the demand drafts may please write to the Company or its RTA for further information in this behalf. Shareholders who have not encashed the demand drafts are requested to do so by getting them revalidated from the Registered Office of the Company or the Company RTA.

**ECS/NECS Facility:**

The Company uses "Electronic Clearing Service (ECS) facility for remitting dividend to its shareholders wherever available.

In terms of notification issued by the Reserve Bank of India, with effect from October 1, 2009, remittance of dividend through ECS is replaced by National Electronic Clearing Service (NECS). Banks have been instructed to move to the NECS over ECS include faster credit of remittance to the beneficiary's account, coverage of more bank branches and ease of operations.

NECS essentially operates on the new and unique bank account number, allotted by banks post implementation of Core Banking Solutions (CBS) for Centralized processing of inward instructions and efficiency in handling bulk transactions.

To enable remittance of dividend through NECS, Members are requested to provide their new account number allotted to them by their respective banks after implementation of CBS. The account number must be provided to the Company or its RTA in respect of shares held in physical form and to the Depository Participants in respect of shares held in electronic form.

Financial Year	Date of declaration of Dividend	Proposed Date of transfer to IEPF*
2008-09	September 30, 2009	October 21, 2016
2009-10	July 30, 2010	August 10, 2017
2010-11	September 30, 2011	October 21, 2018
2011-12	September 28, 2012	October 05, 2019
2012-13	September 16, 2013	September 23, 2020

\* Indicative dates, actual dates may vary.

**Non Resident Shareholders:**

Non-resident shareholders are requested to immediately notify their Indian address for sending all communications, if not provided so far. Changes in their residential status on return to India for permanent settlement and particulars of their NRE Bank Account with a bank in India, if not furnished earlier.

**Amounts Proposed to be Transferred to IEPF:**

As per the provisions of Section 205A read with Section 205C of the Companies Act, 1956, the Company is required to transfer unpaid dividends, matured deposits, redeemed debentures and interest accrued thereon remaining unclaimed and unpaid for a period of 7 years from the due date to the Investor Education and Protection Fund (IEPF) set up by the Central Government. Ministry of Corporate Affairs vide notification no. G.S.R. 352(E) dated May 10, 2012 with reference to the Investor Education and Protection Fund (Uploading of Information regarding unpaid and unclaimed amounts lying with companies) Rules 2012 has made it mandatory to all companies to file form 5INV with complete information regarding unpaid and unclaimed amounts lying with the company every year. The company has successfully filed Form 5INV relating to unpaid and unclaimed dividend till last AGM September 16, 2013, the same detail information can be viewed by the shareholders on IEPF section of MCA website.

Given below are the proposed dates for transfer of the unclaimed dividend to the IEPF by the Company:

It may be noted that no claims will lie against the Company nor the IEPF in respect of the said unclaimed amounts transferred to the Fund.

**On behalf of the Board of Directors**

Sd/-  
**Kamal Poddar**  
Managing Director  
(DIN-01518700)

Sd/-  
**Ajay Kejriwal**  
Director  
(DIN-03051841)

Mumbai, August 14, 2014

### 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 March 31 2014, 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

Sd/-  
**Shyamsundar Gupta**  
Proprietor  
Membership No.038484

Mumbai, August 14, 2014

### 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.

For Choice International Limited

**Kamal Poddar**  
(Managing Director)  
DIN: 01518700  
Mumbai, August 14, 2014

### Chief Executive Officer's Certification

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

- a) I have reviewed financial statements and the cash flow statement for the year ended March 31, 2014 and that to the best of their 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 regulations.
- b) To the best of their knowledge and belief, no transactions entered into by the company during the year ended March 31, 2014 which are fraudulent, illegal or violative of the company's code of conduct.
- c) I accept 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 and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which I am aware and the steps they have taken or propose to take to rectify these deficiencies.
- d) I have indicated to the Auditors and the Audit Committee:
  - i. Significant changes in internal control over financial reporting during the year;
  - ii. Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - iii. Instances of significant fraud of which I might be aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Thanking You  
Yours faithfully,

Sd/-  
**Kamal Poddar**  
(Managing Director & Chief Executive Officer)  
DIN: 01518700

Mumbai, May 30, 2014



## Independent Auditor's Report

To  
The Stakeholders of  
Choice International Limited

### Report on the Financial Statements

1. We have audited the accompanying financial statements of Choice International Limited (the "Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, which we have signed under reference to this report.

### Management's Responsibility for the Financial Statements

2. The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Principles Generally Accepted in India, including the Accounting Standards notified under 'the Companies Act, 1956' read with the General Circular 15/2013 dated 13th, September, 2013 of the MCA in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence, about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

6. In our opinion, and to the best of our information and according to the explanations given to us, the accompanying financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
  - b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
  - c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

7. As required by 'the Companies (Auditor's Report) Order, 2003', as amended by 'the Companies (Auditor's Report) (Amendment) Order, 2004', issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
8. As required by section 227(3) of the Act, we report that:
  - a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit;
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books, company do not have any branch;
  - c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this report comply with the Accounting Standards notified under the Companies Act, 1956 and read with the General Circular 15/2013 dated 13th, September, 2013 of the MCA in respect of section 133 of the Companies Act, 2013; and
  - e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

**For Gupta Shyam & Co.**  
Chartered Accountants  
FRN: 103450W

Sd/-  
**SHYAMSUNDER GUPTA**  
(Proprietor)  
Membership Number: 038484

Mumbai: **30th May 2014**

### Annexure to Independent Auditor's Report

Referred to in paragraph 7 of the Independent Auditor's Report of even date to the members of Choice International Limited on the financial statements as of and for the year ended on March 31, 2014.

- i. a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
- b) The fixed assets are physically verified by the management according to a phased program designed to cover all the items over a period of three years which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. Pursuant to the program, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.
- c) In our opinion, and according to the information and explanations given to us, no substantial part of fixed assets has been disposed off by the Company during the year.
- ii. a) The inventory of shares & securities held in dematerialized format has been verified from the relevant statement received from the depository and those held in the physical format has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
- b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory and no material discrepancies has been noticed on physical verification of inventory.
- iii. a) The Company has granted unsecured loans, to seven parties covered in the register maintained under Section 301 of the Act. The maximum amount involved during the year and the year-end balance of such loans aggregated to ₹ 64,627,207/- and ₹ 21,056,355/-, respectively.
- b) The said loans are interest free and other terms and conditions of such loans are not prima facie prejudicial to the interest of the Company.
- c) In respect of the aforesaid loans, the same are repayable on demand and the companies are regular in repaying the principal amounts, as stipulated.
- d) In respect of the aforesaid loans, there is no overdue amount.
- e) The Company has taken unsecured loans, from six parties covered in the register maintained under Section 301 of the Act. The maximum amount involved during the year and the year-end balance of such loans aggregated to ₹ 29,896,274/- and ₹ 50,21,290/-, respectively.
- f) The said loans are interest free and other terms and conditions of such loans are not prima facie prejudicial to the interest of the Company.

- g) In respect of the aforesaid loans, the same are repayable on demand and the company is regular in repaying the principal amounts, as stipulated.
- iv. In our opinion, and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across, nor have been informed of, any continuing failure to correct major weaknesses in the aforesaid internal control system.
- v. a) According to the information and explanations given to us, we are of the opinion that the particulars of all contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- b) In our opinion, and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of ₹ 500,000/- in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- vi. The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
- vii. In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.
- viii. The Central Government of India has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act for any of the products of the Company.
- ix. a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular, except few instances, in depositing the undisputed statutory dues, including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty and other material statutory dues, as applicable, with the appropriate authorities.
- b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income-tax, sales-tax, wealth-tax, service-tax, customs duty, and excise duty which have not been deposited on account of any dispute.
- x. The company has no accumulated losses as at the end of the financial year and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
- xi. According to the records of the Company examined by us and the information and explanation given to us, the Company has generally not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.
- xii. In our opinion, the Company has maintained adequate documents and records in the cases where it has granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.



- xiii. As the provisions of any special statute applicable to chit fund/ nidhi / mutual benefit fund / societies are not applicable to the Company, the provisions of Clause 4(xiii) of the Order are not applicable to the Company.
- xiv. In our opinion, the Company has maintained proper records of transactions and contracts relating to dealing or trading in shares, securities, debentures and other investments during the year and timely entries have been made therein. Further, such securities have been held by the Company in its own name or are in the process of transfer in its name, except to the extent of the exemption granted under Section 49 of the Act.
- xv. In our opinion, and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company for loans taken by its subsidiaries from banks or financial institutions during the year, are not prejudicial to the interest of the Company.
- xvi. In our opinion, and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained.
- xvii. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that the no funds raised on short-term basis have been used for long-term investment.
- xviii. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year. Accordingly, the provisions of Clause 4(xvii) of the Order are not applicable to the Company.
- xix. The Company has not issued any debentures during the year and does not have any debentures outstanding as at the beginning of the year and at the year end. Accordingly, the provisions of Clause 4(xix) of the Order are not applicable to the Company.
- xx. The Company has not raised any money by public issues during the year. Accordingly, the provisions of Clause 4(xx) of the Order are not applicable to the Company.
- xxi. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.

**For Gupta Shyam & Co.**  
Chartered Accountants  
FRN:103450W

Sd/-  
**SHYAMSUNDER GUPTA**  
(Proprietor)  
Membership Number: 038484

Mumbai: 30th May 2014

## Balance Sheet as at March 31, 2014

(Amount in ₹)

Particulars	Note No.	As at March 31, 2014	As at March 31, 2013
<b>I Equity &amp; Liabilities</b>			
<b>1. Shareholders' funds</b>			
(a) Share Capital	2	100,048,000	100,048,000
(b) Reserves and Surplus	3	394,786,556	391,138,760
(c) Money Received Ag. Share Warrants		-	-
		<b>494,834,556</b>	491,186,760
<b>2. Non - Current Liabilities</b>			
(a) Long -Term Borrowings	4	74,487,201	104,487,201
(b) Deferred Tax Liabilities (Net)	5	23,208,098	18,908,272
(c) Long - Term Provisions	6	295,024	74,245
		<b>97,990,323</b>	123,469,718
<b>3. Current Liabilities</b>			
(a) Short - Term Borrowings	7	157,691,583	87,226,692
(b) Trade Payables	8	1,052,078	1,726,220
(c) Other Current Liabilities	9	35,742,595	37,513,600
(d) Short - Term Provisions	10	15,368,530	12,800,928
		<b>209,854,785</b>	139,267,440
<b>TOTAL</b>		<b>802,679,664</b>	753,923,918
<b>II Assets</b>			
<b>1. Non - Current Assets</b>			
(a) Fixed Assets	11		
(i) Tangible assets		252,117,056	256,791,293
(ii) Intangible assets		7,981,771	11,326,349
		<b>260,098,827</b>	268,117,642
(b) Non - Current Investments	12	312,988,372	313,697,812
(c) Long - Term Loans and Advances	13	1,389,910	1,303,550
(d) Other Non - Current Assets	14	8,606,161	6,654,325
		<b>583,083,270</b>	589,773,329
<b>2. Current Assets</b>			
(a) Inventories	15	2,936,133	3,036,375
(b) Trade Receivables	16	1,838,374	17,661,816
(c) Cash and Cash Equivalents	17	310,162	488,532
(d) Short - Term Loans and Advances	18	214,511,726	142,963,866
(e) Other Current Assets		-	-
		<b>219,596,394</b>	164,150,590
<b>TOTAL</b>		<b>802,679,664</b>	753,923,918

The accompanying Accounting Policies & Notes(1-27) are an integral part of the financial statements

In terms of our report of even date

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

Sd/-  
**Shyamsunder Gupta**  
Proprietor  
Mem. No. : 038484  
Mumbai: 30th May,2014

**For and on behalf of Board of Directors**

Sd/-  
**Kamal Poddar**  
Managing Director  
(DIN-01518700)

Sd/-  
**Mahavir Toshniwal**  
Company Secretary

Sd/-  
**Ajay Kejriwal**  
Director  
(DIN-03051841)

Mumbai  
30th May, 2014

Statement of Profit and Loss for the year ended March 31, 2014

(Amount in ₹)

Particulars	Note No.	For the year ended March 31, 2014	For the year ended March 31, 2013
<b>I Revenue from Operations</b>	19	<b>127,955,045</b>	80,337,286
<b>II Other Income</b>	20	<b>151,836</b>	325,207
<b>III Total Revenue (I + II)</b>		<b>128,106,881</b>	80,662,493
<b>IV Expenses</b>			
Purchases Stock-in-Trade	21	52,354,188	5,148,022
Changes in Inventories	22	100,242	13,236,244
Employee Benefits Expense	23	5,582,847	6,778,931
Depreciation	11	9,027,001	8,896,059
Finance Costs	24	32,739,010	20,804,709
Other Expense	25	8,126,639	10,930,709
<b>Total Expense</b>		<b>107,929,927</b>	65,794,673
<b>V Profit Before Tax (III-IV)</b>		<b>20,176,954</b>	14,867,820
<b>VI Tax Expense:</b>			
(a) Current Tax Expense		2,003,000	1,388,322
(b) Earlier Year Tax Adjustments		2,021,532	-
(c) MAT Credit		(1,800,000)	(1,390,000)
(d) Deferred Tax		4,299,826	3,684,376
		<b>6,524,358</b>	3,682,698
<b>VII Profit/(Loss) for the Period (V-VI)</b>		<b>13,652,596</b>	11,185,122
<b>VIII Earnings Per Equity Share (Face Value ₹ 10 Per Share):</b>	26		
(1) Basic (₹)		1.36	1.32
(2) Diluted (₹)		1.36	1.32

The accompanying Accounting Policies & Notes(1-27) are an integral part of the financial statements

In terms of our report of even date

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

**For and on behalf of Board of Directors**

Sd/-  
**Kamal Poddar**  
Managing Director  
(DIN-01518700)

Sd/-  
**Ajay Kejriwal**  
Director  
(DIN-03051841)

Sd/-  
**Shyamsunder Gupta**  
Proprietor  
Mem. No. : 038484  
Mumbai: 30th May, 2014

Sd/-  
**Mahavir Toshniwal**  
Company Secretary

Mumbai  
30th May, 2014

Cash Flow Statement for the year ended March 31, 2014

(Amount in ₹)

Particulars	As at 31/Mar/14	As at 31/Mar/13
<b>A. Cash flow from Operating Activities</b>		
Net profit before extra-ordinary items and tax	20,176,954	14,867,820
Adjustments for:		
Depreciation	9,027,001	8,896,059
Finance costs	32,739,010	20,804,709
Provision for Gratuity	261,513	-
Loss on disposal of fixed assets	-	248,297
Other interest income	(151,836)	(255,749)
Operating profit before Working Capital changes	62,052,642	44,561,136
Changes in Working Capital		
- Trade Receivables	15,823,442	(9,154,105)
- Short term loans & advances and other current assets	(71,547,859)	(109,676,893)
- Inventories	100,242	13,236,244
- Trade Payables	(674,142)	(7,859,984)
- Other current liabilities & provisions	474,757	2,392,354
Cash generated from operations	6,229,081	(66,501,249)
- Income tax paid	(4,024,532)	(1,635,260)
<b>Net cash flow from/(used in) from Operating Activities</b>	<b>2,204,549</b>	<b>(68,136,509)</b>
<b>B. Cash flow from Investing Activities</b>		
Other interest received	-	118,930
Purchase of fixed assets	(1,008,186)	(769,107)
Investment in subsidiaries	-	(115,678,857)
Sale of investments in other companies	709,440	13,917,990
Movement in long term loans & advances	(86,360)	900,000
<b>Net cash flow from/(used in) Investing Activities</b>	<b>(385,106)</b>	<b>(101,511,044)</b>
<b>C. Cash flow from Financing Activities</b>		
Finance costs paid	(32,957,904)	(20,222,073)
Dividend paid	(10,006,308)	(7,485,693)
Money borrowed/(repaid) from related parties	(4,237,785)	7,115,264
Money borrowed/(repaid) from others	45,202,676	48,063,439
Proceeds from issue of share capital / warrants	-	142,252,500
<b>Net cash flow from/(used in) Financing Activities</b>	<b>(1,999,321)</b>	<b>169,723,437</b>
<b>Net increase/(decrease) in Cash and Cash Equivalents</b>	<b>(179,879)</b>	<b>75,884</b>
<b>Opening Cash and Cash Equivalents</b>	<b>488,532</b>	<b>497,469</b>
<b>Closing Cash and Cash Equivalents</b>	<b>310,162</b>	<b>488,532</b>

In terms of our report of even date

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

**For and on behalf of Board of Directors**

Sd/-  
**Kamal Poddar**  
Managing Director  
(DIN-01518700)

Sd/-  
**Ajay Kejriwal**  
Director  
(DIN-03051841)

Sd/-  
**Shyamsunder Gupta**  
Proprietor  
Mem. No. : 038484  
Mumbai: 30th May, 2014

Sd/-  
**Mahavir Toshniwal**  
Company Secretary

Mumbai  
30th May, 2014



**Significant Accounting Policies & notes forming part of the Financial Statement for the year ended on 31st, March, 2014**

**Note 1: SIGNIFICANT ACCOUNTING POLICIES**

**a) Basis of Accounting & preparation of Financial Statements:**

The financial statements are prepared in accordance with the historical cost convention & applicable accounting standards as referred in the (Companies Accounting Standards) Rules 2006 & Generally Accepted Accounting Principles. The company follows mercantile system of accounting unless specified specifically & recognizes income & expenditure on accrual basis.

Accounting policies not specifically referred to otherwise are consistent and in consonance with Generally Accepted Accounting Principles

**b) Use of estimates:**

The preparation of financial statement in conformity with Generally Accepted Accounting Principles requires management to make estimates and assumptions that effect the reported amount of assets and liabilities & disclosure of contingent liabilities at the date of financial statement and result of the operations during the reporting period end.

Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Difference between the actual results and an estimate is recognized in the period in which the results are known.

**c) Revenue Recognition:**

Revenue and cost are generally recognized and accounted on accrual basis as they are earned / incurred except in cases of significant uncertainty.

1. Operational and other income are accounted for on accrual basis.
2. Revenue does not includes service tax and other tax component, if any
3. Dividend income is recognized when the right to receive is established
4. Profit /loss in dealing of shares & securities are recognized on the day of settlement of the transaction.
5. Profit /loss on equity derivative transactions are account for as explained below:
  - Initial and additional margin paid over and above Initial margin, for entering into contracts for Equity Stock/Index Futures which are released on final settlement/squaring-up of underlying contracts are disclosed under Other Current Assets. "Mark-to-market margin- Equity Stock/Index Futures" representing the amounts paid in respect of mark to market margin is disclosed under Other Current Assets.
  - On final settlement or squaring up of contracts for equity stock/index futures, the realized profit or loss after adjusting the unrealized loss already accounted, if any, is recognized in the statement of Profit and Loss. When more than one contract in respect of the relevant series of equity stock/index futures contract to which the squared-up contract pertains is outstanding at the time of the squaring-up of the contract, the contract price of the contract so squared-up is determined using the weighted average cost method for calculating the profit/loss on squaring-up.
  - As at the balance sheet date, the mark to market on all transactions comprising of Equity Derivatives positions is determined on a portfolio basis with net unrealized losses being recognized in

the Profit and Loss Account. Unrealized gains (on portfolio basis) are not recognized in the Profit and Loss Account on grounds of prudence as enunciated in Accounting Standard – 1, Disclosure of Accounting Policies.

- In respect of other transactions, the unrealized losses on equity derivatives determined on scrip-basis are recognized in Profit and Loss Account and unrealized gains are ignored; and in case of securities (shares, etc) the net unrealized losses are recognized in Profit and Loss Account and net unrealized gains are ignored.

**d) Fixed Assets**

**Tangible assets:**

Fixed assets are carried at cost less accumulated depreciation and impairment losses, if any. The cost of fixed assets includes interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use and other incidental expenses incurred up to that date.

**Intangible assets:**

Intangible assets are recognized when it is probable that the future economic benefits that are attributable to the assets will flow to the enterprise and the cost of the assets can be measured reliably. Intangible assets are carried at cost less accumulated amortization and impairment losses, if any.

The cost of an intangible asset comprises its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the taxing authorities), and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates.

**e) Depreciation & Amortization:**

Depreciation has been provided on the

straight line method as per the rates prescribed in Schedule XIV to the Companies Act, 1956 except in respect of computer software's which are amortized over a period of 6.17 years. Computer software is amortized in accordance with the Accounting Standard 26 "Accounting for Intangible Assets".

Depreciation on addition to fixed assets is provided on a pro-rata basis from the date of addition. The estimated useful life of intangible assets and the amortization period are reviewed at the end of each financial year and amortization method is revised to reflect the changed pattern.

**f) Inventories:**

Inventories are valued at cost (on FIFO basis) OR the net realizable whichever is lower, by taking the value of all the scripts of the shares cumulatively. Cost includes all incidental cost of acquisition.

**g) Cash & Cash Equivalent:**

Cash comprise cash on hand and demand deposits with banks. Cash equivalents are short term balances, highly liquid investments that are readily convertible in cash and which are are subjected to insignificant risk of change in value

**h) Borrowing Cost:**

Interest and other costs in connection with the borrowing of the funds to the extent related / attributed to the acquisition / construction of qualifying fixed assets are capitalized up to the date when such assets are ready for its intended use and other borrowing costs are charged to profit & loss account.

**i) Employees Retirement Benefits:**

All employee benefits falling due wholly within twelve months of rendering the service are classified as short term employee benefits. The benefits like salary,

short term compensated absences, etc. and the expected cost of bonus, ex-gratia are recognized in the period in which the employee renders the related service.

The Company has a Defined Benefit Plan viz. Gratuity, for all its employees. Gratuity liability is unfunded. Liability for the defined benefit plan of Gratuity is determined on the basis of an actuarial valuation by an independent actuary at the year end, which is calculated using projected unit credit method. Actuarial gains and losses, which comprise experience adjustment and the effect of changes in actuarial assumptions, are recognized in the Statement of Profit and Loss.

**j) Investments:**

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments, all other investments are classified as non-current investments. Investments are valued in accordance with the RBI guidelines and Accounting Standard-13 on "Accounting for investments".

Long-term investments (excluding investment properties), are carried individually at cost less provision for diminution, other than temporary, in the value of such investments.

Current investments are carried individually, at the lower of cost and fair value. Costs of investments include acquisition charges such as brokerage, fees and duties.

**k) Impairment of Assets:**

The carrying values of assets / cash generating units at each Balance Sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognized, if the carrying

amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognized for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognized in the Statement of Profit and Loss, except in case of revalued assets.

**l) Accounting For Taxes On Income:**

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognized as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

Deferred tax is recognized on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantially enacted as at the reporting date.

Deferred tax liabilities are recognized for all timing differences. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognized only if there is virtual certainty that there will be sufficient future taxable income available to realize such assets.

Deferred tax assets are recognized for timing differences of other items only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realized. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their reliability.

**m) Provisions, contingent liabilities & assets:**

A provision is recognized when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. 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.

Where there is a possible obligation or a present obligation but the likelihood of outflow of resources is remote, no provision or disclosure as specified in Accounting Standard 29 – "Provisions, Contingent Liabilities and Contingent Assets" is made. Further provision is also made as per the norms prescribed in Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.

**n) Cash Flow Statement:**

Cash flow are reported using the indirect method, whereby profit (loss) before extraordinary items is adjusted for the effects of the transactions on non cash nature. The cash flow from operating, investing and financing activities of the company are segregated based on available information.

For the purpose of Cash Flow Statement,

cash and cash equivalents includes fixed deposits which are freely remissible but excludes interest accrued on fixed deposits.

**o) Earnings Per Share**

The Earning considered in ascertaining the Company's earning per Shares (EPS) comprise of the net profit after tax to equity shares holders. Basic earnings per share are calculated by dividing the Net Profit or Loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profits attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares, if any.

Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date.



Accompanying notes to the financial statements as at March 31, 2014

(Amount in ₹)

Particulars	As at 31/Mar/14	As at 31/Mar/13
<b>2 SHARE CAPITAL</b>		
<b>(a) Details of authorised, issued and subscribed share capital</b>		
<b>Authorised Capital</b>		
10,100,000 (PY 10,100,000) Equity Shares of ₹ 10/- each	101,000,000	101,000,000
<b>Issued Capital</b>		
10,004,800 (PY 10,004,800) Equity Shares of ₹ 10/- each	100,048,000	100,048,000
<b>Subscribed and Paid up Capital</b>		
10,004,800 (PY 10,004,800) Equity Shares of ₹ 10/- each fully paid-up	100,048,000	100,048,000
	100,048,000	100,048,000
<b>Rights, preferences and restrictions attached to each class of shares -</b>		
The company has only one class of share capital, i.e. equity shares having face value of ₹ 10/- per share. Each holder of equity share is entitled to one vote per share.		
<b>(b) Reconciliation of number of shares outstanding at the beginning and at the end of the reporting period</b>		
No. of shares at the beginning of the year	10,004,800	7,504,800
Add : shares issued during the year	-	2,500,000
No. of shares at the end of the year	10,004,800	10,004,800
<b>(c) Shareholders holding more than 5% of equity shares as at the end of the year</b>		
Vinita Sunil Patodia Promoter	1,028,927 10.28%	1,028,927 10.28%
Florence Securities Pvt. Ltd.	750,000 7.50%	750,000 7.50%
Anugrah Stock & Broking Pvt. Ltd	648,100 6.48%	- -

Accompanying notes to the financial statements as at March 31, 2014

(Amount in ₹)

Particulars	As at 31/Mar/14	As at 31/Mar/13
<b>3 RESERVES AND SURPLUS</b>		
<b>Statutory reserve -</b>		
Opening Balance	16,350,000	14,100,000
Add : transferred from statement of profit & loss	2,750,000	2,250,000
Closing Balance	19,100,000	16,350,000
<b>Capital reserve -</b>		
Opening Balance	869,500	869,500
Add : transferred from statement of profit & loss	-	-
Closing Balance	869,500	869,500
<b>Securities premium reserve -</b>		
Opening Balance	339,217,300	161,717,300
Add : received on shares issued during the year	-	177,500,000
Closing Balance	339,217,300	339,217,300
<b>Surplus in statement of profit &amp; loss -</b>		
Opening Balance	34,701,960	35,771,638
Add : profit/(loss) for the year	13,652,596	11,185,122
Less : transfer to statutory reserve	2,750,000	2,250,000
Less : proposed dividend	10,004,800	10,004,800
Closing Balance	35,599,756	34,701,960
	394,786,556	391,138,760
<b>4 LONG TERM BORROWINGS</b>		
Secured loans		
Term loan from bank*	104,487,201	133,987,201
Less : current portion of long term borrowings	(30,000,000)	(29,500,000)
	74,487,201	104,487,201
*The loan was taken from State Bank of India and is secured by way of first charge on land & building at Mumbai. The loan is repayable in 72 monthly principal instalments and interest, \ ending in April 2017. The amount of monthly Installments is as set out below:-		
1-2 Years	2-4 Years	
25 Lacs	30 Lacs	
<b>5 DEFERRED TAX LIABILITIES (NET)</b>		
The major components of deferred tax liabilities / assets (net) as recognised in the financial statements is as follows:		
<b>Deferred tax liability -</b>		
On difference between book balance & tax balance of fixed assets	23,312,773	18,931,214
<b>Deferred tax asset -</b>		
Provision for employee benefit expenses	(104,675)	(22,942)
	23,208,098	18,908,272

Accompanying notes to the financial statements as at March 31, 2014

(Amount in ₹)

Particulars	As at 31/Mar/14	As at 31/Mar/13
<b>6 LONG-TERM PROVISIONS</b>		
Provision for employee benefit expenses	295,024	74,245
	<b>295,024</b>	<b>74,245</b>
<b>7 SHORT TERM BORROWINGS</b>		
Secured loans		
Loans taken from institutions*	151,968,336	76,278,130
Overdraft in current bank account**	701,957	917,706
Unsecured loans		
Loans taken from others	-	771,781
Loans taken from related parties***	5,021,290	9,259,075
	<b>157,691,583</b>	<b>87,226,692</b>
*Loans taken from institutions are secured against shares & securities of customers to whom loans has been given.		
**Overdraft is secured against FD of subsidiary company Choice Insurance Brokers P. Ltd.		
***The details of loan taken from related parties are referred under the heading "Short Term Borrowings" of Note No.27(J)(ii) "Related Party Disclosure".		
<b>8 TRADE PAYABLES</b>		
Dues to Micro, Small and Medium Enterprises	210	-
Other than Micro, Small and Medium Enterprises	1,051,868	1,726,220
	<b>1,052,078</b>	<b>1,726,220</b>
<b>9 OTHER CURRENT LIABILITIES</b>		
Current portion of long term borrowings	30,000,000	29,500,000
Interest accrued but not due on borrowings	1,195,370	1,414,264
Other liabilities & statutory dues	4,547,225	6,599,336
	<b>35,742,595</b>	<b>37,513,600</b>
<b>10 SHORT TERM PROVISIONS</b>		
Proposed dividend*	10,004,800	10,004,800
Provision for expenses	4,895,797	2,444,158
Contingent provision against standard loan assets	424,204	350,846
Provision for employee benefit expenses	43,729	1,124
	<b>15,368,530</b>	<b>12,800,928</b>

\*According to the special provision of sub-section (1A) of section 115-O of the Income Tax Act, 1961, the company is not required to make provision for the dividend distribution tax on dividend proposed.

Accompanying notes to the financial statements as at March 31, 2014

11 FIXED ASSETS

(Amount in ₹)

Description	Gross Block		Depreciation & Amortisation		Net Block	
	As at April 1, 2013	Additions	Deductions/Adjustments	As at March 31, 2014	As at March 31, 2014	As at March 31, 2013
<b>(i) Tangible Assets:</b>						
Freehold Land	27,977,910	-	-	-	27,977,910	27,977,910
Building owned	214,776,824	-	-	12,486,372	202,290,452	205,791,314
Computer Hardware	3,422,531	842,484	-	2,094,999	2,170,016	1,916,132
Furniture & Fixtures	14,588,769	-	-	2,474,816	12,113,953	13,037,422
Vehicles	1,667,380	-	-	565,149	1,102,231	1,260,633
Office Equipments	7,407,498	6,510	-	951,514	6,462,494	6,807,882
<b>Total</b>	<b>269,840,912</b>	<b>848,994</b>	<b>-</b>	<b>18,572,850</b>	<b>252,117,056</b>	<b>256,791,292.64</b>
<b>(ii) Intangible Assets:</b>						
Computer Softwares	21,576,478	159,192	-	13,753,899	7,981,771	11,326,349
<b>Total</b>	<b>21,576,478</b>	<b>159,192</b>	<b>-</b>	<b>13,753,899</b>	<b>7,981,771</b>	<b>11,326,349</b>
<b>Grand Total</b>	<b>291,417,390</b>	<b>1,008,186</b>	<b>-</b>	<b>32,326,749</b>	<b>260,098,827</b>	<b>268,117,642</b>
Previous Year	291,859,907	769,107	1,211,624	23,299,748	268,117,642	276,675,578



Accompanying notes to the financial statements as at March 31, 2014

(Amount in ₹)

Particulars	As at 31/Mar/14	As at 31/Mar/13
<b>12 NON-CURRENT INVESTMENTS</b>		
<b>(a) Trade investments in unquoted equity shares fully paid-up</b>		
Subsidiary companies -		
5,050,000 (PY - 5,050,000) shares of ₹ 10/- each of Choice Capital Advisors Private Limited	50,500,000	50,500,000
4,236,000 (PY - 4,236,000) shares of ₹ 10/- each of Choice Equity Broking Private Limited	150,000,000	150,000,000
1,000,000 (PY - 1,000,000) shares of ₹ 10/- each of Choice Merchandise Broking Private Limited	10,000,000	10,000,000
510,000 (PY - 510,000) shares of ₹ 10/- each of Choice Insurance Brokers Private Limited	5,078,857	5,078,857
10,000 (PY - 10,000) shares of ₹ 10/- each of Choice Business Services Private Limited	100,000	100,000
10,000 (PY - 10,000) shares of ₹ 10/- each of Choice Wealth Management Private Limited	100,000	100,000
	<b>215,778,857</b>	<b>215,778,857</b>
<b>(b) Other investments in quoted equity shares fully paid-up</b>		
<b>Associate company -</b>		
5,257,850 (PY - 5,257,850) shares of ₹ 10/- each of Choice Infra Ventures Limited	95,836,985	95,836,985
<b>Other company -</b>		
457,510 (PY - 693990) shares of ₹ 10/- each of Shekhawati Poly-Yarn Limited	1,372,530	2,081,970
	<b>97,209,515</b>	<b>97,918,955</b>
<b>Total (a+b)</b>	<b>312,988,372</b>	<b>313,697,812</b>
Less : Provision for diminution in the value of investments	-	-
	<b>312,988,372</b>	<b>313,697,812</b>
<b>Aggregate book value of -</b>		
Quoted fully paid-up investments	97,209,515	97,918,955
Unquoted fully paid-up investments	215,778,857	215,778,857
<b>Aggregate market value of -</b>		
Quoted fully paid-up investments	205,808,930	492,845,749
<b>13 LONG TERM LOANS &amp; ADVANCES</b>		
Security deposits		
Unsecured, considered good	89,910	3,550
Deposit with co-op credit society		
Unsecured, considered good	1,300,000	1,300,000
	<b>1,389,910</b>	<b>1,303,550</b>
<b>14 OTHER NON-CURRENT ASSETS</b>		
MAT credit entitlement	8,151,860	6,351,860
Interest accrued on deposit	454,301	302,465
	<b>8,606,161</b>	<b>6,654,325</b>

Accompanying notes to the financial statements as at March 31, 2014

(Amount in ₹)

Particulars	As at 31/Mar/14	As at 31/Mar/13
<b>15 INVENTORIES</b>		
Stock-in-trade		
Shares & securities*	2,936,133	3,036,375
( Valued at cost or net realised value , whichever is lower on cumulative basis )	<b>2,936,133</b>	<b>3,036,375</b>
*Market value - ₹ 2,936,133/- (PY - ₹ 3,036,375/-)		
<b>16 TRADE RECEIVABLES</b>		
Outstanding for a period exceeding six months	-	509,999
Unsecured, considered good		
Others*		
Unsecured, considered good	1,838,374	17,151,817
	<b>1,838,374</b>	<b>17,661,816</b>
*The amount of ₹ 1,838,374/- pertains to related parties as detailed under Note No. 27(J)(ii) of "Related Party Transactions".		
<b>17 CASH AND CASH EQUIVALENTS</b>		
Cash on Hand	158,145	272,011
Bank Balances -		
In current accounts	67,710	131,108
In earmarked accounts	84,307	85,414
	<b>310,162</b>	<b>488,532</b>
<b>18 SHORT-TERM LOANS AND ADVANCES</b>		
Unsecured, considered good		
Loans & advances to related parties*	21,056,355	9,156,158
Advances to employees	-	10,500
Balance with statutory/revenue authorities	2,397,601	1,556,842
Loans & advances to others	52,107,723	43,982,741
Prepaid expenses	1,032,588	1,058,156
Share application money**	41,400,000	-
Secured, considered good		
Loans & advances to others***	96,517,459	87,199,469
	<b>214,511,726</b>	<b>142,963,866</b>
*The details of the loans & advances given to related parties are referred under the Note No.27(J)(ii) of "Related Party Transactions".		
**The detail of share application money given to related parties is referred under the note no.27(J)(ii) "Related Party Transactions".		
*** The loans & advances of amount ₹ 96,517,459/- given to others are secured against security of shares.		

Accompanying notes to the financial statements as at March 31, 2014

(Amount in ₹)

Particulars	As at 31/Mar/14	As at 31/Mar/13
<b>19 REVENUE FROM OPERATIONS</b>		
Sale of shares & securities	56,822,460	30,834,450
Profit on sale of non-current investments	4,489	7,589,429
Interest income	33,241,689	7,328,257
Dividend income	10,286,150	7,575,150
Income from business support services	27,600,257	27,010,000
	<b>127,955,045</b>	<b>80,337,286</b>
<b>20 OTHER INCOME</b>		
Interest on deposits	151,836	155,999
Interest on employees loan	-	99,750
Misc. income	-	69,458
	<b>151,836</b>	<b>325,207</b>
<b>21 PURCHASE OF STOCK-IN-TRADE</b>		
Shares & Securities	52,354,188	5,148,022
	<b>52,354,188</b>	<b>5,148,022</b>
<b>22 CHANGES IN INVENTORIES</b>		
Shares & Securities		
At the beginning of the period	3,036,375	16,272,619
Less : At the end of the period	2,936,133	3,036,375
	<b>100,242</b>	<b>13,236,244</b>
<b>23 EMPLOYEE BENEFIT EXPENSES</b>		
Salaries, allowances and incentives	5,256,832	6,711,298
Staff welfare expenses	64,502	80,790
Gratuity	261,513	(13,157)
	<b>5,582,847</b>	<b>6,778,931</b>
<b>24 FINANCE COST</b>		
Interest on bank borrowings	15,400,594	19,080,108
Interest on institution borrowings	16,886,345	1,481,843
Other borrowing costs	452,071	242,759
	<b>32,739,010</b>	<b>20,804,709</b>

Accompanying notes to the financial statements as at March 31, 2014

(Amount in ₹)

Particulars	As at 31/Mar/14	As at 31/Mar/13
<b>25 OTHER EXPENSES</b>		
Bank charges	16,135	9,787
Business promotion expenses	-	75,200
Director sitting fees	370,000	90,000
Donation	-	2,500
Electricity Charges	1,062,910	1,140,096
Communication expenses	203,024	446,477
Computer expenses	792,207	771,795
CSR expenses	75,000	25,900
Insurance charges	87,558	91,975
Legal and professional	206,556	909,509
Loss on disposal of fixed assets	-	248,297
Marketing & advertisement expenses	291,706	373,062
Membership & subscription fees	4,806	100,000
Payment to auditors -		
Statutory audit fees	150,000	100,000
Tax audit fees	30,000	25,000
Limited review fees	65,000	30,000
Other certification fees	120,000	67,000
Printing and stationery	408,486	638,446
Provision on standard loan assets	73,358	350,846
Repairs & maintenance	803,360	1,201,200
Rates & taxes	2,518,534	2,775,588
Security Expenses	-	338,772
Sundry expenses	320,379	626,277
Traveling & Conveyance expenses	197,732	159,691
Vehicle expenses	144,000	13,985
Water charges	185,887	319,306
	<b>8,126,639</b>	<b>10,930,709</b>
<b>26 EARNINGS PER EQUITY SHARE</b>		
Profit/(Loss) attributable to equity shareholders	13,652,596	11,185,122
Weighted average number of equity shares	10,004,800	8,484,252
<b>Basic Earnings Per Share</b>	<b>1.36</b>	<b>1.32</b>
<b>Face value per Share</b>	<b>10</b>	<b>10</b>
Profit after adjusting interest on potential equity shares	13,652,596	11,185,122
Weighted average number of equity share after considering potential equity shares	10,004,800	8,484,252
<b>Dilutive Earnings per Share</b>	<b>1.36</b>	<b>1.32</b>



Accompanying notes to the financial statements as at March 31, 2014

**NOTE 27 : OTHER NOTES FORMING PART OF FINANCIAL STATEMENTS**

**A Nature of business :**

The company is a Non-Banking Financial Company registered with the Reserve Bank of India (RBI) under section 45-IA of the Reserve Bank of India Act, 1934 and primarily engaged in investment, lending and allied activities. The company received the certificate of registration from the RBI on February 26, 1998, enabling the company to carry on business as a Non-Banking Finance Company.

**B Statutory reserve :**

The management has created a statutory reserve of ₹ 2,750,000/- (PY - ₹ 2,250,000/-) as per the provisions of section 45-IC of Reserve Bank of India Act, 1934.

**C Corporate social responsibility :**

Recognising the responsibilities towards society, as a part of ongoing activities, the company has contributed towards various corporate social responsibility initiatives like supporting under-privileged in education, medical treatments, etc. and various other charitable and noble aids.

**D** In the opinion of the Board, all the assets other than fixed assets and non-current investments have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated. The Provision of all known liabilities is adequate and not in excess of the amount reasonably necessary.

**E** Balances of the trade receivables, trade payables, 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.

**F** Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

<b>G</b> Contingent liabilities not provided for :	31/Mar/14	31/Mar/13
<b>Corporate guarantees to banks for subsidiaries -</b>		
Choice Equity Broking Pvt. Ltd	1,820,000,000	590,000,000
Choice Merchandise Broking Pvt. Ltd.	20,000,000	20,000,000

**H Employee benefit plans :**

Defined benefit plans

The Company offers the gratuity as employee benefit schemes to its employees:

Accompanying notes to the financial statements as at March 31, 2014

The following table sets out the funded status of the Gratuity and the amount recognised in the financial statements:

(Amount in ₹)

Particulars	As on 31.03.2014
<b>Components of employer expense</b>	
Current service cost	16,689
Interest cost	6,180
Expected return on plan assets	-
Curtailment cost / (credit)	-
Settlement cost / (credit)	-
Past service cost	288,173
Actuarial losses/(gains)	(49,529)
<b>Total expense recognised in the Statement of Profit &amp; Loss</b>	<b>261,513</b>
<b>Actual contribution and benefit payments for year</b>	
Actual benefit payments	-
Actual contributions	-
<b>Net asset / (liability) recognised in the Balance Sheet</b>	
Present value of defined benefit obligation	338,753
Fair value of plan assets	-
Funded status [Surplus / (Deficit)]	-
Unrecognised past service costs	-
<b>Net asset / (liability) recognised in the Balance Sheet</b>	<b>338,753</b>
<b>Change in fair value of defined benefits obligation representing</b>	
Opening fair value of plan assets as on 01.04.2013	75,369
Net transfer in obligation	1,871
Service cost	16,689
Interest cost	6,180
Actuarial (gain) / loss	(49,529)
Benefits paid	-
Prior year charge	288,173
<b>Closing fair value of plan assets as on 31.03.2014</b>	<b>338,753</b>
<b>Change in fair value of plan</b>	
Plan assets at beginning of the year	-
Acquisition adjustment	-
Expected return on plan assets	-
Actual company contributions	-
Actuarial gain / (loss)	-
<b>Benefits paid</b>	<b>-</b>
Plan assets at the end of the year	-

Accompanying notes to the financial statements as at March 31, 2014

Composition of the plan assets is as follows:	
Government bonds	0.00%
PSU bonds	0.00%
Equity mutual funds	0.00%
Others	0.00%

Actuarial assumptions	
Discount rate	9.10%
Salary escalation	6.00%

Note:- The discount rate is based on the prevailing market yields of Government of India securities as at the Balance Sheet date for the estimated term of the obligations. The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors.

I Schedule as required in terms of paragraph 13 of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.

Liabilities side	Amount Outstanding	Amount Overdue
(1) Loans & advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid:		
(a) Debentures Secured	NIL	NIL
Unsecured	NIL	NIL
(other than falling within the meaning of public deposits*)		
(b) Deferred credits	NIL	NIL
(c) Term loans	104,487,201	NIL
(d) Inter-corporate loans and borrowing	5,021,290	NIL
(e) Commercial paper	NIL	NIL
(f) Other loans (specify nature)		
Bank overdraft	701,957	NIL
Financial institutions loan against shares & securities	151,968,336	NIL
Total -	262,178,784	NIL

\*As defined in paragraph 2(1)(xii) of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.

Accompanying notes to the financial statements as at March 31, 2014

Assets side	Amount Outstanding
-------------	--------------------

(2) Break-up of loans and advances including bills receivables (other than those included in (4) below):

(a) Secured	96,517,459
(b) Unsecured	73,164,078
	169,681,537

(3) Break-up of leased assets and stock on hire and other assets counting towards AFC activities:

(i) Lease assets including lease rentals under sundry debtors:	
(a) Financial lease	NIL
(b) Operating lease	NIL
(ii) Stock on hire including hire charges under sundry debtors:	
(a) Assets on hire	NIL
(b) Repossessed assets	NIL
(iii) Other loans counting towards AFC activities:	
(a) Loans where assets have been repossessed	NIL
(b) Loans other than (a) above	NIL

(4) Break-up of investments -

Current investments -

1) Quoted -

(i) Shares (a) Equity	NIL
(b) Preference	NIL
(ii) Debentures and bonds	NIL
(iii) Units of mutual funds	NIL
(iv) Government securities	NIL
(v) Others (please specify)	NIL

2) Unquoted -

(i) Shares (a) Equity	NIL
(b) Preference	NIL
(ii) Debentures and bonds	NIL
(iii) Units of mutual funds	NIL
(iv) Government securities	NIL
(v) Others (please specify)	NIL



Accompanying notes to the financial statements as at March 31, 2014

Long term investments -

1) Quoted -

(i) Shares (a) Equity	97,209,515
(b) Preference	NIL
(ii) Debentures and bonds	NIL
(iii) Units of mutual funds	NIL
(iv) Government securities	NIL
(v) Others (please specify)	NIL

2) Unquoted -

(i) Shares (a) Equity	215,778,857
(b) Preference	NIL
(ii) Debentures and bonds	NIL
(iii) Units of mutual funds	NIL
(iv) Government securities	NIL
(v) Others (please specify)	NIL
	<u>312,988,372</u>

(5) Borrower group-wise classification of assets financed as in (2) and (3) above:

Category	Amount net of provisions*		
	Secured	Unsecured	Total
1. Related parties**			
(a) Subsidiaries	NIL	21,003,714	21,003,714
(b) Companies in the same group	NIL	NIL	NIL
(c) Other related parties	NIL	NIL	NIL
2. Other than related parties	96,276,165	51,977,454	148,253,619
Total -	<u>96,276,165</u>	<u>72,981,168</u>	<u>169,257,333</u>

Accompanying notes to the financial statements as at March 31, 2014

(6) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):

Category	Market value / Break-up or fair value or NAV	Book value (Net of provisions)
1. Related parties**		
(a) Subsidiaries***	269,082,586	215,778,857
(b) Companies in the same group	NIL	NIL
(c) Other related parties***	204,793,258	95,836,985
2. Other than related parties***	1,015,672	1,372,530
Total -	<u>474,891,516</u>	<u>312,988,372</u>

(7) Other information

	Amount
(i) Gross non-performing assets	
(a) Related parties**	NIL
(b) Other than related parties	NIL
(ii) Net non-performing assets	
(a) Related parties**	NIL
(b) Other than related parties	NIL
(iii) Assets acquired in satisfaction of debt	NIL

\*Provisioning norms as prescribed in Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.

\*\* As per accounting standard of ICAI.

\*\*\* Investment in shares of related parties are taken at 'break up value' & investment in shares of other parties are taken at 'market value'.

Accompanying notes to the financial statements as at March 31, 2014

J(I)Related Party Disclosure :

Details of Related Parties -

Description of Relationship	Names of Related Parties
a. Subsidiary Companies	Choice Capital Advisors Pvt. Ltd. (CCAPL) Choice Corporate Services Pvt. Ltd. (Subsidiary of CCAPL) Choice Equity Broking Pvt. Ltd. Choice Merchandise Broking Pvt. Ltd. Choice Business Services Pvt. Ltd. Choice Wealth Management Pvt. Ltd. Choice Insurance Brokers Pvt. Ltd.
b. Associate Companies	Choice Infra Ventures Limited (CIVL) Choice Realty Pvt. Ltd. (Subsidiary of CIVL)
c. Key Management Personnel (KMP) and their relatives	Kamal Poddar (Managing Director) Hemlata Poddar (Non-executive Director) Arun Poddar (Relative of KMP) Sonu Poddar (Relative of KMP) Pankaj Bhansali (Executive Director)
d. Individuals owning directly or indirectly interest in voting power that gives them control & their relatives	Sunil Patodia Vinita Patodia Anil Patodia Archana Patodia
e. Enterprises over which (c) & (d) are able to exercise significant influence	S. K. Patodia & Associates The Byke Hospitality Ltd. Hotel Relax Pvt. Ltd. Manbhari Biofuel Pvt. Ltd. S. K. Patodia Advisory Services Pvt. Ltd. Upton Infrastructure Pvt. Ltd. Aqua Pumps Pvt. Ltd. M/s. Shree Shakambhari Exim Anil Patodia HUF Sunil Patodia HUF Arun Poddar HUF Kamal Poddar HUF

Accompanying notes to the financial statements as at March 31, 2014

J(I)Related Party Disclosure :

(Amount in ₹)

Particulars	Subsidiaries	Associates	KMP and their relatives	Individuals owning directly or indirectly voting power that gives them control & their relatives	Enterprises over which (c) & (d) are able to exercise significant influence	Total
Equity infusion from	-	-	(50,220,000)	(24,300,000)	(29,970,000)	(104,490,000)
Equity investments in	(115,678,857)	-	-	-	-	(115,678,857)
Amount invested in share applications	41,400,000	-	-	-	-	41,400,000
Loan taken from	96,061,419 (15,918,455)	2,721,240 (3,173,520)	1,000,000 (8,789,000)	-	1,019,456 -	100,802,115 (27,880,975)
Loan repaid to	100,939,204 -	2,081,240 -	1,000,000 -	-	1,019,456 -	105,039,900 -
Loan given to	156,503,289 (16,545,209)	715,530 -	-	-	834,360 -	158,053,179 (16,545,209)
Loan repayment recd from	144,603,092 -	715,530 -	-	-	834,360 -	146,152,982 -
Revenue from operations	24,686,000 (21,975,000)	3,000,000 (3,000,000)	-	-	9,720,000 (9,610,000)	37,406,000 (34,585,000)
Brokerage & DP charges	178,525 -	-	-	-	-	178,525 -
Director remuneration	-	-	4,503,000 (2,242,280)	-	-	4,503,000 (2,242,280)
<b>Balances outstanding at the end of the year</b>						
Short term loans & advances	21,056,355 (9,156,158)	-	-	-	-	21,056,355 (9,156,158)
Trade receivables	572,474 (12,414,021)	-	-	-	1,265,900 (737,796)	1,838,374 (13,151,817)
Trade payables	5,227 -	-	2,800 (264,138)	-	-	8,027 (264,138)
Short term borrowings	3,329,520 (8,207,305)	1,691,770 (1,051,770)	-	-	-	5,021,290 (9,259,075)

\* Previous year figures are in brackets

In terms of our report of even date

**For Gupta Shyam & Co.**

Chartered Accountants

F.R.No. : 103450W

Sd/-

**Shyamsunder Gupta**

Proprietor

Mem. No. : 038484

Mumbai: 30th May,2014

**For and on behalf of Board of Directors**

Sd/-

**Kamal Poddar**

Managing Director

(DIN-01518700)

Sd/-

**Ajay Kejriwal**

Director

(DIN-03051841)

Sd/-

**Mahavir Toshniwal**

Company Secretary

Mumbai

30th May, 2014



# Consolidated Financials

To  
The Board of Directors of  
Choice International Limited

### Report on the Financial Statements

1. We have audited the accompanying consolidated financial statements of Choice International Limited and its subsidiaries (the "Company"), which comprise the Consolidated Balance Sheet as at March 31, 2014, the Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, which we have signed under reference to this report.

### Management's Responsibility for the Financial Statements

2. The Company's Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of 'the Companies Act, 1956' of India (the "Act") read with the General Circular 15/2013 dated 13th, September, 2013 of the MCA in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence, about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances.  
An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the consolidated financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

6. In our opinion, and to the best of our information and according to the explanations given to us, the accompanying consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- in the case of the Consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- in the case of the Consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and
- in the case of the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

## Other Matter

7. We have not audited the financial statements of any of the seven subsidiaries of the company, whose financial statements reflect the total assets of ₹ 1374128448/-, revenue of ₹ 513258152/- and the net profit of ₹ 31508137/- and net cash inflow amounting to ₹ 30813801/- for the year ended on March 31, 2014. These financial statements have been audited by other auditor whose reports have been furnished to us by the management, and our opinion is based solely on the report of the other auditor.

**For Gupta Shyam & Co.**  
Chartered Accountants  
FRN : 103450W

Sd/-  
**SHYAMSUNDER GUPTA**  
Proprietor  
M.N. : 038484

Mumbai : 30th, May, 2014

## Consolidated Balance Sheet as at March 31, 2014

(Amount in ₹)

Particulars	Note No.	As at March 31, 2014	As at March 31, 2013
<b>I Equity &amp; Liabilities</b>			
<b>1. Shareholders' funds</b>			
(a) Share Capital	2	100,048,000	100,048,000
(b) Reserves and Surplus	3	458,219,385	434,993,310
(c) Money Received Ag. Share Warrants		-	-
		<b>558,267,385</b>	<b>535,041,310</b>
<b>2. Minority Interest</b>		-	-
<b>3. Non - Current Liabilities</b>			
(a) Long -Term Borrowings	4	112,187,358	104,487,201
(b) Deferred Tax Liabilities (Net)	5	26,314,767	21,107,256
(c) Long - Term Provisions	6	1,691,237	797,858
		<b>140,193,362</b>	<b>126,392,315</b>
<b>4. Current Liabilities</b>			
(a) Short - Term Borrowings	7	814,029,223	152,148,072
(b) Trade Payables	8	303,651,973	259,476,715
(c) Other Current Liabilities	9	55,464,784	45,657,541
(d) Short - Term Provisions	10	20,383,440	20,514,618
		<b>1,193,529,421</b>	<b>477,796,946</b>
<b>TOTAL</b>		<b>1,891,990,168</b>	<b>1,139,230,571</b>
<b>II Assets</b>			
<b>1. Non - Current Assets</b>			
(a) Fixed Assets	11		
(i) Tangible assets		309,899,461	268,031,380
(ii) Intangible assets		11,159,238	15,098,213
		<b>321,058,699</b>	<b>283,129,593</b>
(b) Non - Current Investments	12	260,269,819	153,430,779
(c) Long - Term Loans and Advances	13	38,298,909	35,928,551
(d) Other Non - Current Assets	14	10,447,803	7,928,792
		<b>630,075,230</b>	<b>480,417,715</b>
<b>2. Current Assets</b>			
(a) Inventories	15	45,537,233	10,686,375
(b) Trade Receivables	16	520,857,531	311,166,362
(c) Cash and Bank Balances	17	479,799,482	187,206,875
(d) Short - Term Loans and Advances	18	199,815,774	145,020,079
(e) Other Current Assets	19	15,904,918	4,733,165
		<b>1,261,914,938</b>	<b>658,812,856</b>
<b>TOTAL</b>		<b>1,891,990,168</b>	<b>1,139,230,571</b>

The accompanying Accounting Policies & Notes(1-29) are an integral part of the financial statements

In terms of our report of even date

**For Gupta Shyam & Co.**  
Chartered Accountants  
FRN : 103450W

Sd/-  
**Shyamsunder Gupta**  
Proprietor  
Mem. No. : 038484  
Mumbai: 30th May, 2014

**For and on behalf of Board of Directors**

Sd/-  
**Kamal Poddar**  
Managing Director  
(DIN-01518700)

Sd/-  
**Mahavir Toshniwal**  
Company Secretary

Sd/-  
**Ajay Kejriwal**  
Director  
(DIN-03051841)

Mumbai  
30th May, 2014



## Consolidated Statement of Profit and Loss for the year ended March 31, 2014

(Amount in ₹)

Particulars	Note No.	For the year ended March 31, 2014	For the year ended March 31, 2013
<b>I Revenue from Operations</b>	20	<b>587,247,754</b>	405,515,616
<b>II Other Income</b>	21	<b>29,245,642</b>	9,845,357
<b>III Total Revenue (I + II)</b>		<b>616,493,396</b>	415,360,973
<b>IV Expenses</b>			
Operating Expenses	22	140,495,244	139,387,750
Purchases Stock-in-Trade	23	149,524,813	12,574,772
Changes in Inventories	24	(34,850,858)	5,586,244
Employee Benefits Expense	25	181,711,721	139,824,005
Depreciation & Amortisation	11	13,203,099	11,563,790
Finance Costs	26	85,366,809	31,322,284
Other Expense	27	24,874,327	19,061,325
<b>Total Expense</b>		<b>560,325,155</b>	359,320,170
<b>V Profit Before Tax (III-IV)</b>		<b>56,168,241</b>	56,040,803
<b>VI Tax Expense:</b>			
(a) Current Tax Expense		15,864,465	16,212,000
(b) Earlier Year Tax Adjustments		2,021,532	(7,985)
(c) MAT Credit		(1,800,000)	(1,390,000)
(d) Deferred Tax		5,207,511	4,660,370
		<b>21,293,508</b>	19,474,385
<b>VII Profit/(Loss) for the period (V-VI)</b>		<b>34,874,733</b>	36,566,418
<b>VIII Earnings Per Equity Share (Face Value ₹ 10 Per)</b>	28		
(1) Basic (₹)		3.49	4.31
(2) Diluted (₹)		3.49	4.31

The accompanying Accounting Policies & Notes(1-29) are an integral part of the financial statements

In terms of our report of even date

For Gupta Shyam & Co.  
Chartered Accountants  
FRN : 103450W

For and on behalf of Board of Directors

Sd/-  
**Kamal Poddar**  
Managing Director  
(DIN-01518700)

Sd/-  
**Ajay Kejriwal**  
Director  
(DIN-03051841)

Sd/-  
**Shyamsunder Gupta**  
Proprietor  
Mem. No. : 038484  
Mumbai: 30th May, 2014

Sd/-  
**Mahavir Toshniwal**  
Company Secretary

Mumbai  
30th May, 2014

## Consolidated Cash Flow Statement for the year ended March 31, 2014

(Amount in ₹)

Particulars	As at 31/Mar/14	As at 31/Mar/13
<b>A. Cash flow from Operating Activities</b>		
Net profit before extra-ordinary items and tax	56,168,241	56,040,803
Adjustments for:		
Depreciation	13,203,099	11,563,790
Finance costs	85,366,809	31,322,284
Loss on disposal of fixed assets	-	248,297
Other interest income	(29,197,353)	(9,772,899)
Operating profit before Working Capital changes	125,540,796	89,402,275
Changes in Working Capital		
- Trade Receivables	(209,691,169)	(251,998,252)
- Short term loans & advances and other current assets	(54,795,695)	(104,399,380)
- Inventories	(34,850,858)	5,586,244
- Trade Payables & provisions	47,100,278	221,845,922
- Other current liabilities	10,027,645	8,717,041
Cash generated from operations	(116,669,003)	(30,846,150)
- Income tax paid	(20,024,028)	(16,028,525)
<b>Net cash flow from/(used in) from Operating Activities</b>	<b>(136,693,030)</b>	<b>(46,874,675)</b>
<b>B. Cash flow from Investing Activities</b>		
Other interest received	17,306,589	4,390,625
Purchase of fixed assets	(51,132,205)	(5,408,394)
Investment in associates	(64,165,368)	-
Disposal/(Acquisition) of stake in subsidiary	-	(78,857)
Sale/(Purchase) of investments in other companies	(42,673,672)	13,912,721
Change in other bank balances	(261,863,893)	(150,694,219)
Movement in long term loans & advances	(2,370,358)	(5,900,000)
<b>Net cash flow from/(used in) Investing Activities</b>	<b>(404,898,906)</b>	<b>(143,778,124)</b>
<b>C. Cash flow from Financing Activities</b>		
Finance costs paid	(85,585,703)	(30,739,648)
Dividend & dividend distribution tax paid	(11,674,954)	(8,714,547)
Money borrowed/(repaid) from related parties	(3,312,055)	3,231,959
Money borrowed/(repaid) from others	672,893,364	88,713,976
Proceeds from issue of share capital / warrants	-	142,252,500
<b>Net cash flow from/(used in) Financing Activities</b>	<b>572,320,651</b>	<b>194,744,240</b>
<b>Net increase/(decrease) in Cash and Cash Equivalents</b>	<b>30,728,715</b>	4,091,441
<b>Opening Cash and Cash Equivalents</b>	<b>17,333,961</b>	13,242,520
<b>Closing Cash and Cash Equivalents</b>	<b>48,062,676</b>	17,333,961

In terms of our report of even date

For Gupta Shyam & Co.  
Chartered Accountants  
FRN : 103450W

For and on behalf of Board of Directors

Sd/-  
**Kamal Poddar**  
Managing Director  
(DIN-01518700)

Sd/-  
**Ajay Kejriwal**  
Director  
(DIN-03051841)

Sd/-  
**Shyamsunder Gupta**  
Proprietor  
Mem. No. : 038484  
Mumbai: 30th May, 2014

Sd/-  
**Mahavir Toshniwal**  
Company Secretary

Mumbai  
30th May, 2014

## Accompanying notes to the consolidated financial statements as at March 31, 2014

### Note 1: SIGNIFICANT ACCOUNTING POLICIES

#### A Basis of accounting and preparation of financial statements

These financial statements and the financial statements of Indian subsidiaries have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis.

These financial statements and the financial statements of Indian subsidiaries have been prepared to comply in all material aspects with the accounting standards notified under Section 211(3C) [Companies (Accounting Standards) Rules, 2006, as amended] and the other relevant provisions of the Companies Act, 1956 (the "Act").

All assets and liabilities have been classified as current or non-current as per the criteria set out in the Revised Schedule VI to the Act. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

#### B Principles of consolidation

The consolidated financial statements relate to Choice International Ltd. (the holding company) and its subsidiary companies (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 fully 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 difference between the cost of investment in the subsidiary, over the net assets at the time of acquisition of shares in the subsidiary is recognised in the consolidated financial statements as Goodwill or Capital Reserve as the case may be.

- the share of minority interest in the net profit/(loss) of subsidiary for the year is identified and adjusted against the income of the group to arrive at the net income attributable to the shareholders of the holding Company.

- the share of minority interest in the net assets of consolidated subsidiary is identified and presented in the consolidated balance sheet separate from liabilities and the equity of the holding company's shareholders.

- 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 subsidiary 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 subsidiary used in the consolidation are drawn up to the same reporting dates as that of the holding company i.e. March 31, 2014.

- the subsidiary considered in the consolidated financial statements are as follows:

Name of the Entity	Country	Ownership as on	
		31.03.2014	31.03.2013
Choice Capital Advisors Pvt. Ltd.	India	100.00%	100.00%
Choice Equity Broking Pvt. Ltd.	India	100.00%	100.00%
Choice Merchandise Broking Pvt. Ltd.	India	100.00%	100.00%
Choice Business Services Pvt. Ltd.	India	100.00%	100.00%
Choice Wealth Management Pvt. Ltd.	India	100.00%	100.00%
Choice Insurance Brokers Pvt. Ltd.	India	100.00%	100.00%
Choice Corporate Services Pvt. Ltd.	India	100.00%	-

#### C Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year.

The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

#### D Cash and cash equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances, highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

#### E Cash flow statement

Cash flows are reported using the indirect method set out in Accounting Standard-3 'Cash Flow Statement' notified under Companies (Accounting Standard) Rules, 2006 under section 211(3C) of the Companies Act 1956, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash

nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information. For the purpose of Cash Flow Statement, cash and cash equivalents includes fixed deposits which are freely remissible but excludes interest accrued on fixed deposits

#### F Inventories

Inventories are valued at cost (on FIFO basis) OR the net realisable whichever is lower cumulatively for all shares. Cost includes all incidental cost of acquisition.

#### G Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. In addition, the following criteria must also be met before revenue is recognised:-

- Revenue and cost are generally accounted on accrual basis as they are earned/incurred, except in case significant uncertainties.
- Brokerage income from dealing in shares & securities is recognised on the day of settlement of the transaction.
- 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.

- d) Interest and other income is accounted on accrual basis.
- e) Profit/loss on sale of investments are recognised on the day of confirmation of transaction.
- f) Revenue figures excludes tax component.
- g) Dividend is accounted when the right to receive payment is established.
- h) Profit/loss from dealing in shares & securities are recognised on the day of settlement of transaction.
- i) Profit/loss on equity derivative transactions are accounted for as explained below -

Initial and additional margin paid over and above Initial margin, for entering into contracts for Equity Stock/Index Futures which are released on final settlement/squaring-up of underlying contracts are disclosed under Other Current Assets. "Mark-to-market margin- Equity Stock/Index Futures" representing the amounts paid in respect of mark to market margin is disclosed under Other Current Assets. On final settlement or squaring up of contracts for equity stock/index futures, the realized profit or loss after adjusting the unrealized loss already accounted, if any, is recognized in the Statement of Profit and Loss. When more than one contract in respect of the relevant series of equity stock/index futures contract to which the squared-up contract pertains is outstanding at the time of the squaring-up of the contract, the contract price of the contract so squared-up is determined using the weighted average cost method for calculating the profit/loss on squaring-up.

As at the balance sheet date, the mark to market on all transactions comprising of Equity Derivatives positions is determined

on a Portfolio basis with net unrealized losses being recognized in the Profit and Loss Account. Unrealized gains (on portfolio basis) are not recognized in the Profit and Loss Account on grounds of prudence as enunciated in Accounting Standard - 1, Disclosure of Accounting Policies. In respect of other transactions, the unrealized losses on equity derivatives determined on scrip-basis are recognized in Profit and Loss Account and unrealized gains are ignored; and in case of securities (shares, etc) the net unrealized losses are recognized in Profit & Loss Account and net unrealized gains are ignored.

#### H Employee benefits

All employee benefits falling due wholly within twelve months of rendering the service are classified as short term employee benefits. The benefits like salary, short term compensated absences, etc. and the expected cost of bonus, ex-gratia are recognised in the statement of profit and loss in the period in which the employee renders the related service.

The Company has a Defined Benefit Plan viz. Gratuity, for all its employees. Gratuity liability is unfunded. Liability for the defined benefit plan of Gratuity is determined on the basis of an actuarial valuation by an independent actuary at the year end, which is calculated using projected unit credit method. Actuarial gains and losses, which comprise experience adjustment and the effect of changes in actuarial assumptions, are recognised in the Statement of Profit and Loss.

#### I Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or

income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date.

#### J Depreciation and amortisation

Depreciation has been provided on the straight line method as per the rates prescribed in Schedule XIV to the Companies Act, 1956 except in respect of computer softwares which are amortised in accordance with the Accounting Standard 26 "Accounting for Intangible Assets". Depreciation on addition to fixed assets is provided on a pro-rata basis from the date of addition.

The estimated useful life of intangible assets and the amortisation period are reviewed at the end of each financial year and amortisation method is revised to reflect the changed pattern.

#### K Fixed assets

##### Tangible assets

Fixed assets are carried at cost less accumulated depreciation and impairment losses, if any. The cost of fixed assets includes interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use and other incidental expenses incurred up to that date.

##### Intangible assets

Intangible assets are recognised when it is probable that the future economic benefits

that are attributable to the assets will flow to the enterprise and the cost of the assets can be measured reliably. Intangible assets are carried at cost less accumulated amortisation and impairment losses, if any. The cost of an intangible asset comprises its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the taxing authorities), and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates.

#### L Taxes on income

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company. Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

Deferred tax is measured using the tax rates and the tax laws enacted or substantially enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise such assets.

Deferred tax assets are recognised for timing differences of other items only to the

extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their realisability.

#### M Provision and Contingencies

A provision is recognised when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. 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. Where there is a possible obligation or a present obligation but the likelihood of outflow of resources is remote, no provision or disclosure as specified in Accounting Standard 29 – "Provisions, Contingent Liabilities and Contingent Assets" is made.

#### N Investments

Investments, which are readily realisable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments, all other investments are classified as non-current investments.

Investments are valued in accordance with the RBI guidelines and accounting standard 13 on "Accounting for investments". Long-term investments (excluding investment properties), are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value. Cost of investments include acquisition charges such as brokerage, fees and duties.

#### O Impairment of assets

The carrying values of assets / cash gener-

ating units at each Balance Sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, except in case of revalued assets.

#### P Service tax input credit

Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is no uncertainty in availing / utilising credits.

#### Q Borrowing cost

Interest and other costs in connection with the borrowing of the funds to the extent related / attributed to the acquisition / construction of qualifying fixed assets are capitalised up to the date when such assets are ready for its intended use and other borrowing costs are charged to profit & loss account.

#### R Foreign currency transactions and translations

Foreign currency transactions are recorded at the rates of exchange prevailing on the date of the transactions. Exchange differences, if any, arising out of transactions settled during the year are recognised in the statement of profit and loss. Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are reported using the closing rates, the exchange differences, if any, are recognised in the statement of profit and loss and related assets and liabilities are accordingly restated in the balance sheet.

### Accompanying notes to the consolidated financial statements as at March 31, 2014

(Amount in ₹)

Particulars	As at 31/Mar/14	As at 31/Mar/13
<b>2 SHARE CAPITAL</b>		
<b>a) Details of authorised, issued and subscribed share capital</b>		
<b>Authorised Capital</b> 10,100,000 (PY 10,100,000) Equity Shares of ₹ 10/- each	<b>101,000,000</b>	101,000,000
<b>Issued Capital</b> 10,004,800 (PY 10,004,800) Equity Shares of ₹ 10/- each	<b>100,048,000</b>	100,048,000
<b>Subscribed and Paid up Capital</b> 10,004,800 (PY 10,004,800) Equity Shares of ₹ 10/- each fully paid-up	<b>100,048,000</b>	100,048,000
	<b>100,048,000</b>	<b>100,048,000</b>
<b>Rights, preferences and restrictions attached to each class of shares</b> - The company has only one class of share capital, i.e. equity shares having face value of ₹10/- per share. Each holder of equity share is entitled to one vote per share.		
<b>b) Reconciliation of number of shares outstanding at the beginning and at the end of the reporting period</b>		
No. of shares at the beginning of the year	<b>10,004,800</b>	7,504,800
Add : shares issued during the year	-	2,500,000
No. of shares at the end of the year	<b>10,004,800</b>	10,004,800
<b>c) Shareholders holding more than 5% of equity shares as at the end of the year</b>		
Vinita Sunil Patodia Promoter	<b>1,028,927</b> <b>10.28%</b>	1,028,927 <b>10.28%</b>
Florence Securities Pvt. Ltd.	<b>750,000</b> <b>7.50%</b>	750,000 <b>7.50%</b>
Anugrah Stock & Broking Pvt. Ltd	<b>648,100</b> <b>6.48%</b>	- -



## Accompanying notes to the consolidated financial statements as at March 31, 2014

(Amount in ₹)

Particulars	As at 31/Mar/14	As at 31/Mar/13
<b>3 RESERVES AND SURPLUS</b>		
<b>Statutory reserve -</b>		
Opening Balance	16,350,000	14,100,000
Add : transferred from statement of profit & loss	2,750,000	2,250,000
Closing Balance	19,100,000	16,350,000
<b>General reserve -</b>		
Opening Balance	555,000	555,000
Add : transferred from statement of profit & loss	397,000	-
Closing Balance	952,000	555,000
<b>Capital reserve -</b>		
Opening Balance	869,500	869,500
Add : transferred from statement of profit & loss	-	-
Closing Balance	869,500	869,500
<b>Securities premium reserve -</b>		
Opening Balance	339,217,300	161,717,300
Less : on disposal of subsidiary	-	-
Add : received on shares issued during the year	-	177,500,000
Closing Balance	339,217,300	339,217,300
<b>Surplus in statement of profit &amp; loss -</b>		
Opening Balance	78,001,510	55,358,538
Add : profit/(loss) for the year	34,874,733	36,566,418
Less : transfer to statutory reserve	2,750,000	2,250,000
Less : transfer to general reserve	397,000	-
Less : dividend distribution tax on proposed dividend	1,643,858	1,668,646
Less : proposed dividend	10,004,800	10,004,800
Closing Balance	98,080,585	78,001,510
	<b>458,219,385</b>	<b>434,993,310</b>
<b>4 LONG TERM BORROWINGS</b>		
Secured loans		
Term loan from bank*	142,214,744	133,987,201
Less : current portion of long term borrowings	(31,539,863)	(29,500,000)
	<b>110,674,881</b>	<b>104,487,201</b>
Term loan from other parties**	2,605,350	-
Less : current portion of long term borrowings	(1,092,872)	-
	<b>1,512,477</b>	<b>-</b>
	<b>112,187,358</b>	<b>104,487,201</b>

## Accompanying notes to the consolidated financial statements as at March 31, 2014

(Amount in ₹)

Particulars	As at 31/Mar/14	As at 31/Mar/13
*The loan was taken from State Bank of India and is secured by way of first charge on land & building at Mumbai. The loan is repayable in 72 monthly principal instalments and interest, ending in April 2017. The amount of monthly installments is set out as under:- 1-2 Years    2-4 Years 25 Lacs    30 Lacs		
*The outstanding amount of loan of ₹ 5,67,063/- was taken from HDFC Bank Limited and is secured by way of first charge on Vehicle at Mumbai. The loan is repayable in monthly principal instalments and interest of ₹ 22,490/-, ending in August 2016.		
*The outstanding amount of loan of ₹ 3,71,60,481/- was taken from ICICI Bank Limited and is secured by way of first charge on Non residential property. The loan is repayable in monthly principal instalments and interest of ₹ 4,83,705/-, ending in October 2026.		
**The outstanding amount of loan of ₹ 20,47,655/- was taken from BMW Financial Services and is secured by way of first charge on Vehicle at Mumbai. The loan is repayable in monthly principal instalments and interest of ₹ 82,179/-, ending in June 2016. The outstanding amount of loan of ₹ 5,57,695/- was taken from Volkswagen Finance and is secured by way of first charge on Vehicle at Mumbai. The loan is repayable in monthly principal instalments and interest of ₹ 23,450/-, ending in July 2016.		
<b>5 DEFERRED TAX LIABILITIES (NET)</b>		
The major components of deferred tax liabilities / assets (net) as recognised in the financial statements is as follows:		
<b>Deferred tax liability -</b>		
On difference between book balance & tax balance of fixed assets	26,857,780	21,353,794
<b>Deferred tax asset -</b>		
Provision for employee benefit expenses	(543,013)	(246,538)
	<b>26,314,767</b>	<b>21,107,256</b>
<b>6 LONG-TERM PROVISIONS</b>		
Provision for employee benefit expenses	1,691,237	797,858
	<b>1,691,237</b>	<b>797,858</b>

## Accompanying notes to the consolidated financial statements as at March 31, 2014

(Amount in ₹)

Particulars	As at 31/Mar/14	As at 31/Mar/13
<b>7 SHORT TERM BORROWINGS</b>		
Secured loans		
Loans taken from institutions*	151,968,336	76,278,130
Overdraft in bank's current account**	658,494,956	69,722,391
Unsecured loans		
Loans taken from others	1,502,217	771,781
Loans taken from related parties***	2,063,715	5,375,770
	<b>814,029,223</b>	<b>152,148,072</b>
*Loans taken from institutions are secured against shares & securities pledged by customers.		
**Overdraft is secured against term deposits, shares & securities.		
***The details of loan taken from related parties are referred under the heading "Short Term Borrowings of Note No.29(H)(ii) "Related Party Transactions".		
<b>8 TRADE PAYABLES</b>		
Dues to Micro, Small and Medium Enterprises	4,620	-
Other than Micro, Small and Medium Enterprises	303,647,353	259,476,715
	<b>303,651,973</b>	<b>259,476,715</b>
<b>9 OTHER CURRENT LIABILITIES</b>		
Current portion of long term borrowings	32,632,736	29,500,000
Interest accrued but not due on borrowings	1,195,370	1,414,264
Advances from customers	400,000	-
Other liabilities & statutory dues	21,185,679	12,682,277
Margin money deposit	51,000	2,061,000
	<b>55,464,784</b>	<b>45,657,541</b>
<b>10 SHORT TERM PROVISIONS</b>		
Provision for tax (net of taxes paid)	3,348,696	5,486,727
Proposed dividend	10,004,800	10,004,800
Provision for dividend distribution tax	1,643,858	1,668,646
Provision for expenses	4,895,797	3,001,658
Provision on standard loan assets	424,204	350,846
Provision for employee benefit expenses	66,085	1,941
	<b>20,383,440</b>	<b>20,514,618</b>

## Accompanying notes to the consolidated financial statements as at March 31, 2014

(Amount in ₹)

## 11 FIXED ASSETS

Description	Gross Block		Depreciation & Amortisation		Net Block	
	As at April 1, 2013	Additions	Deduction s/Adjustm ents	As at March 31, 2014	As at March 31, 2014	As at March 31, 2013
<b>(i) Tangible Assets:</b>						
Freehold Land	27,977,910	-	-	-	27,977,910	27,977,910
Building owned	214,776,824	40,618,169	-	12,809,248	242,585,745	205,791,314
Computer Hardwares	14,533,747	3,470,006	-	6,247,496	11,756,257	10,899,978
Furniture & Fixtures	14,788,219	66,811	-	2,493,231	12,361,799	13,234,317
Vehicles	3,628,272	6,189,927	-	1,208,210	8,609,989	3,177,457
Office Equipments	7,562,694	18,100	-	973,033	6,607,761	6,950,404
<b>Total</b>	<b>283,267,666</b>	<b>50,363,013</b>	<b>-</b>	<b>23,731,218</b>	<b>309,899,461</b>	<b>268,031,380</b>
<b>(ii) Intangible Assets:</b>						
Computer Softwares	27,092,280	769,192	-	16,702,234	11,159,238	15,098,213
<b>Total</b>	<b>27,092,280</b>	<b>769,192</b>	<b>-</b>	<b>16,702,234</b>	<b>11,159,238</b>	<b>15,098,213</b>
<b>Grand Total</b>	<b>310,359,946</b>	<b>51,132,205</b>	<b>-</b>	<b>40,433,452</b>	<b>321,058,699</b>	<b>283,129,593</b>
Previous Year	306,176,591	5,408,394	1,225,039	11,563,790	283,129,593	289,729,388



## Accompanying notes to the consolidated financial statements as at March 31, 2014

(Amount in ₹)

Particulars	As at 31/Mar/14	As at 31/Mar/13
<b>12 NON-CURRENT INVESTMENTS</b>		
<b>(a) Other investments in quoted equity shares fully paid-up</b>		
Associate company -		
5,952,850 (PY - 5,257,850) shares of ₹ 10/- each of Choice		
Infra Ventures Limited	160,002,353	95,836,985
Other company -		
685,000 (PY - 500,000) shares of ₹ 10/- each of The Byke		
Hospitality Limited	97,945,280	50,096,906
457,510 (PY - 693,990) shares of ₹ 10/- each of Shekhawati		
Poly-Yarn Limited	1,372,530	2,081,970
NIL (PY - 119,000) shares of ₹ 10/- each of Upsurge		
Investment & Finance Limited	-	4,858,140
62,516 (PY - 62,516) shares of ₹ 10/- each of Lawreshwar		
Polymers Limited	543,916	543,916
NIL (PY - 5) shares of ₹ 10/- each of Sesa Goa Ltd.	-	1,853
980 (PY - 980) shares of ₹ 10/- each of GSL Sec. Ltd.	5,740	5,740
NIL (PY - 1) shares of ₹ 10/- each of GAIL India Ltd.	-	350
NIL(PY - 10) shares of ₹ 10/- each of Parikh Herbal Ltd.	-	399
NIL (PY - 200) shares of ₹ 10/- each of NHPC Ltd.	-	4,520
<b>Other investments in unquoted equity shares fully paid-up</b>		
Choice Credit Co-Operative Society Limited		
4000 (PY - NIL) shares of ₹ 100/- each	400,000	-
	<b>260,269,819</b>	<b>153,430,779</b>
Less : Provision for diminution in the value of investments	-	-
	<b>260,269,819</b>	<b>153,430,779</b>
<b>(b) Aggregate book value of -</b>		
Quoted fully paid-up investments	259,869,819	153,430,779
<b>Aggregate market value of -</b>		
Quoted fully paid-up investments	452,482,617	609,479,483
<b>13 LONG TERM LOANS &amp; ADVANCES</b>		
<b>Unsecured, considered good</b>		
Security deposits	30,264,911	29,428,551
Deposit with co-op credit society	4,800,000	5,500,000
Other deposit	2,178,998	-
Loans & advances to others	1,055,000	1,000,000
	<b>38,298,909</b>	<b>35,928,551</b>
<b>14 OTHER NON-CURRENT ASSETS</b>		
MAT credit entitlement	8,151,860	6,351,860
Interest accrued on deposit	2,295,943	1,576,932
	<b>10,447,803</b>	<b>7,928,792</b>

## Accompanying notes to the consolidated financial statements as at March 31, 2014

(Amount in ₹)

Particulars	As at 31/Mar/14	As at 31/Mar/13
<b>15 INVENTORIES</b>		
Stock-in-trade		
Shares & securities*	45,537,233	10,686,375
(valued at cost or net realised value, whichever is lower, on cumulative basis)	45,537,233	10,686,375
*Market value - ₹ 45,537,233/- (PY - ₹ 10,686,375/-)		
<b>16 TRADE RECEIVABLES</b>		
Unsecured, considered good Outstanding for a period exceeding six months from due date	49,964,373	509,999
Others	470,893,158	310,656,363
	<b>520,857,531</b>	<b>311,166,362</b>
<b>17 CASH AND BANK BALANCES</b>		
Cash & Cash Equivalents		
Cash on Hand	409,553	376,442
Bank Balances -		
In current accounts	39,003,123	8,307,519
Term deposits	8,650,000	8,650,000
Other Bank Balances		
Term deposits held against bank guarantees	431,652,500	169,787,500
In earmarked accounts	84,307	85,414
	<b>479,799,482</b>	<b>187,206,875</b>
<b>18 SHORT-TERM LOANS AND ADVANCES</b>		
Secured, considered good		
Loans & advances to others	96,517,459	87,199,469
Unsecured, considered good		
Loans & advances to related parties*	-	258,684
Advances to employees	487,528	379,932
Balance with statutory/revenue authorities	14,214,974	2,479,058
Loans & advances to others	52,856,539	44,011,715
Prepaid expenses	8,349,274	8,991,221
Margin deposit	26,690,000	1,700,000
Security Deposit	700,000	-
	<b>199,815,774</b>	<b>145,020,079</b>
*The details of loans & advances given to related parties are referred under the heading of "Short Tern Loans & Advances" of Note No.29(H)(ii) "Related Party Transactions".		
<b>19 OTHER CURRENT ASSETS</b>		
Accrued interests on deposits	15,904,918	4,733,165
	<b>15,904,918</b>	<b>4,733,165</b>

## Accompanying notes to the consolidated financial statements as at March 31, 2014

(Amount in ₹)

Particulars	As at 31/Mar/14	As at 31/Mar/13
<b>20 REVENUE FROM OPERATIONS</b>		
Sale of shares & securities	83,595,946	30,834,450
Profit on sale of investments	4,489	7,589,429
Interest income	33,241,689	7,328,257
Income from lease and support services	13,200,257	12,610,000
Brokerage income	158,797,187	127,167,381
Professional fees	285,621,115	203,093,095
Other operating revenues	12,787,071	16,893,004
	<b>587,247,754</b>	<b>405,515,616</b>
<b>21 OTHER INCOME</b>		
Interest on deposits	29,197,353	9,673,149
Interest on employees loan	-	99,750
Misc. income	48,289	72,458
	<b>29,245,642</b>	<b>9,845,357</b>
<b>22 OPERATING EXPENSES</b>		
Professional Service charges	93,219,542	37,300,000
Computer & software expenses	2,369,084	1,232,701
Membership & subscription fees	486,914	1,478,500
Sub-brokerage / Referral fees	43,458,188	98,107,439
Leaseline expenses	510,545	588,813
Other operating expenses	450,971	680,297
	<b>140,495,244</b>	<b>139,387,750</b>
<b>23 PURCHASE OF STOCK-IN-TRADE</b>		
Shares & Securities	149,524,813	12,574,772
	<b>149,524,813</b>	<b>12,574,772</b>
<b>24 CHANGES IN INVENTORIES</b>		
Shares & Securities		
At the beginning of the period	10,686,375	16,272,619
Less : At the end of the period	45,537,233	10,686,375
	<b>(34,850,858)</b>	<b>5,586,244</b>
<b>25 EMPLOYEE BENEFIT EXPENSES</b>		
Salaries, allowances and incentives	180,328,783	139,367,940
Staff welfare expenses	410,265	80,790
Gratuity	972,673	375,275
	<b>181,711,721</b>	<b>139,824,005</b>
<b>26 FINANCE COST</b>		
Interest on bank borrowings	54,373,155	23,381,904
Interest on institution borrowings	17,029,096	1,481,843
Other borrowing costs	13,964,558	6,458,537
	<b>85,366,809</b>	<b>31,322,284</b>

## Accompanying notes to the consolidated financial statements as at March 31, 2014

(Amount in ₹)

Particulars	As at 31/Mar/14	As at 31/Mar/13
<b>27 OTHER EXPENSES</b>		
Bank charges	254,347	229,519
Business promotion expenses	125,418	206,841
Director sitting fees	370,000	90,000
Donation	-	2,500
Electricity Charges	2,514,688	2,218,328
Communication expenses	1,162,836	823,997
Computer expenses	952,332	1,017,562
Conference & meeting expenses	121,331	103,672
CSR expenses	75,000	25,900
Insurance charges	87,558	91,975
Legal and professional	1,865,475	2,522,313
Loss on sale of investments	-	248,297
Marketing & advertisement expenses	5,725,438	1,062,160
Payment to auditors -		
Statutory audit fees	204,607	151,236
Tax audit fees	50,000	45,000
Limited review Fees	65,000	30,000
Other certification fees	120,000	67,000
Printing and stationery	791,283	914,033
Provision on standard loan assets	73,358	350,846
Rent including lease rentals	968,729	494,596
Repairs & maintenance	968,161	1,495,507
Rates & taxes	2,898,000	3,001,738
Security Expenses	116,403	399,188
Sundry expenses	741,766	902,264
Traveling & Conveyance expenses	3,290,431	1,928,859
Vehicle expenses	1,146,279	318,688
Water charges	185,887	319,306
	<b>24,874,327</b>	<b>19,061,325</b>
<b>28 EARNINGS PER EQUITY SHARE</b>		
Profit/(Loss) attributable to equity shareholders	34,874,733	36,566,418
Weighted average number of equity shares	10,004,800	8,484,252
<b>Basic Earnings Per Share</b>	<b>3.49</b>	<b>4.31</b>
<b>Face value per Share</b>	<b>10</b>	<b>10</b>
Profit after adjusting interest on potential equity shares	34,874,733	36,566,418
Weighted average number of equity share after considering potential equity shares	10,004,800	8,484,252
<b>Dilutive Earnings per Share</b>	<b>4.11</b>	<b>4.31</b>



## Accompanying notes to the consolidated financial statements as at March 31, 2014

**NOTE 29 : OTHER NOTES FORMING PART OF FINANCIAL STATEMENTS****A Statutory reserve :**

The management has created a statutory reserve of ₹ 2,750,000/- (PY ₹ 2,250,000/-) as per the provisions of section 45-IC of Reserve Bank of India Act, 1934.

**B Corporate social responsibility :**

Recognising the responsibilities towards society, as a part of ongoing activities, the company has contributed towards various corporate social responsibility initiatives like supporting under-privileged in education, medical treatments, etc. and various other charitable and noble aids.

**C** In the opinion of the Board, all the assets other than fixed assets and non-current investments have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated. The Provision of all known liabilities is adequate and not in excess of the amount reasonably necessary.**D** Balances of the trade receivables, trade payables, 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.**E** Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.**F Employee benefit plans :****Defined benefit plans**

The Company offers the gratuity as employee benefit schemes to its employees:

The following table sets out the funded status of the Gratuity and the amount recognised in the financial statements:

(Amount in ₹)

Particulars	As on 31.03.2014
<b>Components of employer expense</b>	
Current service cost	552,817
Interest cost	64,963
Expected return on plan assets	-
Curtailment cost / (credit)	-
Settlement cost / (credit)	-
Prior year charge	288,173
Actuarial losses/(gains)	66,720
<b>Total expense recognised in the Statement of Profit &amp; Loss</b>	<b>972,673</b>

## Accompanying notes to the consolidated financial statements as at March 31, 2014

Particulars	As on 31.03.2014
<b>Actual contribution and benefit payments for year</b>	
Actual benefit payments	
Actual contributions	-
<b>Net asset / (liability) recognised in the Balance Sheet</b>	
Present value of defined benefit obligation	1,757,322
Fair value of plan assets	-
Funded status [Surplus / (Deficit)]	-
Unrecognised past service costs	-
<b>Net asset / (liability) recognised in the Balance Sheet</b>	<b>1,757,322</b>

**Change in fair value of defined benefits obligation representing reconciliation of the the opening and closing balances thereof are as follows:**

Opening fair value of plan assets as on 01.04.2013	799,799
Service cost	552,817
Interest cost	64,963
Actuarial (gain) / loss	66,720
Prior year charge	288,173
Benefits paid	(15,150)
<b>Closing fair value of plan assets as on 31.03.2014</b>	<b>1,757,322</b>

**Actuarial assumptions**

Discount rate	9.10%
Salary escalation	6.00%

Note: The discount rate is based on the prevailing market yields of Government of India securities as at the Balance Sheet date for the estimated term of the obligations. The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors.

## Accompanying notes to the consolidated financial statements as at March 31, 2014

**G Segment information :**

The Company has identified Business segments as its primary segment. Business segments are primarily NBFC & Other services, Investment Banking services, Broking & Distribution services and Outsourcing services. Revenues and expenses directly attributable to segments are reported under each reportable segment. All other expenses which are not attributable or allocable to segments have been disclosed as unallocable expenses. Fixed assets used in the company's business or liabilities have not been identified to any reportable segment, as the fixed assets are used interchangeably between segments. It is not possible to furnish segment disclosure relating to total assets and liabilities of the company.

Particulars	For the year ended 31 March, 2014					
	Business segments				Total (Segments)	Total (Enterprise)
	NBFC & Other services	Broking & Distribution	Investment Banking	Outsourcing		
Segment Revenue						
Sales / Income	127,955,045 (80,337,286)	198,543,230 (144,718,404)	135,178,956 (88,862,080)	150,442,159 (114,231,015)	612,119,390 (428,148,785)	
Less: Inter-segment Sales / Income	24,686,000 (21,975,000)	185,637 (658,169)	- -	- -	24,871,637 (22,633,169)	
Total Revenue External	103,269,045 (58,362,286)	198,357,593 (144,060,235)	135,178,956 (88,862,080)	150,442,159 (114,231,015)	587,247,753 (405,515,616)	
Total revenue of each segment as a percentage of total revenue of all segments	17.59% (14.39%)	33.78% (35.53%)	23.02% (21.91%)	25.62% (28.17%)		
Segment Result: Profit / (Loss) before interest and	50,993,140 (40,636,186)	29,794,181 (22,542,768)	15,457,311 (25,881,984)	15,209,404 (13,729,036)	111,454,036 (102,789,974)	111,454,036 (102,789,974)
Less: Interest Expenses						32,739,010 (20,804,709)
Less: Unallocable expenses (net)						23,027,242 (26,619,975)
Add: Other income (net)						480,458 (675,513)
Profit before tax						56,168,242 (56,040,803)
Less: Tax expense						21,293,508 (19,474,385)
Net profit for the year						34,874,734 (36,566,418)

\* Previous year figures are in brackets

## Accompanying notes to the consolidated financial statements as at March 31, 2014

**H Related Party Disclosure :****(I) Details of Related Parties -**

Description of Relationship	Names of Related Parties
a. Associate Companies	Choice Infra Ventures Limited (CIVL) Choice Realty Pvt. Ltd. (Subsidiary of CIVL)
b. Key Management Personnel (KMP) and their relatives	Kamal Poddar (Managing Director) Hemlata Poddar (Non-executive Director) Arun Poddar (Relative of KMP) Sonu Poddar (Relative of KMP) Pankaj Bhansali (Executive Director)
c. Individuals owning directly or indirectly interest in voting power that gives them control & their relatives	Sunil Patodia Vinita Patodia Anil Patodia Archana Patodia
d. Enterprises over which (b) & (c) are able to exercise significant influence	S. K. Patodia & Associates The Byke Hospitality Ltd. Hotel Relax Pvt. Ltd.  Manbhari Biofuel Pvt. Ltd. S. K. Patodia Advisory Services Pvt. Ltd. Upton Infrastructure Pvt. Ltd. Aqua Pumps Pvt. Ltd. M/s. Shree Shakambhari Exim Anil Patodia HUF Sunil Patodia HUF Arun Poddar HUF Kamal Poddar HUF



## Accompanying notes to the consolidated financial statements as at March 31, 2014

## (ii) Details of Related Party transactions during the year ended March 31, 2014

(Amount in ₹)

Particulars	Associates	KMP and their relatives	Individuals owning directly or indirectly voting power that gives them control & their relatives	Enterprises over which (b) & (c) are able to exercise significant influence	Total
Loans given to	715,530 (800,000)	-	-	834,360	1,549,890 (800,000)
Loan repayment recd from	715,530	-	-	834,360	1,549,890
	-	-	-	-	-
Loans taken from	2,721,240 (3,173,520)	1,000,000 (8,789,000)	-	1,019,456	4,740,696 (11,962,520)
Loan repaid	2,081,240	1,000,000	-	1,019,456	4,100,696
	-	-	-	-	-
Revenue from operations	3,000,000 (3,000,000)	-	-	9,720,000 (9,610,000)	12,720,000 (12,610,000)
Salaries & incentives	-	4,200,000 (2,844,701)	-	-	4,200,000 (2,844,701)
	-	-	-	-	-
<u>Balances outstanding at the end of the year</u>					
Short term loans & advances	- (250,000)	-	-	-	- (250,000)
Trade receivables	-	-	-	1,265,900 (737,796)	1,265,900 (737,796)
Trade payables	-	2,800 (246,138)	-	-	2,800 (246,138)
	-	-	-	-	-
Short term borrowings	1,691,770 (1,051,770)	-	-	-	1,691,770 (1,051,770)

\* Previous year figures are in brackets

In terms of our report of even date

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

Sd/-  
**Shyamsunder Gupta**  
Proprietor  
Mem. No. : 038484  
Mumbai: 30th May, 2014

For and on behalf of Board of Directors

Sd/-  
**Kamal Poddar**  
Managing Director  
(DIN-01518700)

Sd/-  
**Mahavir Toshniwal**  
Company Secretary

Sd/-  
**Ajay Kejriwal**  
Director  
(DIN-03051841)

Mumbai  
30th May, 2014



## CHOICE INTERNATIONAL LIMITED

CIN: L67190MH1993PLC071117

**Reg. off:** Shree Shakambhari Corporate Park, Plot No. 156-158, Chakravati Ashok Society, J.B. Nagar, Andheri (east), Mumbai - 400 099. **Tel:** 022-6707 9999 **Tel Fax.:** 022-6707 9959

**Email:** info@choiceindia.com **Website:** www.choiceindia.com

Notice is hereby given that the Twenty First Annual General Meeting of the members of the Company Choice International Limited will be held at Anchorage Hall, Hotel Suba International, 211, Chakala Sahar Road, Andheri (East), Mumbai – 400099 on Saturday, September 27, 2014 at 12.30 P.M. to transact with or without modifications, the following Businesses:

**Ordinary Business:**

1. To Consider and adopt the audited Balance Sheet as at March 31, 2014, the Statement of Profit and Loss Account for the year ended on that date and the reports of the Directors and Auditors thereon.
2. To declare and sanction the payment of final dividend of 10% i.e. ₹ 1/- per share on equity shares of the Company for the Financial Year 2013-14.
3. To appoint a Director in place of Mrs. Hemlata Poddar (DIN 02931322) who retires by rotation and, being eligible, offers herself for re-appointment.
4. To consider and if thought fit, to pass, with or without modification(s), the following as an **Ordinary Resolution:**

**“RESOLVED THAT** Dr. Satish Chandra Kulhari (DIN- 02699281) Director liable to retire by rotation, who does not seek re-appointment upon expiry of his term at this Annual General meeting, be not re-appointed a Director of the Company.

**RESOLVED FURTHER THAT** the vacancy, so created on the Board of Directors of the Company, be not filled.”

**5. Appointment of Auditors**

To consider and if thought fit to pass with or without modification(s) the following resolution as an **Ordinary Resolution:**

**“RESOLVED THAT** pursuant to Section 139 and any other applicable provisions of the Companies Act, 2013 (including any statutory modifications or re-enactment thereof for the time being in force) read with rules under the Companies (Audit and Auditors) Rules, 2014, the Company's Auditors, M/s. Gupta Shyam & Co., Chartered Accountants (Firm Registration No.103450W) who hold office up to the date of this Annual General Meeting but, being eligible, offer themselves for re-appointment, be and are hereby re-appointed as Auditor of the Company for holding office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting at such remuneration plus service tax, out-of-pocket, travelling and living expenses, etc., as may be mutually agreed between the Board of Directors of the Company and the Auditors.”

**Special Business:**

6. Appointment of Mr. Brijmohan Agarwal as an Independent Director of the company.  
To consider and if thought fit to pass with or without modification(s) the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Brijmohan Agarwal (DIN 00529136), a Non-executive Director of the Company, be and is hereby appointed as an Independent Director on the Board of Directors for a term of five consecutive years from the conclusion of this Annual General Meeting until the conclusion of the Twenty Fifth Annual General Meeting of the Company to be held in the year 2019 and he is not liable to retire by rotation."

7. **Appointment of Dr. Kali Mohan Bhattacharya as an Independent Director of the Company**

To consider and if thought fit to pass with or without modification(s) the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Dr. Kali Mohan Bhattacharya (DIN 00318457), a Non-executive Director of the Company be and is hereby appointed as an Independent Director on the Board of Directors for a term of five consecutive years from the conclusion of this Annual General Meeting until the conclusion of the Twenty Fifth Annual General Meeting of the Company and he is not liable to retire by rotation."

8. **Appointment of Mr. Deb Kumar Goswami as an Independent Director of the Company.**

To consider and if thought fit to pass with or without modification(s) the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Deb Kumar Goswami (DIN 02390068), a Non-executive Director of the Company, be and is hereby appointed as an Independent Director on the Board of Directors for a term of five consecutive years from the conclusion of this Annual General Meeting until the conclusion of the Twenty Fifth Annual General Meeting of the Company and he is not liable to retire by rotation."

9. **Appointment of Mrs. Bhagyam Ramani as an Independent Director of the Company.**

To consider and if thought fit to pass with or without modification(s) the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 ("the Act") and the Companies (Ap-

pointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mrs. Bhagyam Ramani (DIN 00107097), a Non-executive Director of the Company, be and is hereby appointed as an Independent Director on the Board of Directors for a term of five consecutive years from the conclusion of this Annual General Meeting until the conclusion of the Twenty Fifth Annual General Meeting of the Company to be held in the year 2019 and she is not liable to retire by rotation."

10. **Appointment of Mr. Alexander Koshy Prince Vaidyan as an Independent Director of the Company.**

To consider and if thought fit to pass with or without modification(s) the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Alexander Koshy Prince Vaidyan (DIN 03574244), a Non-executive Director of the Company, be and is hereby appointed as an Independent Director on the Board of Directors for a term of five consecutive years from the conclusion of this Annual General Meeting until the conclusion of the Twenty Fifth Annual General Meeting of the Company in the year 2019 not liable to retire by rotation."

11. **Adoption of new set of Articles of Association of the Company due to replacement of Companies Act 1956 with Companies Act 2013.**

To consider and if thought fit to pass the following Resolution as a **Special Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Section 14 and all other applicable provisions of the Companies Act, 2013 read with the Companies (Incorporation) Rules, 2014, as may be amended, from time to time, the draft set of Articles of Association of the Company, a copy of which is placed before the meeting, be and is hereby approved and adopted as the new Articles of Association of the Company, in substitution of the existing Articles of Association of the Company.

**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorised to do all acts, deeds, matters and things as may be deemed necessary to give effect to this resolution."

12. **Approval of borrowing limits to the Board of Directors of the Company**

To consider and, if thought fit, to pass the following Resolution which will be proposed as a **Special Resolution**:

**"RESOLVED THAT** in supersession of the Ordinary Resolution passed under Section 293(1)(d) of the Companies Act, 1956, by the Postal Ballot as on 12th April, 2013 and pursuant to Section 180 (1)(c) and any other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), read with all other enabling provisions, if any, the consent of the Company be and is hereby accorded to the Board of Directors of the Company to borrow such sum or sums of



monies in any manner from time to time as may be required for the purpose of businesses of the Company, with or without security and upon such terms and conditions as they may think fit, notwithstanding that the monies to be borrowed together with monies already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate of the paid-up share capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the total amount so borrowed by the Board of Directors and outstanding at any time shall not exceed the sum of ₹ 500 crore (Rupees Five Hundred Crore).

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board be and is hereby authorized to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty, doubt that may arise in respect of the borrowing(s) aforesaid and further to do all such acts, deeds and things to execute all documents and writings as may be necessary, proper, desirable or expedient to give effect to this resolution."

### 13. Approval to Board of Directors of the Company to enter into contracts and/or agreements with Related Parties.

To consider and if thought fit to pass the following Resolution as a **Special Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Section 188 and all other applicable provisions, if any, of the Companies Act, 2013 (the 'Act') read with Companies (Meeting of its Board and Its Powers) Rules, 2014 and subject to such approvals, consents, sanctions and permissions as may be necessary, consent of the members of the Company be accorded to the Board of Directors of the Company to enter into contracts and/or agreements with Related Parties as defined under the Act with respect to sale, purchase or supply of any goods or materials, selling or otherwise disposing of, or buying, leasing of property of any kind, availing or rendering of any services, appointment of agent or purchase or sale of goods, materials, services or property or appointment of such related party to any office or place of profit in the company or its subsidiary or associate Company or any other transaction of whatever nature with related parties.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to take such steps as may be necessary for obtaining approvals, statutory, contractual or otherwise, in relation to the above and to settle all matters arising out of and incidental thereto, and to sign and execute all deeds, applications, documents and writings that may be required, on behalf of the Company and generally to do all acts, deeds, matters and things that may be necessary, proper, expedient or incidental thereto for the purpose of giving effect to this Resolution.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to determine the actual sums to be involved in the proposed transactions and the terms & conditions related thereto and all other matters arising out of or incidental to the proposed transactions and generally to do all acts, deeds, matters and things that may be necessary, proper, expedient or incidental thereto for the purpose of giving effect to this Resolution."

### 14. Approval to Board of Directors for providing guarantee or security of loans sanction to our subsidiary companies.

To consider and, if thought fit, to give assent / dissent, to the following resolution as a **Special Resolution** through **ballot/e-voting**:

**"RESOLVED THAT** pursuant to Clause 49 of the Listing Agreement, provisions of Section 188 of the Companies Act, 2013, (as amended from time to time), as may be applicable and pursuant to the consent of the Audit Committee and the Board of Directors vide the resolutions passed in their respective meetings dated 14th August, 2014, the Company hereby accord its consent for mortgaging Company's immovable properties, charging its movable properties, creating hypothecation and providing guarantee or security for an aggregate amount of upto Rs. 300 Crores (Rupees Three Hundred Crores Only) within the overall limit fixed under section 180(1)(a) of Companies Act, 2013 in favor of various Banks, Financial Institutions and corporates to secure the repayment of loans availed and to be availed by our subsidiary companies.

**RESOLVED FURTHER THAT** the consent of the members is accorded for ratification of transactions pertaining to loans already availed by our subsidiary companies i.e. Choice Equity Broking Private Limited, Choice Merchandise Broking Private Limited, Choice Capital Advisors Private Limited and Choice Business Services Private Limited.

**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorized to perform and execute all such acts, deeds, matters and things including delegate such authority, as may be deemed necessary, proper or expedient to give effect to this resolution and for the matters connected herewith or incidental hereto."

### 15. Approval for Creation of Charge/ mortgage on the assets of the Company

To consider and, if thought fit, to pass the following Resolution as a **Special Resolution** through **Ballot/e-voting**:

**"RESOLVED THAT** in supersession of the Ordinary Resolution passed under Section 293(1)(a) of the Companies Act, 1956, by the Postal Ballot as on 12th April, 2013 and pursuant to the provisions of Section 180 (1)(a) and all other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force), the consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee thereof which the Board may have constituted or hereinafter constitute to exercise its powers including the powers offered by this Resolution and that the power to delegate such authority to any person(s) to create such charges and/ or mortgages and hypothecations in addition to the existing charges, mortgages and hypothecations created by the Company, on such terms and conditions and at such time or times and in such form and manner and with such ranking as to priority as it may think fit, on any of the Company's moveable and immoveable properties and assets, present and future, comprised in any undertaking or undertakings of the Company, as the case may be, in favor of the Lenders viz. Financial/Investment Institutions, Bank or Banks and Trustees for the holders of debentures/bonds/other instruments to secure the repayment of loans/borrowings sanctioned and/or to be sanctioned by them from time to time for a sum not exceeding ₹ 500 crore (Rupees Five Hundred Crore) and apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business

as per the approval of the shareholders under section 180(1)(c) of the Companies Act, 2013 and inclusive of interest at the respective agreed rates and all other costs, charges and expenses and all monies payable by the Company in respect of such loans/borrowings as may be stipulated in that behalf and agreed to between the Board of Directors and the Lenders.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to

- (I) finalise with the Lenders, agreements and other documents, if any, necessary for creating the mortgage(s) and/or charge(s), hypothecation(s) as aforesaid, and to accept any modification(s) to, or modify, alter or vary, the terms and conditions of the aforesaid documents and
- (ii) do all such acts, deeds, matters and things and to execute all such documents, deeds and instruments in writing as may be required, incidental to and/or expedient for giving effect to this resolution and to resolve any question relating thereto, or otherwise considered by the Board of Directors to be in the best interest of the Company."

#### **16. Approval to Board of Directors to make Loans, give guarantee or provide security:-**

To consider and if thought fit to pass the following Resolution as a **Special Resolution**:

**"RESOLVED THAT** in supersession of all earlier Resolutions passed under Section 372A of the Companies Act, 1956, by the Postal Ballot as on 12th April, 2013 and pursuant to the provisions of the Section 186 and other applicable provisions, if any, of the Companies Act, 2013, and read with Companies(Meeting of its Board and its Powers) Rules, 2014 made there under, including any statutory modification(s) or re-enactment thereof for the time being in force and all other provisions of the applicable law(s) and subject to the approval(s)/consent of such appropriate authority as may be required under any statutory for the time being in force, consent of the share holders be and is hereby accorded to the board of directors (which terms shall include any Committee thereof) of the company to make Loans to any person or other Body Corporate, give any guarantee or provide security in connection with a loan to any other Body Corporate or person and make investment from time to time by way of subscription, purchase from existing shareholders or otherwise in the securities (including Equity/Ordinary Shares/Preference Share or any other kind of instruments whether convertible or not) of any other Body Corporate exceeding sixty per cent of its paid-up share capital, free reserves and securities premium account or one hundred per cent of its free reserves and securities premium account, whichever is higher but aggregating upto an amount of ₹ 500 Crores (Rupees Five Hundred Crores only) as the Board may in absolute discretion deem beneficial and in the interest of the Company and the Shareholders / Members do hereby confirm and ratify, the existing loans / investment / guarantee made already.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to negotiate and finalize the terms and conditions of the said investments, loans, guarantees and provision of security on behalf of the Company as it deem fit in the interest of the Company, to take all such actions and to settle all matters arising out of and incidental thereto, and to sign and execute all deeds, applications, documents and writings that may be required to be signed on the behalf of the Company, in connection with such investments, loans, guarantees and provision of security and generally to do all such acts, deeds and things that may be necessary, proper, expedient or incidental for the purpose of giving effect to this Resolution."

#### **NOTES:**

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote instead of himself and proxy need not be a member of the company. A person can act as proxy on behalf of members not exceeding 50 (fifty) and holding in the aggregate not more than 10 (ten) percent of the total share capital of the company carrying voting rights. A member holding more than ten percent of the total share capital of the company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
2. The instrument of proxy in order to be effective, should be deposited at the registered office of the company, duly completed and signed, not less than forty eight hours before the commencement of the meeting. A proxy form is sent herewith. Proxies submitted on behalf of the companies, societies etc. Must be supported by an appropriate resolution/authority, as applicable.
3. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of Special Business as set above to be transacted at the Meeting is annexed hereto and forms part of this Notice.
4. Corporate Members intending to send their authorized representative to attend the Meeting are requested to send a certified true copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the meeting.
5. The Register of Members and Transfer Books of the Company will remain closed from September 23, 2014 to September 27, 2014 (both days inclusive).
6. The dividend as recommended by the Board of Directors, if declared at this Annual General Meeting, shall be paid on or after Saturday the 27th September 2014:
  - (i) to those shareholders whose names appear on the Company's Register of Members after giving effect to all valid share transfers in physical form lodged with the Registrar & Transfer Agents (R&T Agents) of the Company on or before Saturday the 27th September, 2014.
  - (ii) in respect of shares held in electronic form, to those "deemed members" whose names appear in the statements of beneficial ownership furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) as at the end of business on Saturday, 27th September, 2014. In respect of shares held in demat mode the dividend will be paid on the basis of beneficial ownership as per details to be furnished by NSDL and CDSL for this purpose.
7. All members are requested to intimate changes, if any, in their registered address, immediately to the Registrar & Transfer Agents, Sharex Dynamic India Private Limited or to their depository participants in case shares are held in depository form, so as to enable us to dispatch the future communications and dividend warrants at the correct addresses:.
8. Members holding shares in the same name under different Ledger Folios are requested to apply for consolidation of such Folios and send the relevant share certificates to Sharex Dynamic (India) Pvt. Ltd. for their doing the needful.



9. Members are requested to notify change in address, if any, immediately to Sharex Dynamic (India) Pvt. Ltd. quoting their folio numbers.
10. In terms of circulars issued by Securities and Exchange Board of India (SEBI), it is now mandatory to furnish a copy of PAN card to the Company or its RTA in the following cases viz. Transfer of shares, Deletion of name, Transmission of shares and Transposition of shares. Shareholders are requested to furnish copy of PAN card for all the above mentioned transactions.
11. To support the 'Green Initiative', the Members who have not registered their e-mail addresses are hereby requested to register the same with Registrars/ Depositories and to enable us to send the communications/ informations/ Annual Reports to the shareholders thus making the process much faster. In order to receive copies of Annual Reports and other communication through e-mail, Members are requested to register their e-mail addresses with the Company by sending an e-mail to [info@choiceindia.com](mailto:info@choiceindia.com).
12. All documents referred to in the notice are open for inspection at the registered office of companies during the working days and office working hours.
13. As a measure to save the cost and copies of the annual report, annual report will not be distributed at the Annual General Meeting. Members are therefore requested to bring their copies of the annual report to the meeting.
14. Members desirous of obtaining any information concerning the accounts and operations of the company are requested to send their queries at least seven days before the date of the Meeting of the company so that the information required may be made available at the meeting.
15. Members are requested to bring the Attendance Slip sent herewith duly filled for attending the Meeting along with identity Proof.
16. The Notice of the AGM & the Annual Report is being sent through Electronic mode whose email IDs are registered with the Company/Depository Participant(s) for communication purposes unless any member requests for a physical copy of the same. Positive consent letter is attached to the Notice being sent to the Members for giving consent to receive documents in electronic mode.
17. In future electronic copy of the Notice of General Meetings of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form will be sent to the members whose email IDs are registered with the Company/Depository Participant(s) for communication purposes unless any member requests for a physical copy of the same.
18. Pursuant to clause 49 of the Listing Agreement, the particulars of Directors seeking appointment/ reappointment at the meeting are annexed.
19. The Members desirous of obtaining any information / clarification concerning the accounts and operations of the Company are requested to address their questions in writing to the Company Secretary at least ten days before the Annual General Meeting, so that the information required may be made available at the Meeting.

20. Members may note that the Company's website is [www.choiceindia.com](http://www.choiceindia.com).
21. Pursuant to Section 110 of the Companies Act, 2013, ("the Act") read with Rule 22 of Companies (Management and Administration) Rules, 2014 (including any statutory modification or re-enactment thereof for the time being in force) ("the Rules"), Resolution mentioned in Item No. 16 of Notice is proposed to be passed by the Members as Special Resolution by way of Ballot by giving their assent/dissent. The Explanatory Statement pertaining to the Resolution setting out the material facts and the reasons thereof is annexed hereto along with a Ballot Form.
  - a. The Ballot Form together with the self-addressed postage pre-paid envelope is enclosed for the use of the member. Please carefully read the instructions printed on the enclosed Ballot Form before exercising your vote and return the Form duly completed, signifying your assent or dissent, in the attached self-addressed, postage pre-paid envelope, so as to reach the Scrutinizer within a period of 30 days from the date of dispatch of notice i.e. before the close of working hours on 25th September, 2014.
  - b. Ms. Suman Surekha, Company Secretary in practice (Membership No. FCS 6842) has been appointed as the Scrutinizer for the purpose of passing this resolution through ballot.
  - c. The Form should be completed and signed by the shareholder. In case of Joint holding, this form should be completed and signed by the first named shareholder and in his absence, by the next named shareholder. Please note that ballot form shall not be signed by the proxy. Unsigned Ballot form will be rejected.
  - d. In case of Shares held by Companies, trusts, societies etc., the duly completed Ballot Form should be accompanied by a certified true copy of Board Resolution/Authority.
  - e. The voting rights of shareholders shall be in proportion to their shares of the paid-up equity share capital of the Company as on the cut-off date of 22nd August, 2014.
  - f. The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favor or against, if any, forthwith to the Chairman of the Company. The scrutinizer's decision on the validity of the Ballot will be final.
  - g. The Results shall be declared on or after the AGM of the Company. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website [www.choiceindia.com](http://www.choiceindia.com) and communicated to BSE Ltd.
  - h. The Company is pleased to offer e-voting facility as an alternate, for all its members to enable them to cast their vote electronically instead of dispatching Ballot. E-voting is optional. In case a member desires to exercise his vote by using e-voting facility then he has to carefully follow the instructions as given for e-voting printed on the back side of the Ballot Form. He can use the facility and log-in any number of times till he has voted on all the Resolutions or till the end of the voting period (i.e. till the last date of receipt of Ballots), whichever is earlier.
  - i. Members irrespective of who have registered their emails for receipt of documents in electronic mode under the green initiative and who wish to vote through Ballot Form can seek Duplicate Form from Corporate Office of the Company and send the same by post to the Corporate Office of the Company addressed to the Scrutinizer.
22. Voting through electronic means:  
In compliance with the provisions of Section 108 of the Companies Act, 2013 and Rule 20 of

the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members facility to exercise their right to vote at the 21st AGM by electronic means and the business may be transacted through e-Voting services provided by Central Depository Services (India) Limited (CDSL):

**The instructions for shareholders voting electronically are as under:**

- (i) The voting period begins on September 23, 2014 and ends on September 25, 2014. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of August 22, 2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (iii) Click on Shareholders.
- (iv) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:
- (viii) After entering these details appropriately, click on "SUBMIT" tab.

PAN*	For Members holding shares in Demat Form and Physical Form Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) • Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the last 8 digits of the demat account/folio number in the PAN field. • In case the folio number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with folio number 100 then enter RA00000100 in the PAN field.
DOB#	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details#	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the number of shares held by you as on the cut off date in the Dividend Bank details field.

- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company

opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant Choice International Limited on which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvii) If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Note for Non – Individual Shareholders and Custodians

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- After receiving the login details they have to create a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
- The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

- (xix) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

**Other Instructions:**

- (i) Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.
- (ii) The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 22nd August, 2014.
- (iii) Mrs. Suman Sureka of M/s. Suman Sureka & Associates, Practicing Company Secretaries, (Membership No. FCS-6842), has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- (iv) The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or



against, if any, and submit forthwith to the Chairman of the Company.

- (v) The Results shall be declared on or after the AGM of the Company. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website [www.choiceindia.com](http://www.choiceindia.com) and communicated to the stock exchanges.
- (vi) Members who do not have access to e-voting facility may send duly completed Ballot Form enclosed with the Annual report so as to reach the Scrutinizer appointed by the Board of Directors of the Company, Mrs. Suman Sureka of M/s. Suman Sureka & Associates, Practising Company Secretary (Membership No. FCS-6842), at the Registered Office of the Company not later than 25th September, 2014 (6.00 p.m.). Ballot Form received after this date will be treated as invalid.
- (vii) A member can opt for only one mode of voting i.e. either through e-voting or by Ballot. If a Member casts votes by both modes, then voting done through e-voting shall prevail and Ballot shall be treated as invalid.

**By Order of the Board of Directors**

Sd/-

**Mahavir Toshniwal**  
(Company Secretary)

**Place:** Mumbai

**Date :** August 14, 2014

**Registered Office:**

Shree Shakambhari Corporate Park,  
Plot No. 156-158, Chakravarti Ashok Society,  
J. B. Nagar, Andheri (E),  
Mumbai – 400 099  
Email Id: [info@choiceindia.com](mailto:info@choiceindia.com)

**EXPLANATORY STATEMENT**

**(Pursuant to sections 102 of the Companies Act, 2013)**

The following Explanatory Statement sets out material facts relating to the business under items 6 to 16 of the accompanying Notice.

**For Item Nos. 6 to 10:**

Mr. Brijmohan Agarwal, Dr. Kali Mohan Bhattacharya, Mr. Deb Kumar Goswami, Mrs. Bhagyam Ramani and Mr. Alexander Koshy Prince Vaidyan are the Non-Executive Independent Directors of the Company. In terms of Section 149, 152 and any other applicable provisions of the Companies Act, 2013 and read with rules under the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Schedule IV of the Companies Act, 2013 and in compliance with the listing agreement as amended from time to time, Mr. Brijmohan Agarwal, Dr. Kali Mohan Bhattacharya, Mr. Deb Kumar Goswami, Mrs. Bhagyam Ramani and Mr. Alexander Koshy Prince Vaidyan are proposed to be appointed as an Independent Directors for a period of 5 years from the date of commencement of the Companies Act, 2013.

Pursuant to revised Clause 49 of the Listing Agreement, they are eligible for re-appointment for one more term of 5 years after expiry of their respective first five year tenure as mentioned in the above resolutions under Companies Act, 2013. Mr. Brijmohan Agarwal, Dr. Kali Mohan Bhattacharya, Mr. Deb Kumar Goswami, Mrs. Bhagyam Ramani and Mr. Alexander Koshy Prince Vaidyan are already an Independent Directors of the Company under Clause 49 and also satisfies the conditions of an Independent Director under the Companies Act, 2013. They are regularized as an Independent Director under the Companies Act, 2013.

As per the Companies Act, 2013, the Independent Director need not retire by rotation. While under the Companies Act, 2013, an Independent Director can be appointed for 2 terms of 5 years, under revised Clause 49 of the Listing Agreement, if a person has completed more than 5 years, he can be appointed for one term of 5 years from October 1, 2014.

Mr. Brijmohan Agarwal, Dr. Kali Mohan Bhattacharya, Mr. Deb Kumar Goswami, Mrs. Bhagyam Ramani and Mr. Alexander Koshy Prince Vaidyan would have retired in an Annual General Meeting of the Company. But, this provision no longer applies as per new Companies Act, 2013. Therefore, it is not a case of appointment of a new Independent Director. In view of the above, special notice and deposit of requisite amount is not required to be paid.

In the opinion of the Remuneration Committee (renamed as Nomination and Remuneration Committee) and the Board, Mr. Brijmohan Agarwal, Dr. Kali Mohan Bhattacharya, Mr. Deb Kumar Goswami, Mrs. Bhagyam Ramani and Mr. Alexander Koshy Prince Vaidyan fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for their appointment as an Independent Director of the Company and are independent of the management. Copy of the draft letter for appointment of them as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during business hours on any working day except Saturday up to the date of the Annual General Meeting.

The Board considers that their continued association would be of immense benefit to the Company and it is desirable to continue to avail services of all them as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. Brijmohan Agarwal, Dr. Kali Mohan Bhattacharya, Mr. Deb Kumar Goswami, Mrs. Bhagyam Ramani and Mr. Alexander Koshy Prince Vaidyan as an Independent Director, for the approval by the shareholders of the Company.

Except Mr. Brijmohan Agarwal, Dr. Kali Mohan Bhattacharya, Mr. Deb Kumar Goswami, Mrs. Bhagyam Ramani and Mr. Alexander Koshy Prince Vaidyan, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, in the resolution set out at Item No. 6-10 respectively.

#### Item No. 11

The present Articles of Association of the Company are based on the provisions of the Companies Act, 1956. Consequent to replacement of the Act with the Companies Act, 2013 and Rules framed there under, it has become necessary to alter the existing Articles of Association of the Company to be in line with the new Act.

The Board of Directors considered this matter in its meeting held on 14th August, 2014 and decided to adopt a new set of Articles of Association and replace the existing Articles of Association. A copy of draft Articles is available at the registered office of the Company. As per Section 14 of the Companies Act, 2013, approval of the shareholders of the Company by way of a special resolution is required for alteration of Articles of Association of the Company.

The Board recommends the resolution set out at Item No. 11 to the shareholders for their approval as special resolution.

None of the Directors, Key Managerial Personnel or their relatives are in any way, concerned or interested, financially or otherwise, in this resolution.

#### For Item No. 12:

Section 180(1)(c) of the Companies Act, 2013 which has replaced Section 293(1)(d) of the Companies Act, 1956 provides that the Board of Directors shall borrow in excess of the Company's paid up share capital and free reserves, apart from temporary loans obtained from the Company's bankers in the ordinary course of business, except with the consent of the Company accorded by way of a special resolution. The earlier resolution passed in the Companies Act, 1956 has to be again approved by shareholders.

The company has by the Postal Ballot as on 12th April, 2013 had accorded shareholder's consent to the Board of Directors by way of an Ordinary Resolution under erstwhile Section 293(1)(d) of the Companies Act, 1956 borrowing in excess of the aggregate of the Company's paid-up capital and free reserves, subject to limit of ₹ 500 crore (Rupees Five hundred Crore).

Accordingly, it is, therefore, necessary for the members to pass a special resolution under Section 180(1)(c) of the Companies Act, 2013, to enable to the Board of Directors to borrow money the outstanding amount of which at any time shall not exceed in the aggregate ₹ 500 Crores (Rupees Five Hundred Crores Only). The Board of Directors recommends the above resolution for your

approval.

None of the Directors or any key managerial personnel or any relative of any of the Directors of the Company or the relatives of any key managerial personnel is in anyway, concerned or interested in the above resolution.

#### For Item No. 13

Pursuant to Section 188 of the Companies Act, 2013, the Company can enter into transaction mentioned under aforesaid resolution, which are not in the ordinary course of business and/or are not on arm length basis, only with the approval of the shareholders accorded by way of a special resolution. Though, your Company always seeks to enter into transactions with related parties in the ordinary course of business and at arm's length basis still there may be some such transactions which are done in the interest of the company and for which your approval is required under the provisions of the Companies Act, 2013.

The proposed transactions shall be in the interest of the Company and the Board re-commends the resolution set out in the accompanying Notice as special resolution.

None of the Director or Key Managerial Personnel of the Company is concerned or interested in the said resolution except to the extent of their shareholding in the Company or any their interest as director or shareholder or partner or otherwise in such other related party Entity, if any.

#### Item No. 14

Your Company, being a non-banking financial company registered with RBI, is engaged primarily in the business of lending and financing. Choice Equity Broking Private Limited ("CEBPL"), subsidiary of the Company, is into the business of stock broking. CEBPL requires funds from time to time for the purpose of its business activities and working capital requirements. The Company in future may mortgage its immovable properties, create charge on its movable properties or create hypothecation and provide guarantee or security for an aggregate amount of upto ₹ 300 Crores (Rupees Three Hundred Crores Only) for loan facilities obtaining by our subsidiaries from various banks, financial institutions and Corporates etc.

SEBI pursuant to circular no CIR/CFD/POLICY CELL/2/2014 dated 17th April, 2014 has amended inter-alia clause 49 of the Listing Agreement (New Clause 49). These changes are effective from 1st October, 2014. As per the provisions of New Clause 49 of Listing agreement, all material related party transactions i.e. transactions entered into individually or taken together with previous transactions during a financial year exceeding five percent of the annual turnover or twenty percent of the net worth of the company, as per the audited financial statements as on 31st March, 2014, whichever is higher, shall require prior approval of the Members by way of a Special Resolution.

Further all existing material related party contracts or arrangements as on the date of the aforesaid circular, which are likely to continue beyond 31st March, 2015 shall be placed for approval of the shareholders in the first General Meeting subsequent to 1st October, 2014. However, a company may choose to get such contracts approved by the shareholders even before 1st October, 2014. The consent of the members is also sought to ratify all such material related party transactions which have already been entered into in the past by the Company.



Accordingly, the approval of the members is being sought by way of a special resolution pursuant to the New Clause 49 of the Listing Agreement as set out in Resolution No. 14 appended to this notice.

None of the Directors or Key Managerial Persons of the Company or their relatives are in any way, concerned or interested, financially or otherwise, in the resolution.

**For Item No. 15:**

The members of the Company vide resolution passed through postal ballot dated 12th April, 2013 had authorized the Board of Directors to create charge on all or any of the movable or immovable properties of the Company pursuant to Section 293(1)(a) of the Companies Act 1956 subject to the limits upto ₹ 500 Crores (Rupees Five Hundred Crores Only). Section 180(1)(a) of the Companies Act, 2013 which has replaced Section 293(1)(a) of the Companies Act, 1956 provides that the Board of Directors shall create charge on all or any of the movable or immovable properties of the Company, except with the consent of the Company accorded by way of a special resolution.

Accordingly, it is, therefore, necessary for the members to pass a special resolution under Section 180(1)(a) of the Companies Act, 2013 for creation of security upto limit specified in the resolution passed under Section 180(1)(c) of the Companies Act, 2013. The Board of Directors recommends the above resolution for your approval.

None of the Directors or any key managerial personnel or any relative of any of the Directors of the Company or the relatives of any key managerial personnel is in anyway, concerned or interested in the above resolution.

**For Item No. 16**

Your Company, being a non-banking financial company registered with RBI, is engaged primarily in the business of lending and financing. The Company from time to time also makes investments in securities of its subsidiaries and in other body corporate in ordinary course of business and also gives guarantee and provide security in connection with loan to any body corporate or person.

As per the provisions of Section 186 of the Companies Act, 2013 giving of any loan to any person or other body corporate or giving any guarantee or providing security in connection with a loan to any other body corporate or person or the acquisition by way of subscription, purchase or otherwise, the securities of any other body corporate exceeding sixty per cent of its paid-up share capital, free reserves and securities premium account or one hundred per cent of its free reserves and securities premium account, whichever is more shall require prior approval by means of a special resolution passed at a general meeting.

The Company intends to enhance its Loans portfolio further, give any guarantee or provide security in connection with a loan taken by itself, its subsidiary companies and by any other Body Corporate or person and make investment from time to time by way of subscription, purchase from existing shareholders or otherwise in the securities (including Equity/Ordinary Shares/Preference Share or any other kind of instruments whether convertible or not) of any other Body Corporate in future upto an amount not exceeding ₹ 500 Crores (Rupees Five Hundred Crores) and subject to such approvals if required from any other authorities.

Accordingly, the approval of members is being sought by way of a special resolution for pursuant to section 186 of the Companies Act, 2013 as set out in Resolution No. 16 appended to this notice.

None of the Directors or Key managerial persons of the Company or their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution.

**By Order of the Board of Directors**

Sd/-

**Mahavir Toshniwal**  
(Company Secretary)

**Place:** Mumbai  
**Date :** August 14, 2014

**Registered Office:**

Shree Shakambhari Corporate Park,  
Plot No.156-158, Chakravarti Ashok Society,  
J. B. Nagar, Andheri (E),  
Mumbai – 400 099  
Email Id: info@choiceindia.com

## ANNEXURE TO ITEMS 3 and 6-10 OF THE NOTICE

Details of Directors seeking re appointment/appointment at the forthcoming Annual General Meeting  
(in pursuance of Clause 49 of the Listing Agreement)

Name of the Director	Mrs. Hemlata Poddar	Mr. Brijmohan Agrawal	Dr. Kali Mohan Bhattarcharya	Mr. Debkumar K Goswami	Mrs. Bhagyam Ramani	Mr. Alexander Koshy Prince Vaidyan
DIN	02931322	00529136	00318457	00529136	00107097	03574244
Date of Birth	08.03.1982	15.08. 1956	4.12 1938	10.02.1946	09.01.1952	20.10.1958
Nationality	Indian	Indian	Indian	Indian	Indian	Indian
Date of appointment on the Board	30.01.2010	30.01.2010	30.05.2011	30.05.2011	12.02.2013	12.02.2013
Qualifications	Post graduate degree in Political Science	Chartered Accountant	M.A(Eco),PHD(Eco), D. Litt in Risk Management, CAIIB from Indian Institute of Bankers	MBA, B.E in Mechanical, CAIIB	M.A in Economics	Graduate
Expertise	Management & Administration	Finance and Taxation	Banking and Finance Industry	Financial Advisor	Economics & Investments	Finance
Number of shares held in the Company	2,00,000	Nil	Nil	Nil	Nil	Nil
List of directorship held in other Companies*.	1. Apollo Finvest	1.Dexterous Solutions Ltd. 2.Equity Link Research (India) Ltd	1. Omnitech Infosolutions Ltd. 2. Gansons Ltd. 3. MarshallSons & Co.(India) Ltd. 4. SBI Life Insurance Co. Ltd.	1. Shree Uttam Steel & Power Ltd. 2. Kredence Multi Trading Ltd 3.Uttam Galva Metalics Ltd	1.Capri Global Capital Ltd. 2. IDBI Federal Life Insurance Co. Ltd. 3. Saurashtra Cement Ltd. 4. Gujarat Sidhee Cement Ltd.	Nil
Chairman/Member of the Committees of the Boards of companies in which he/she is Director	Nil	Nil	• Audit Committee & Shareholder' Grievance Committee Omnitech Infosolutions Ltd.	• Audit Committee Uttam Galva Metalics Ltd.	• Audit Committee & Remuneration Committee Capri Global Capital Ltd.	Nil
Relationship between inter-se	Nil	Nil	Nil	Nil	Nil	Nil

**Note:** Excluding Directorships/Committee memberships in Choice International Ltd. & its subsidiaries and private/foreign companies and Section 8 Companies of the Companies Act, 2013.

### Invitation to participate in the Green Initiative launched by the Ministry of Corporate Affairs

The Ministry of Corporate Affairs (MCA) has permitted paperless compliances by the Companies; vide its circulars No.17/2011 and No.18/2011 dated April 21, 2011 and April 29, 2011 respectively. MCA has clarified that services of documents on Members by e-mail will constitute sufficient compliances with Section 53 of the Companies Act, 1956, provided the Members are given an advance opportunity to register their e-mail address or changes, if any, therein with the Company.

Pursuant thereto, we once again invite those members who have not registered their e-mail address to participate in the Green Initiative by registering their e-mail address for the purpose of service of documents viz. Annual Report, Notice of General Meetings, Notice of Postal Ballot, Intimation of ECS Credits etc. by e-mail.

This move by the Ministry will benefit the society at large through reduction in paper consumption and contribution towards a Greener Environment. It will also ensure prompt receipt of communication and avoid loss in postal transit.

Keeping in view the above, your Company proposes to send documents such as the Notice of the Annual General Meeting, Audited Financial Statements, Directors' Report, Auditors' Report, etc., henceforth to the shareholders in Electronic Form, to the e-mail address provided by them and/or made available to the Company by the Depositories.

The Company solicits active cooperation of shareholders in helping the Company to implement the e-Governance initiatives of the Government.

Shareholders holding shares in Demat form, who have not yet registered their e-mail address are requested to register the same with their respective Depository Participant at the earliest. Shareholders who hold shares in physical form are also requested to register their e-mail address with our Registrar & Share Transfer Agent - M/s. Sharex Dynamic India Pvt. Ltd. Unit 1, Luthra Ind Premises, Safed Pool, Andheri Kurla Road, Andheri (East), Mumbai, Maharashtra-400072, E-mail ID: sharexindia@vsnl.com. Such registration of e-mail address may also be made with the Company at its Registered Office as per the address mentioned above or at the E-mail ID: info@choiceindia.com. Any changes in the E-mail address may also be communicated from time to time.





## CHOICE INTERNATIONAL LIMITED

**CIN: L67190MH1993PLC071117**

**Reg. off:** Shree Shakambhari Corporate Park, Plot No. 156-158, Chakravati Ashok Society, J.B. Nagar, Andheri (east), Mumbai - 400 099. **Tel:** 022-6707 9999 **Tel Fax:** 022-6707 9959

**Email:** info@choiceindia.com **Website:** www.choiceindia.com

### Form No. MGT-11

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

<b>CIN</b>	<b>L67190MH1993PLC071117</b>
Name of the Company	Choice International Limited
Registered Office	Shree Shakambhari Corporate Park, Plot No. 156-158, Chakravarti Ashok Society, J.B. Nagar, Andheri (E), Mumbai – 400 099

Name of the Member(s)	
Registered Address	
E-mail ID	
Folio No./ Client ID	
DP ID :	

I/We, being the member(s) of \_\_\_\_\_ shares of the above named company, hereby appoint

Name	
Address	
E-mail ID	Signature

Or Failing Him;

Name	
Address	
E-mail ID	Signature

Or Failing Him;

Name	
Address	
E-mail ID	Signature

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 21st Annual General Meeting of the company, to be held on Saturday, September 27, 2014 at 12.30 P.M at Anchorage Hall, Hotel Suba International, 211, Chakala Sahar Road, Andheri (East), Mumbai – 400099 and at any adjournment thereof in respect of such resolutions as are indicated herein:

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## PROXY FORM

Item No.	Resolution	For	Against
	<b>ORDINARY BUSINESS</b>		
1	To Consider and adopt the audited Balance Sheet as at March 31, 2014, the Statement of Profit and Loss Account for the year ended on that date and the reports of the Directors and Auditors thereon.		
2	To declare and sanction the payment of final dividend of 10% i.e. ₹ 1/- per share on equity shares of the Company for the Financial Year 2013-14		
3	To appoint a Director in place of Mrs. Hemlata Poddar (DIN 02931322) who retires by rotation and, being eligible, offers herself for re-appointment		
4	Approve not to fill the vacancy created on the Board of Directors of the Company in place of Dr. Satish Chandra Kulhari (DIN- 02699281) who retire by rotation and does not seek the re-appointment.		
5	Appointment of M/s. Gupta Shyam & Co., Chartered Accountants as Auditors and fix their remuneration.		
	<b>SPECIAL BUSINESS</b>		
6	Appointment of Mr. Brijmohan Agarwal as an Independent Director of the Company		
7	Appointment of Dr. Kali Mohan Bhattacharya as an Independent Director of the Company		
8	Appointment of Mr. Deb Kumar Goswami as an Independent Director of the Company		
9	Appointment of Mrs. Bhagyam Ramani as an Independent Director of the Company		
10	Appointment of Mr. Alexander Koshy Prince Vaidyan as an Independent Director of the Company		
11	Adoption of new set of Articles of Association of the Company due to replacement of Companies Act 1956 with Companies Act 2013.		
12	Approval of borrowing limits to the Board of Directors of the Company.		
13	Approval to Board of Directors of the Company to enter into contracts and/or agreements with Related Parties.		
14	Approval to Board of Directors for providing guarantee or security of loans sanction to our subsidiary companies.		
15	Approval for Creation of Charge/ mortgage on the assets of the Company.		
16	Approval to Board of Directors to make Loans, give guarantee or provide security.		

Signature of shareholder: \_\_\_\_\_ Signature of Proxy holder(s) \_\_\_\_\_

**Notes:**

- i. This form of proxy in order to be effective should be duly completed and deposited at the Registered office of the Company, not less than 48 hours before the commencement of the Meeting.
- ii. The Proxy Form should be signed across the Revenue Stamp as per specimen signature(s) registered with the Company/depository participant.
- iii. A Proxy need not be a Member.
- iv. A person can act as proxy on behalf of members not exceeding 50 (fifty) and holding in the aggregate not more than 10 (ten) percent of the total share capital of the company carrying voting rights.
- v. A member holding more than ten percent of the total share capital of the company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

## ATTENDANCE SLIP



**CHOICE INTERNATIONAL LIMITED**

**CIN: L67190MH1993PLC071117**

**Reg. off:** Shree Shakambhari Corporate Park, Plot No. 156-158, Chakravati Ashok Society,  
J.B. Nagar, Andheri (east), Mumbai - 400 099. **Tel:** 022-6707 9999 **Tel Fax.:** 022-6707 9959

**Email:** [info@choiceindia.com](mailto:info@choiceindia.com) **Website:** [www.choiceindia.com](http://www.choiceindia.com)

Please complete this Attendance Slip and hand it over at the entrance of the Meeting Hall.

Folio No./DP ID-Client ID No.: \_\_\_\_\_

No. of Shares held: \_\_\_\_\_

Name of the Member/ Proxy (IN BLOCK LETTERS): \_\_\_\_\_

Address of the Member : \_\_\_\_\_

Email ID : \_\_\_\_\_

I/ We hereby record my/our presence at the **21ST ANNUAL GENERAL MEETING** of Choice International Limited at Anchorage Hall, Hotel Suba International, 211, Chakala Sahar Road, Andheri (East), Mumbai – 400099 on Saturday, September 27, 2014 at 12.30 PM

**Signature(s) of the Member or Proxy**

**NOTES: You are requested to bring your copy of the Annual Report to the Meeting.**

## E-MAIL ID REGISTRATION REQUEST

In compliance with provisions of Rule 18(3) prescribed in Chapter 18 of the Companies Act, 2013, all the Members of the Company who have not registered their email id so far with the Company/RTA and those Members who have registered their email but wish to update their email-ids, are requested to fill the below details to register or update their email-ids.

Email Id:

[illegible]

(Signature of Member)