

knowledge outsourcing

investment banking

broking

wealth management



Vision

To be a leader in the Global Financial Services Industry by providing quality services in professional & time bound manner, while nurturing relationships

Mission

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



message from Managing Director

Dear Stakeholders,

I am very pleased to present the 19th Annual report of your company which contains a compilation of the financial performance of our businesses and a brief description of the values, beliefs and practices that shape your company.

As you all know the last financial year, we have been put to the test through a very challenging business environment. The Indian growth story faced tough macro and global headwinds which put corporate earnings under pressure and impacted investor sentiments towards equities.

Even though the financial year 2011-12 been hectic for us due to global crisis, I am happy to report that your company has successfully delivered sustained operating and financial results from its core businesses. Your company has achieved a turnover of ₹4810.15 lakhs and net profit of ₹365.89 lakhs during the year 2011-12 as against turnover of ₹4734.06 lakhs and net profit ₹302.74 lakhs during the year 2010-11, which in these turbulent times is commendable.

Further, I am very glad to inform that during the year your company has through its various vehicles been consolidating its presence in both equity broking as well as merchant banking. Choice Equity Broking Private Limited has received Market Maker license in SME segment of

Your Company is well poised to emerge as a leader in the financial services industry while clear focus on developing relationships with the entities on the brink of take-off

BSE. The merchant banking arm 'Choice Capital Advisors Private Limited' has received its Merchant Banking License registered with SEBI. Both these companies are focused in their respective fields and are poised to achieve greater heights in the coming years.

With this, we have stepped up our commitment to build organizational competence, management band with and the ability to execute our strategic initiative. In addition, the Board has in place strategy for each of the business segments of the company while catering the diverse needs of the clients. This strategy is implemented keeping in mind the responsibility of the company towards the various stakeholders.

The future outlook for your company is quite positive as indicated by the current performance combined with the vast pool of expert knowledge. The Company's

strategy in the coming years is to expand the company's presence and services thereby creating the value for the stakeholders and boosting the Brand presences.

Before I conclude, I would like to express my gratitude towards 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.

Best Regards,

Kamal Poddar
Managing Director



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.

financial Highlights



Financial Highlights (Standalone)	(₹ in Lakhs)				
	2011-12	2010-11	2009-10	2008-09	2007-08
Total Income	2401.88	4705.18	3469.83	188.49	110.68
Profit Before Tax	137.27	491.23	399.45	20.25	29.35
Profit After Tax	98.65	331.50	268.12	14.41	26.25
Retained Earnings	357.72	354.11	176.83	0.88	-5.93
Dividend	75.04	75.04	32.52	4.04	0.00
Dividend per Equity Share - In ₹	1.00	1.00	0.50	0.10	0.00
Dividend%	10%	10%	5%	1%	0%
Equity Share Capital	750.48	750.48	650.48	400.48	400.48
Reserves and Surplus	2124.58	2100.98	376.70	21.75	20.87
Net Worth	2875.07	2851.46	1027.18	422.22	421.34
Borrowings	1420.35	1597.01	18.00	0.00	0.00
Funds Employed	4295.42	4448.48	1045.18	422.22	421.34
Key Indicators					
Net Worth per Equity Share of ₹ 10/-	38.31	38.00	15.79	10.54	10.52
Earnings per Equity Share (Basic) - In ₹	1.31	5.08	4.39	0.36	0.67
Earnings per Equity Share (Diluted) - In ₹	1.20	5.08	4.39	0.36	0.67
Debt Equity Ratio	0.49:1	0.64:1	0.02:1	0	0

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
CA Manak Chand Daga

Company Secretary & Compliance Officer:

Mr. Mahavir Toshniwal

Bankers:

HDFC Bank Limited
AXIS Bank Limited
State Bank of India

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

Registered Office:

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

Our Presence:

Mumbai
New Delhi
Jaipur
Ahmedabad
Kolkata
Bengaluru

Milestones

1993: Incorporated to provide advisory services in the capital market. **1995:** Listed on the Bombay Stock Exchange Limited **1998:** Registration as a NBFC with RBI **2008:** Takeover of the company by Mr. Sunil Patodia **May 2009:** Commenced Investment Banking and Debt Syndication business **September 2009:** Launched www.choiceindia.com. Acquired Choice Infra Ventures Limited. **January 2010:** Formation of Subsidiaries to venture into indentified business verticals **March 2010:** Acquired Commodities Broking license from MCX, NCDEX and ICEX **April 2010:** Acquired Stock Broking membership from NSE, BSE, USE and MCX-sx **August 2010:** Acquired membership for Depository Participant with CDSL **September 2010:** Launched Proprietary trading platform and offline broking service for retail customers **April 2011:** Acquired membership of CIBIL **September 2011:** Registration as a Category I Merchant Banker from SEBI **October 2011:** Established new corporate office – Shree Shakambhari Corporate Park, an eight storied building located in J.B. Nagar, Andheri, Mumbai. **January 2012:** Registered as a Market Maker in SME segment of BSE



The Board

CA Kamal Poddar, Managing Director

CA Kamal Poddar, Chartered Accountant by profession, Mr. Kamal Poddar aged 32 years is a visionary with over 12 years of experience. Mr. Poddar has in-depth knowledge of the primary as well as the secondary market. With his tireless administrative efforts and adept technical expertise Choice International Limited has seen a turnaround in the year 2009-10.

In addition to being an expert at the capital markets, Kamal Poddar has proven track record for successfully scaling Businesses to newer heights. Mr. Poddar is a strategic thinker, trainer and motivator who know the pulse of the market place. He has been able to identify and nurture talent required for the growth of business. Mr. Poddar is an acknowledged expert in the field of equity funding by way of private placements.



Mrs. Hemlata Poddar, Non-Executive Director

Mrs. Hemlata Poddar holds a post graduate degree in political science from Rajasthan University. Mrs. Poddar is having vast experience in Management and Administrative functions. Her areas of interest include management training and leadership.

CA Ajay Kejriwal, Non Executive Director

CA Ajay Kejriwal is the fellow member of the Institute of Chartered Accountants of India, holds a Bachelor Degree in Commerce from University of Pune. He has also done a certification course on information systems audit with the Institute of Chartered Accountants of India (known as DISA).

He is an acknowledged expert in the field on IFRS convergence, international taxation, and foreign investment consultancy and exchange control regulations. Mr. Kejriwal is also possesses experience as an investment advisor for its major clients in respect of their financial decisions.



Dr. Kali Mohan Bhattacharya, Independent Director

Dr. K.M. Bhattacharya is an MA & Ph.D. in Economics, D.Litt. in Banking & Finance and CAIIB from Indian Institute of Banking & Finance. A versatile banker with forty one years of working experience in all facets of banking occupying Top Executive positions such as Chief General Manager in State Bank of India, Executive Director in IndusInd Bank and Managing Director of the Erstwhile Bank of Rajasthan Ltd. He has served as a Member of the Governing Body of the Indian Banks Association, Maharashtra State Financial Corporation, and Vice President, Rajasthan Chamber of Commerce. He was Economic consultant of Multi Commodity Exchange Ltd. (MCX) and Advisor, Asset Reconstruction Corporation of India Ltd. (ARCIL).

He is also a reputed academician. He was Dean, ICFAI Business School, Mumbai and Vice Principal State Bank Staff College, Hyderabad. Presently, he is connected with leading Management Institutes and Bankers' Training Institutes as Visiting Faculty. He is a prolific writer, contributed large number of articles on contemporary banking & financial issues in leading Journals, Magazines & Financial News Papers. He has authored a few books on Banking, Finance and Risk Management.

Mr. Debkumar Goswami, Independent Director

Mr. Debkumar Goswami is Bachelor of Mechanical Engineer, MBA and CAIIB having more than 40 years experience to the Banking & Financial Services Industry. Mr. Goswami believes in striking excellence continuously in pursuit of success. After serving SBI & SBI capital for 20 years, Mr. Goswami joined Ashok Leyland Investment services Limited where he was CEO & President. He has also held the position of senior Vice- President at UTI bank Ltd. for a period of approximately four years. He at various stages of time was advisor to Standard Chartered Bank, HSBC & ARCIL Limited. He is presently associated with Uttam Galva Group of Companies as the Group Corporate Advisor. He was a guest faculty of IIM and a regular contributor as a guest columnist in well known financial dailies like Financial Express. Presently he is on the Board of few aspiring corporates. He is a great source of inspiration for the Company's young and dynamic professionals.



CA Brijmohan Agarwal, Independent Director

Mr. B.M. Agarwal is the fellow member of the Institute of Chartered Accountants of India by profession with over 25 years of experience; he started his career with Indian Rayon as Tax Manager. In the year 1984 he joined M/s Borkar & Muzumdar, Chartered Accountants, Mumbai in 1984 and since 1987 he is partner in the firm and practicing in the areas of Taxation & Litigations. Mr. B.M. Agarwal has been involved in special assignments such as investigation and special audit of large PSU clients and Foreign Banks. Besides above professional affiliation, he had been Chairman of WIRC, ICAI for the year 2008-09 and had been committee member of Local Advisory Board set up by Company Law Affairs- Ministry of Law and Justice.

CA Manak Chand Daga, Independent Director

CA Manak Chand Daga is the fellow member of the Institute of Chartered Accountant and the Institute of Company Secretaries of India. He has more than 20 years of experience in the field of Capital Market. Presently he is C.E.O & Whole Time Director of Mili Consultants & Investments Private Limited, Member of NSE, BSE, CDSL & MCX-sx. He has active participation & trustee of several charitable organizations. Presently, He is also President of Lions Club - Kandivali Thakur Complex, Mumbai.



Dr. Satish Chandra Kulhari, Independent Director

Dr. Satish Chandra Kulhari is an astute academician and a multi-faceted professional.

A Doctorate in Management from University of Rajasthan, Jaipur, Dr. Kulhari he has done his M.Tech in Computer Science & Data Processing from IIT Kharagpur and MBA (Finance) from Andhra University. He also holds Post Graduate degree in Computer Management from Jarnalal Bajaj Institute of Management Studies, Mumbai.

After having served in the Indian Navy for twenty years, Dr Satish was appointed Director at the Seedling Management College, Jaipur National University. Currently he is associated with Mahindra IT Consulting as Head, Corporate Trainer. He has vast expertise in the field of project management, H.R management, computer science and technology.

Investment Banking

Finance 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.

Broking Services

With 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.



Our Product Offerings:

- * Equities
- * Derivatives
- * Commodities
- * Currency
- * Depository Services
- * Distribution of Mutual Funds/IPO/Bonds /Fixed Deposits/Insurance

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 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.
- ✓ Leverage technology to create a advanced front end and accessibility for easier access for the MIS reports and portfolio reports.

Knowledge Process Outsourcing

Choice 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.

Welcome to Shree Shakambhari Corporate Park



A short distance from the western express highway – Andheri in Mumbai- a gleaming new building called Shree Shakambhari Corporate Park, headquarters of the Choice Group.

This eight storied building is the centre of pan-India operations of Group's businesses peopled by more than 200 employees.

A building is like an organization. It requires careful thought, planning, creativity and flawless execution to transform a collection of steel, cement, glass and wood into a modern, energy filled corporate hub. The same ingredients go in building a thriving business like Choice.



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management discussion and analysis

Indian Economic Overview:

The year under review ended in a positive note showing signs of moderating inflation and reversing of tightening interest rates. The GDP is expected to be 6.90% for 2011-12 as per the revised estimates of IMF. The Government may lower the growth projections for last fiscal, in view of sharp downward revision of the industrial output numbers of January 2012. Softer global conditions, weak investor and business confidence, rampant corruption, downgrading of the outlook by the rating agencies and tight monetary conditions were the flash points of the Indian Economy during the last year. GDP growth slowed to 6.1 per cent year-on-year in the fourth quarter of 2011-12, the slowest pace since 2008 and is expected to grow at around 6 per cent through the first half of 2012-13 primarily due to a healthy food grain production in the last fiscal and expectations of a healthy demand especially from the rural sector.

In the current fiscal, the Indian economy is projected to grow at around 6.5% to 7.0%. Inflation is anticipated to be moderate as compared to the last fiscal, with the measures being taken by both the Government and the RBI. The Reserve Bank of India (RBI) cut policy rates marginally in the last policy meet, providing some relief from the soaring interest rates, reversing its policy tightening cycle that started in March 2010.

India has been ranked fifth, moving up by three notches, in wielding economic clout globally after U.S., China, Japan and Germany, and ahead of European powers France and the UK, according to a study authored by Kaushik Basu, Chief Economist Advisor. India's increasing per capita income, growing middle class and working population are instrumental in generating huge domestic demand for housing and infrastructure, leisure and entertainment, thereby making the Country a lucrative option for investments.

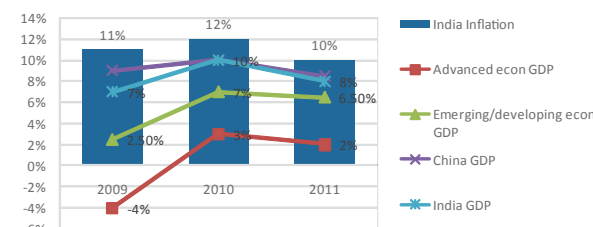
Industry Structure and Analysis:

During the financial year 2011-12, the company has been put to the test through a very challenging business environment. The year 2011-12 was marked by strong inflationary pressures which led to weakening in investment activity. The India growth story faced tough macro and global headwinds which put corporate earnings under pressure and impacted investor sentiments towards equities. While the markets saw negative returns in the first three quarters, a rebound in the fourth saw it decline

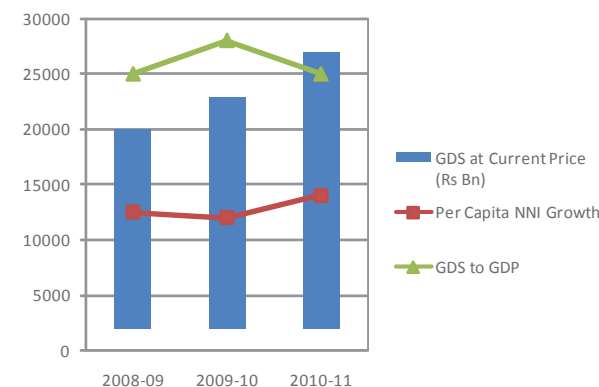
by a moderate 10% for the fiscal. FII remained net sellers for most part of the year, in contrast to the strong inflows seen in the prior two years. Retail participation remained depressed due to the market performance and lackluster showing of many recent IPO stocks post-listing. Market volatility and muted investor sentiments saw a number of primary issues being deferred, which put pressure on demat account growth and investment banking business. Although average daily equity market volumes touched a high of 1.43 bn in FY12, high-yield cash volumes continued to decline, which put broking revenues under pressure this year too.

The financial services sector has been giving a great movement to the Indian economy, as it accounts for 60 per cent of the gross domestic product (GDP) wherein the financial services segment has been a major contributor. The financial policies and the monetary policies are able to sustain a stable growth rate. The reforms pertaining

Global GDP Growth and India Inflation: Last 3 Years



GDS & Per Capital Trend

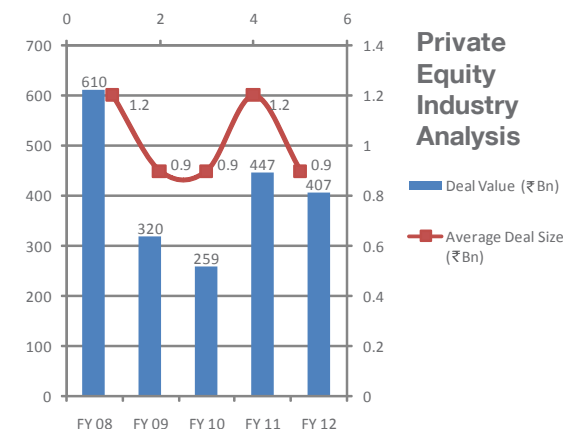


to the monetary policies and the macroeconomic policies over the last few years, has influenced the Indian economy to the core. The Reserve Bank of India (RBI) played a dynamic role in the growth of the financial sector of India.

India has a strong financial regulatory system supported by Reserve Bank of India (RBI), the Insurance Regulatory and Development Authority (IRDA), Association of Mutual Funds in India (AMFI) and the Securities and Exchange Board of India (SEBI) which govern capital markets, mutual funds and insurance companies. To further augment the financial markets various steps are proposed to be taken for deepening the reforms in the Capital markets, including simplified process of Initial Public Offer ('IPO'), allowing Qualified Foreign Investors ('QFIs') to access Indian Bond Market, etc.

Investment Banking:

Given the prevailing negative sentiments in the global and Indian environment, India's investment banking fee pool came under serious pressure last year. In the fiscal 2011-12, the demand in the equity market dropped which effected equity raising activity. SEBI has made it mandatory for bankers to make public the track record of their previous issues during any new IPO. The IPO market also dried up as about 45 companies refrain from bringing out their IPO plans to raise fund due to the volatile markets. The mean IPO size for the year 2011-12 was ₹168 crore as compared to ₹671 crore in 2010-11. Capital raised through private placement in corporate debt was low as compared to last year. After the regulatory change in January 2012, fund mobilisation through preferential issues has risen during the year. The QIP market also dried up in FY 2011-12. Given the growing concerns with many companies trading below issue prices post-listing, Fund mobilisation through rights issues fell sharply by 75% in 2011-12 as many companies held back their plans to raise money for fear of poor shareholders' response amid unfavourable secondary market conditions. M&A deal value fell by 13% this year, led by a 73% fall in domestic deals. With a less than proportionate decrease in deal count, the average value per deal declined only 5% to ₹3.3 bn. Debt fund raising declined 13% during FY12. High interest rates impacted demand for loans, with rupee loans declining 36% to comprise 40% of the debt funds



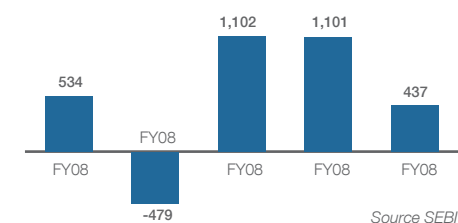
raised. Private equity deals witnessed a 24% surge in value and volume terms this year, with 347 transactions valued at \$7.7 billion announced during the period, a 24% jump vis-a-vis the corresponding period last year.

Broking and Distribution:

There was a tremendous decline in the income of the Broking industry in Financial Year 2011-12. Indian equity markets were amongst the worst performers globally this year, delivering negative returns in the first three quarters. During CY11, Consumption was the only sector with positive returns. Government sponsored schemes, the 6th Pay Revision and increase in asset prices like land and gold buoyed a sense of affluence amongst the masses and drove incomes and demand. Thus, 2011-12, was the year of Consumption. Mumbai and Delhi hold strong as prime cities of equity participation. Last two years saw an increase in the proportion of participation from towns outside the Top 10 cities. Many of these are seeing growing pools of wealth given their recent economic prosperity, and the allocation of this wealth towards equities is increasing.

After facing two consecutive years of decline in income, the sector's income is expected to grow and margins are expected to improve in the year 2012-13. The sector is expected to report 16.9% rise in income during the year 2012-13. FY12 was a contrast as compared to the earlier two years. The first nine months saw net outflows from equities by FIIs, whereas in as many as four months. Jan and Feb saw a market rally and FIIs posted strong net inflows. This helped boost aggregate net inflows for the fiscal year to a respectable ₹437 bn.

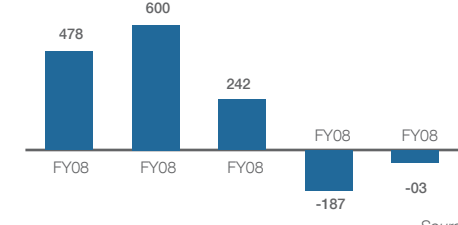
FII Net Inflows/Outflows (₹ Bn)



Source SEBI

Demat accounts growth narrowed down this year, coinciding with a slowdown in the primary issue market. The incremental number of demat accounts created each year was the lowest in FY12, from amongst the last five years. FY11 to the third quarter of FY12, saw significant net outflows in January and February on the back of profit booking and concerns over macro issues. As a result, DIIs ended the year with net outflows from Indian equities.

DII Net Inflows/Outflows (₹ Bn)



Source BSE, NSE

Mutual fund

The mutual fund industry witnessed another challenging year. In the Financial year 2011-12, the Indian mutual fund industry besetted by net redemptions by investors and adverse global and local market conditions, shrank by 1.6% in terms of assets under management. However, volatile market conditions in the last two years have led to net withdrawals by investors to the tune of 49,406 crore INR in FY 2010-11 and 22,023 crore INR in FY 2011-12, leading to a further drop in AUM, in addition to the drop caused by adverse market movements. The industry has seen a number of mutual funds grow from 32 to 44 over the last six years. Going forward, regulations like tightening of valuation norms by SEBI and savings account interest de-regulation are expected to impact liquid fund assets. The Budget announcement of allowing mutual funds to accept subscriptions for equity schemes from foreign investors who meet KYC norms should help widen the investor base. SEBI's recent ruling to charge transaction fee from investors should incentivize distributors and bring them back into the market.

Insurance

Indian Insurance industry has big opportunity to expand, given the large population and untapped potential. The insurance market in India has witnessed dynamic changes including entry of a number of global insurers. Most of the private insurance companies are joint ventures with recognized foreign institutions across the globe. In the current scenario, Indian insurance companies have become competitive in nature and are providing appropriate distribution channels to get the maximum benefit and serve customers in manifold ways. The year 2011-12 had been a eventful year for the insurance industry and the customers both. The changes in policies by regulators and guidelines positively effected the sector in terms of making products. The regulator introduced the IPO guidelines for the insurance sector which will help insurers plan their capital raising strategies.

The Mckinsey report on the outlook for insurance sector in 2012 predicts an exponential growth for the Indian insurance industry in 2012 due to contributing factors such as increasing household incomes, higher premiums (as a percentage of the GDP) and a total market premium growth estimated to be close to \$100 bn. This year, companies will put a strong emphasis on product innovation, strengthening core product proposition and exploring alternate channels of distribution to match the consumer requirement and to keep up with regulatory changes. The industry grew at an impressive rate of 24% during the first quarter of 2011-12, bringing the total number of insurances in force to 350 million. The life insurance segment itself is an estimated ₹2.9 trillion (as of 2011).Health insurance is one of the most popular type of general insurance has also grew during the year. One of the biggest trends for the insurance sector has been the emerging online distribution channel for term products. With over 112 million people using the internet, this channel is likely to grow exponentially with insurers beginning to offer ULIPs as well. The online term plans

proved to be cheaper due to lower distribution cost and presumed better quality of life insured. Online medium as a distribution channel has great potential as customers will not only look at price as criteria to select a particular company, but will go for the overall experience in terms of right advice jargon free documentation and simple purchase experience.

Private companies are a major contributor to this growth due to the innovative product offerings and unique portfolio diversification. They also undertake aggressive marketing campaigns to influence consumer decision making.

The Indian insurance industry is expected to touch ₹4.5 trillion by 2015, marking a compound annual growth rate of 14%. It is also expected to become the third largest market for insurance in the world, only next to China and Japan. Life insurance, Health Insurance and ULIPs are expected to be 3 of the fastest growing types of insurances for the next few years, due to many product offerings in this category.

Outsourcing

India is the global leader in the outsourcing industry with half of the world's back office being located here. Indian outsourcing revenue at \$59 billion for 2011, accounts for 51% of the global offshore market share, says a report from Tholons Research, a Bangalore based advisory firm. Outsourcing is changing and not without consequence. Large deals have all but disappeared and deals now being signed are smaller, shorter and less complex than three years ago. Yet when viewing the service providers' published annual or interim results, turnover ranges from mediocre, (which, given the state of the world's economy, is not bad), to the rip-roaringly excellent. For years there was pretty much one choice for U.S. companies seeking to move jobs offshore: India. Outsourcing grew to a \$69 billion business there and transformed backwaters such as Chennai and Hyderabad into teeming cities. That wave has crested. In 2011 companies in Latin America and eastern Europe opened 54 new outsourcing facilities, vs. 49 for India, according to industry tracker Everest Group.

Future Outlook:

Indian capital markets witnessed a challenging year with volatile FII net flows, muted retail participation in equities, growing shift towards low-yielding options and lower value of ECM deals. These were reflected in the overall market performance as well as in our own business performance. We strongly believe that India is a great growth story and is likely to become a US\$ 5 trillion economy by 2020. Backed by strong savings, there would be fabulous growth opportunities for firms operating in the financial services space.

During the current year, we have laid a strong foundation for each of our business to scale up and grab a meaningful share of these opportunities. Going forward, the policy stance will need to ensure that inflationary tendencies remain under control, even as growth adjusts to its trend.

Business Overview:

A diversified Financial Services Company

The Choice Group, consisting of six subsidiaries and one associate company, conducted its operations from five major centres as on March 31, 2012. The current business of your company has been divided into four broad categories – Investment activities, Investment Banking, Broking Services & Distribution and Outsourcing services. Its four line of business, with about customers across industries, manages assets worth ₹6447. 35 Lakhs and prides itself for having a talent pool of more than 200 committed employees. Choice has its wings spread across India having presence in mostly all major cities of India. This allows Choice to offer its customers virtually everything under the financial services except a savings or current account.

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

Company	Services
Choice Capital Advisors Pvt Ltd	Investment Banking, Corporate Advisory, Debt Syndication, Private Equity
Choice Equity Broking Pvt Ltd	Equity, Currency, Derivatives and Depository Services
Choice Wealth Management Pvt Ltd	Distribution of Mutual Fund, IPO, fixed deposits ,debentures and bonds
Choice Merchandise Pvt Ltd	Commodity Broking
Choice Business Services Pvt OLtd	Knowledge Process Outsourcing
Choice Insurance Brokers Pvt Ltd	Insurance (both life and non life)

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. This strategy is complemented by the following Choice Strengths:

- Experienced top management
- Diverse product portfolio
- Strong risk management
- People and talent.
- Client Centric Approach

As a result, the company has truly on the path of becoming an integrated financial solution provider thus having a niche in the industry it serves.

Segment Overview:

In this section, the discussion pertains to the consolidated financials of Choice International Limited along with all its subsidiaries. As the company is providing most of its services through its subsidiaries, your company believes

that the consolidated accounts provide a more accurate representation of the performance of your Company as compared to the standalone performance. Therefore management's discussion and analysis pertains to the consolidated results.

Business Income Highlights:

The composition of the consolidated income has been as follows:

(₹ in Lakhs.)	
Particulars	2011-12
NBFC Operations	2226.92
Broking Services	439.94
Investment Banking Services	1620.86
Unallocated	527.10
	4814.82
Less: Inter Segment Revenue	32.22
Net Income from Operations	4782.60
Add. Other Income	1.66
Total Income	4784.26

Income from Investment:

Choice International Limited, the parent company being a registered NBFC with RBI has been primarily engaged in the business of investing in securities of listed and unlisted companies. The investment portfolio of your company is diversified across various sectors like financial services, information technology, textile industry, etc.

The income from the investing activity stood at ₹2226.92 lakhs as compared to ₹3143.04 lakhs in the year 2010-11. The company had acquired additional 5% stake in its associate company, Choice Infra Ventures Limited vide an investment of ₹888 lakhs. Due to this, the company's investment stood as at March 31, 2012 at ₹1673.44 lakhs, a 609.45% increase of over ₹235.88 lakhs.

Investment Banking:

Choice Capital Advisors Private Limited (CCAPL), incorporated in 2010, is committed to the business of merchant banking, private equity advisory and debt syndication for Indian and offshore investors.

During the year under review, the investment banking team has been successful in scaling up the advisory business of the Company. Headquartered in Mumbai, 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. The team comprises 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.

CCAPL has been registered as a Category I – Merchant Banker with SEBI. This has boosted the growth of the investment banking arm of Choice Group. During the year under review, the income from investment banking

activities stood at ₹1620.86 lakhs as at March 31, 2012. The company believes that in medium to long term, the business will have greater pricing power and better relationships with clients.

Broking

It comprises, the income received from broking and related activities in cash and derivatives segments of equities on BSE & NSE, commodities on MCX & NCDEX, currency derivatives on MCX-SX & NSE. 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 ₹439.95 lakhs, a increase by more than 45 times as compared to ₹9.70 lakhs 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.

Costs:

The following table sets forth the costs that the company has incurred during the year:

(₹ in Lakhs.)	
Particulars	March 31,2012
Operating Expenses	776.56
Purchases of stock-in-trade	1649.93
Increases in Inventories	80.06
Employee Benefits Expense	1210.53
Finance Costs	264.46
Depreciation and Amortization Expense	108.41
Other expenses	214.83
Total	4304.78

During 2011-12, Your Company has incurred an expenditure of ₹4304.78 lakhs as compared to ₹4271.10 lakhs in the previous year 2010-11.

Employees Costs were ₹1210.53 lakhs for the year 2011-12. This increase in employee cost is primarily on account of rise in average salary levels owing to inflation, competitive pressures and relative strengthening of the team.

The depreciation expense has been primarily increased due to the addition of the infrastructure in form of corporate building. The administrative expense comprises of rent, electricity, technology, infrastructure, legal and professional fees, marketing and promotional expenses. Our administrative costs have increased prima facie on the expenditure towards the marketing and advertisement expenses on account of launch of new services

Marketing Initiatives - Growing Network:

Your company is in the service industry wherein relationships have equal importance. To create we provide

and to sustain the intense competition in the industry, the company has been participating and organising various conferences and seminars.

Pravasi Bhartiya Divas -2012

The company had participated in the NRI summit – Pravasi Divas 2012 held in Jaipur by exhibiting the company's services for a continuous period of 2 days.



International Conference at Chennai in association with ICAI

The Institute of Chartered Accountants of India had organized an international conference at Chennai, wherein the professionals from across the globe were attending it. Choice had co-sponsored this event.



Human Resources:

The financial services industry is an ever evolving industry with its dynamism and volatility. In such an environment, Choice recognizes the significance of building its talent to manage change effectively. We believe that great projects are developed only who bring a variety of skill, knowledge and experience to the table. Building momentum and motivation were the key focus areas during the year, supported by relevant initiatives. Your Company believes in giving its employees a work environment which helps them apply their mind freely.

During the year your company has conducted induction programme to the employees of the company on management skills. We are also forefront with regards to employees health therefore your company has taken initiative such as availability of doctor on every weekend 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.

Your Company believes that its human resources are its greatest wealth. This intellectual resource is integral to the Company's ongoing operations and enables the Company to deliver superior performance year after year. Therefore, it is the endeavour of your company to nurture and develop this wealth. The Company has put in some of the best practices in place to attract and retain skilled talent and its HR processes and policies are aligned to enable employees meet their career objectives.

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 joins hands with Lions Club, a Non-Profit Organisation.

• Mega Multi Free Medical Camp & Anaj Dhan

The company in association with the club, organised the medical camp and Anaj Dhan camp which was held on October 2, 2011 at ' Dongri Gulli, Versova'. During the camp, multi medical check up facilities such as free eye check up, general check up, Blood Sugar Check up, Nerve conduction test, free spectacles were provided to the people around the vicinity.

• Donation of Solar Street Light

The company jointly with the club donated solar street light to Dayand Hoapital in Talsari, Mumbai.

• Kavi Sammelan- A Fund Raising Drive

The company had organised Kavisammelan at Thakur auditorium, Kandivali (East) with a mission to raise funds for the critical social service programmes to help children with special needs, people with disabilities.

Anaj Dhan camp



Kavi Sammelan



Choice Initiative

Marathon 2012



Session on Neck and Back Pain Management



2. Choice Initiative

- Doctor's visit :** Choice has organised a session on Neck and Back Pain Management in association with Mr. Tofeek Lacewala (Yogi Kripa Medi Chem) on March 17, 2012 in its premises for the benefit of employees of the company. During the session, a specialist doctor has given consultation on causes of neck pain and back pain and its prevention.
- Mumbai Marathon 2012:** Choice took an initiative for the employees to participate in Standard Chartered Mumbai Marathon 2012 – Dream Run. Employee's participation in the Dream run was in numbers and this made the healthy and refreshing break to all from the tiresomeness work life.

3. 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.

4. 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. 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.

Risks and Concerns:

1) Market Risk

Financial markets, as is known, are the pulse of a nation's economic and financial health. Man-made boundaries no longer seem to exist in financial markets, and events across the globe affect financial markets in no time. Any economic event across the globe can have a direct or indirect impact on your company. To mitigate this we have diversified our revenue streams across multiple product lines and business.

2) Compliance Risk

Your company operates primarily in financial services space. Each of these businesses is regulated by a different regulator and as such compliance forms a critical part of operations of the group. Your Company has a full-fledged compliance department which ensures all the regulatory requirements and reporting's of the group. The compliance requirements across the various service points have been communicated comprehensively to all through compliance manuals and circulars. To ensure the same, the Board reviews the quarterly compliance report and submit it to the regulatory bodies as per the requirement.

3) Operational Risk

Operational risks mainly relate to meeting customer expectation in terms of quality of service and maintaining a balance between the quality & delivery of assignments and growth of customers. In addition to the above, your company has operations only in India. Hence, the Company is vulnerable to domestic socio-political and economic conditions. Another operational risk is the ability to consistently attract, retain and motivate managerial talent and other skilled personnel, especially in a high growth industry like ours.

4) Technology Risk

The company has been investing in cutting edge technologies with a single minded objective to enrich end-user experience and better controls. The Company's servers have been provided with built-in redundancy, auto switch- over capability and stand by servers. Our business is intensively linked to technology and hence to mitigate risk of technology failure we have multiple options for internet bandwidth and internet connectivity and back end service providers.

5) Finance Risk

The company's business involves significant investments for its operations. These expose the Company to risks in terms of timely and adequate availability of funds at competitive rates to finance its growth.

6) Project Execution Risk

Your company is in the process of setting up new business divisions. The project execution is contingent upon several external factors including but not limited to project management skills, regulatory approvals, changes in government policies, inflationary factors, etc. Any delay or change in these activities could result in change in implementation schedule and affect the financial performance of the company. Your company is continuously monitoring the progress to ensure that the implementation schedules are adhered.

7) Liquidity Risk

In a business like ours, liquidity is required on day to day basis. The major risk factor associated with it is the rising inflation and interest rate which increases the cost of borrowing finance for the company.

Risk Management Framework:

The Company's risk management strategy is based on a clear understanding of various risks, disciplined risk assessment and measurement procedures and continuous monitoring. The policies and procedures established for this purpose are continuously benchmarked and international best practice. Our experienced compliance team also plays a vital role in ensuring that the rule and regulations are followed, not just in letter but also in spirit. The risk management discipline is centrally initiated but prudently decentralised percolating to the line managers and helping them mitigate risks at the transaction level, the most effective form of risk management.

Internal Control Systems:

The company has an adequate internal control system, commensurate with the size and nature of its business. The system is supported by documented policies, guidelines and procedure to monitor business and operational performance which are aimed at ensuring business integrity and promoting operational performance.

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

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

Outlook:

During the year 2011-12, the focus of the Company will be to expand its presence both in terms of geography and the socio economic segments that it addresses.

Your company is well placed to take hold of the long term opportunity in financial services space in India.

The stock market sentiment continues to be effected by concerns about macro economic situation, rupee value and direction of government policies and reforms. Equities markets have tendency to be unpredictable and can swing in either direction very quickly. However, we expect volume growth to continue in commodities and currencies trading which are not much affected by the capital market sentiment. Although global turmoil, regulatory tightening and cyclical economic downtrend, financial services industry in India on the whole, will continue to march ahead at a healthy pace. Your Company's outlook in coming years is optimistic. In addition to that your company is confident of progressing the laid strategic path and achieves the desired global footprints and scale.

Cautionary Statements:

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

DIRECTOR’S
report

To,
The Members of Choice International Limited

Your Directors have pleasure in presenting the Nineteenth Annual Report on the business and operations of the Company together with the audited statement of accounts for the year ended March 31, 2012.

In line with the requirement of the Listing Agreement with the Bombay Stock Exchange Limited, your company has

been reporting consolidated results taking into account the results of its subsidiaries. The discussion therefore covers the financial results and other developments during April 1, 2011 to March 31, 2012 in respect of Choice Consolidated comprising- Choice International Limited and its subsidiaries. The consolidated entity has been referred to as ‘Choice’ or ‘Group’ or ‘Your Group’ in this discussion.

Financial Highlights:

1) A Snapshot of Consolidated Financial Performance of Choice International Limited and its subsidiaries for the year is as under: (₹ in Lakhs)

Particulars	2011-12	2010-11
Total Income	4810.15	4733.19
Total Expenditure	4304.79	4271.10
Profit Before Tax	505.36	462.09
Provision for Tax (Including Deferred Tax)	139.50	162.02
Profit After Tax before Minority Interest	365.86	300.07
Less/(Add): Share of Minority Interest	(0.02)	(2.67)
Profit after Tax after Minority Interest	365.88	302.74
Add: Surplus brought forward from previous year	297.01	148.49
Less: Short provision of tax in earlier years/pre-acquisition profit & loss of subsidiaries	NIL	NIL
Profit available for Appropriations	662.89	451.23
Less: Appropriations:		
Transfer to General Reserve	(5.55)	NIL
Transfer to Statutory Reserve	(20.00)	(67.00)
Proposed Dividend	(75.04)	(75.04)
Dividend Distribution Tax on Proposed Dividend	(12.29)	(12.17)
Add: Reversal of accumulated loss on disposal of subsidiary	3.58	NIL
Surplus carried forward	553.59	297.01

(₹ in Lakhs)		
Particulars	2011-12	2010-11
Segment wise information is as under:		
NBFC Operations	2226.92	3143.04
Broking Services	439.95	9.71
Investment Banking Services	1620.85	1561.75
Outsourcing	527.10	7.90
	4814.82	4722.42
Less: Inter Segment Revenue	32.22	0.11
Net Income from Operations	4782.60	4722.31
Less: Interest Expenses	262.03	103.62
Unallocable Expenses	278.57	859.76
Add: Other Income	1.66	1.69
Total Income	505.36	462.09

2) A snapshot of the standalone financial performance of Choice International Limited is as under:

(₹ in Lakhs)		
Particulars	2011-12	2010 - 11
Total Income	2401.87	4705.17
Total Expenditure	2264.60	4213.94
Profit Before Tax	137.27	491.23
Provision for Tax (including Deferred Tax)	38.62	159.73
Profit After Tax	98.65	331.50
Add: Surplus brought forward from previous year	354.11	176.83
Less: Short provision of tax in earlier years	NIL	NIL
Profit available for Appropriations	452.76	508.33
Less: Appropriations:		
Transfer to Statutory Reserve	(20.00)	(67.00)
Proposed Dividend	(75.04)	(75.04)
Dividend Distribution Tax on Proposed Dividend	NIL	12.17
Surplus carried forward	357.72	354.11

Results of Operations:

On Consolidated basis, the company’s revenues increased by 1.60% to ₹4810.15 lakhs , on a slower pace as compared to ₹4734.06 lakhs in the last financial year, whereas fees based income of the company has substantially increased by 62.36% to ₹2556.46 lakhs as compared to ₹1574.54 lakhs in the last financial year. During the year the income is primarily generated by broking business and outsourcing business. The income from broking business has increased from ₹9.71 lakhs to ₹439.95 lakhs in the current financial year. The income from outsourcing business increased from ₹7.90 lakhs to ₹527.10 lakhs in the current financial year. The Profit after tax has increased by 21.93% to ₹365.86 lakhs as compared to ₹300.07 lakhs in the last financial year. During the year under review, the management decided to shift the entire investment banking business under the ambit of its subsidiary company ‘Choice Capital Advisors Private Limited (CCAPL)’. This has significantly affected the profitability of the company on standalone basis. On standalone basis, revenues for the year were ₹2401.87 lakhs, a decline of 48.95% compared to ₹4705.18 lakhs in the last financial year.

The consolidated financial statements prepared in accordance with the ‘Accounting Standard 21 – Consolidated Financial Statements’ prescribed by the Companies (Accounting Standards) Rules,2006, forms part of this Annual Report and are reflected in the consolidated accounts of the company

Dividend:

Your Directors are pleased to recommend a dividend of 10% i.e. ₹1/-per Equity Share for the financial year ended March 31, 2012, amounting to ₹75.04 lakhs. The dividend, as recommended by the Board, if sanctioned at the meeting, will be paid after September 28, 2012 to those members or their mandates whose names are registered on the Company’s Register of Members:

- a. As beneficial owner as the end of business on September 25, 2012 as per the lists to be furnished by National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL) in respect of the shares held in electronic form, and
- b. As members in the Register of Members of the Company after giving effect to valid share transfers in physical form lodged with the Company on or before September 25, 2012.

The dividend payout for the year under review has been formulated in accordance with the Company’s policy to pay sustainable dividend linked to long term growth objectives of the Company to be met by internal cash accruals and the shareholders’ aspirations.

Reserves:

The company in the year 2011-12 has appropriated a sum of ₹20 Lakhs towards Reserve Fund under Sec 45-IC of Reserve Bank of India Act, 1934

Deferred Tax:

In terms of Accounting Standard on ‘Accounting for Taxes on Income ‘(AS-22), a sum of ₹31.82 lakhs has been debited to the Profit & Loss Account being Deferred Tax Liability for the year under review.

Shifting of Registered Office:

The Company has shifted its registered office from 202, Chartered House, Dr. C.H. Street, Marine Lines, Mumbai – 400 002 to “Shree Shakambhari Coporate Park, Plot No. 156-158, Chakravarti Ashok Society, J. B. Nagar, Andheri (East), Mumbai – 400 099” w.e.f. October 6, 2011.

Issue of Warrants convertible into Equity Shares:

In December 2011, your company has issued 25,00,000 lakhs warrants, priced at ₹81/- each, entitling the warrant holder to convert each of them into a single equity share of the company within eighteen months from the date of allotment.

Subsidiaries:

The company has six subsidiaries during the year under review. They are

- 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

During the year under review, the company has shifted its entire Investment Banking segment to Choice Capital Advisors Private Limited, a wholly owned subsidiary company to focus fullfledgely on investment banking activity. The company disposed off its equity stake of 52.38% in Choice Realty Private Limited to Choice Infra Ventures Limited (i.e. formerly known as Zenu Infotec Limited) in July 2011. Consequently, Choice Realty Private Limited ceases to be a subsidiary of the company.

As per Section 212 of the Companies Act, 1956, we are required to attach the Directors’ Report, Balance Sheet, and 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 the Annual Report. Accordingly, the Annual Report 2011 -12 does

not contain the financial statements of our subsidiaries.

Further, as required under the circular, the Board of Directors has, at its meeting held on August 14, 2012, 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 any shareholder 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

The Statement pursuant to Section 212 of Companies Act, 1956, containing details of the Company’s Subsidiaries attached herewith.

New Memberships

Choice Capital Advisors Private Limited, a wholly owned subsidiary of the Company has been registered with Securities Exchange Board of India as Category - I Merchant Banker on September 30, 2011, to carry on the business of issue management either by making arrangements regarding selling, buying or subscribing to securities or acting as manager, consultant, adviser or rendering corporate advisory service in relation to such issue management.

Choice Equity Broking Private Limited, a wholly owned subsidiary of the Company has been registered as a Market Maker in SME Segment of Bombay Stock Exchange.

Choice Merchandise Broking Private Limited, a wholly owned subsidiary of the company contemplates to apply for the membership with NSEL(National Spot Exchange Limited) so as to enable the customers to trade in the commodities Spot market.

Management Discussion and Analysis

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

Directors:

None of the directors has resigned or joined the Board since the Last Annual General Meeting :

- CA. Ajay Kejriwal and CA. Manak Chand Daga , Directors, retire by rotation and being eligible, offer themselves for reappointment at the ensuing Annual General Meeting.

A brief resume of each of these Directors furnished in the Annexure to the Notice convening the ensuing Annual General Meeting.

Listing of Equity Shares:

Your Company, at present, is listed at the following stock exchange:

- The Bombay Stock Exchange 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’ Report:

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

Auditors:

The Auditors, Gupta Shyam & Co, Chartered Accountants, retire at the ensuing Annual General Meeting and being eligible offers themselves for reappointment. The Company has received letter from auditor to effect that their reappointment, if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956 and they are not disqualified for reappointment within the meaning of Section 226 of the Companies Act, 1956.

Particulars of Employees:

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

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

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

There was no inflow of foreign exchange during the year under review. Details of the foreign exchange outflow are given in the Notes to Accounts.

Corporate Governance:

Your Company has complied with the requirements of Clause 49 of the Listing Agreement regarding Corporate Governance. A report on the corporate governance practices, the Auditors’ Certificate on compliance of mandatory requirements thereof, forms part of the Annual Report.

Directors’ Responsibility Statement:

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

- i. In preparation of the annual accounts for the financial year ended March 31, 2012, the applicable accounting standards have been followed and that there are no material departures from the same;
- ii. The Directors have been selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2012, and of profit of the Company for the said period.
- iii. The Directors have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for detecting fraud and other irregularities; and
- iv. The Directors have prepared the accounts for the financial year ended March 31, 2012 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.

Acknowledgement:

Your Directors wish to place on record their appreciation to the employees at all levels for their hard work, dedication and commitment. The enthusiasm and unstinting efforts of the employees have enabled the Company to achieve remarkable growth. The Board also acknowledges the unstinted support of the customers, suppliers, investors, bankers, Central and State Governments and other statutory authorities and others associated with the Company. The company is looking forward for continued support in the future.

For and On behalf of the Board of Directors

Sd/-

Kamal Poddar
Managing Director

Sd/-

Ajay Kejriwal
Director

Mumbai, August 14, 2012

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

(Currency: Indian ₹)

Particulars	Choice Insurance Brokers Private Limited	Choice Equity Broking Private Limited	Choice Merchandise Broking Private Limited	Choice Wealth Management Private Limited	Choice Business Services Private Limited	Choice Capital Advisors Private Limited
The Financial year/period of the Subsidiary Company.	April 1, 2011 to March 31, 2012	April 1, 2011 to March 31, 2012	April 1, 2011 to March 31, 2012	April 1, 2011 to March 31, 2012	April 1, 2011 to March 31, 2012	April 1, 2011 to March 31, 2012
Extent of interest in Subsidiary Company						
Equity Share Capital	50,00,000	3,08,00,000	1,00,00,000	1,00,000	1,00,000	5,05,00,000
% Shares held by Choice International Limited	98.03%	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	(1,10,693)	90,91,973	24,08,360	3,86,103	39,00,943	1,10,44,839
(ii) For the previous financial years since it became the subsidiary of the Company	(2,95,712)	(17,34,405)	(95,852)	(2,528)	(15,057)	(4,50,832)
b) dealt with in the Accounts of the Company						
(i) For the financial year of the subsidiary	-	-	-	-	-	-
(ii) For the previous financial years since it became the subsidiary of the Company	-	-	-	-	-	-
Additional Information u/s 212 (5)	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable

For and On Behalf of the Board of Directors

Sd/-

Kamal Poddar
Managing Director

Sd/-

Ajay Kejriwal
Director

Sd/-

Mahavir Prasad Toshniwal
Company Secretary

Mumbai, August 14, 2012

Statement pursuant to Section 212 of the Companies Act ,1956 relating to Subsidiary Companies
(Figures in ₹)

	Choice Insurance Brokers Private Limited	Choice Equity Broking Private Limited	Choice Merchandise Broking Private Limited	Choice Wealth Management Private Limited	Choice Business Services Private Limited	Choice Capital Advisors Private Limited
The financial year/period of the Subsidiary Company	April 1, 2011 to March 31, 2012	April 1, 2011 to March 31, 2012	April 1, 2011 to March 31, 2012	April 1, 2011 to March 31, 2012	April 1, 2011 to March 31, 2012	April 1, 2011 to March 31, 2012
Share Capital (Equity & preference)	51,00,000	3,08,00,000	1,00,00,000	1,00,000	1,00,000	5,05,00,000
Reserve & Surplus (Net of debit balance of profit & loss Account & miscellaneous expenditure to the extent not written off)	(3,94,159)	1,02,17,674	3,74,256	3,51,846	38,45,322	17,50,818
Total Assets (Fixed Assest+Current Assets)	47,26,067	9,14,68,459	1,13,87,095	10,78,731	96,53,161	3,30,94,285
Total Liabilities (Debts+Current Liabilities & Provisions	(20,226)	5,01,50,786	10,12,840	6,26,885	57,07,839	3,09,40,374
Details of investments (excluding investments in subsidairy companies)	-	54,09,649	-	-	-	5,00,96,906
Turnover	2,70,819	3,65,81,262	74,36,961	13,30,282	5,27,73,655	14,56,56,239
Profit Before Taxtaion	(1,10,693)	1,18,54,843	25,72,740	5,40,848	56,12,497	1,63,41,027
Provision for Taxation	-	27,62,870	1,64,381	1,54,746	17,11,554	52,96,189
Profit after Taxation	(1,10,693)	90,91,973	24,08,360	3,86,103	39,00,943	1,10,44,839
Proposed Dividend	-	-	-	-	-	75,75,000

Notes: *Information on subsidairies 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. The same will also be available on our website, www.choiceindia.com

For and On Behalf of the Board of Directors

Sd/-
Kamal Poddar
Managing Director

Sd/-
Ajay Kejriwal
Director

Sd/-
Mahavir Prasad Toshniwal
Company Secretary

Mumbai, August 14, 2012

Corporate Governance

Our Company Philosophy:

Good Governance practices stem from the culture and mindset of the organization. At Choice, it is our belief as we move closer towards our aspirations of becoming a global corporation; our corporate governance standards must be globally benchmarked. Corporate Governance at Choice is a value based framework to manage our company affairs in fair and transparent manner. As a responsible corporation, we use this framework to maintain accountability in all its affairs, and employ democratic and open processes. We have evolved guidelines and best practices over the years to ensure timely and accurate disclosure of information regarding our financials, performance, leadership and governance of the company.

We believe that corporate governance is a framework to encourage the efficient use of resources and have accountability for the stewardship of those resources. The aims are to align, as nearly as possible the interest of all stakeholders. The Board of Directors is the core of our corporate governance practice and overseas how the management serves and protects the long term interest of the company. We believe that an active and well informed and independent board is necessary to ensure the highest standards of corporate governance. The majority of our Board, five out of eight directors are independent. Further, we have audit, remuneration, investor grievance committees which comprises of independent directors.

Corporate Governance is a journey for constantly improving sustainable value creation and is an upward moving target. We have undertaken several initiatives towards maintaining the highest standards. The Company has complied with the provisions of Clause 49 of the Listing Agreement of the Stock Exchange, which

deals with the compliance of corporate governance requirements.

Corporate Governance Guidelines:

The Board has developed corporate governance guidelines to help fulfill, our corporate responsibility towards our stakeholders. These guidelines ensure that the Board will have the necessary authority and processes in place to review and evaluate our operations when required. Further, these guidelines allow the Board to make decisions that are independent of the Management. The Board may change these guidelines from time to time to effectively achieve our stated objectives.

A. BOARD COMPOSITION :

The current policy is to have proper mix of executive and independent directors so as to maintain the independence of the Board from the management and to separate its functions of governance and management.

The Board constantly evaluates the need for change in its composition and size.

The Board reviews and approves strategy and overseas the action and results of management to ensure that the long term objectives of enhancing stakeholder value are met.

Board Definition of Independent Director

According to clause 49 of the Listing Agreement with the Indian Stock Exchanges, an independent director means a person who is not an officer or employee of the Company or its subsidiaries or any other individual having a material pecuniary relationships or transactions with the Company which in the opinion of our Board of Directors, would interfere with the exercise of independent judgement in carrying out the responsibilities of a director.

Composition of the Board and Directorships as at March 31, 2012

Name of the Director	Age	Directorships held in Public Ltd cos. ⁽¹⁾	Committee Memberships ⁽²⁾	Chairperson of Committees ⁽²⁾
Managing Director				
Kamal Poddar*	33	1	3	1
Non Executive Directors				
Ajay Kejriwal	33	-	-	-
Hemlata Poddar*	30	1	5	-
Independent Director				
Dr. Satish Chandra Kulhari	55	1	1	-
Brij Mohan Agarwal	56	2	-	-
Manak Chand Daga	42	-	-	-
Dr. Kali Mohan Bhattacharya	74	3	2	1
Deb Kumar Goswami	66	2	-	-

* 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.

(1)Excluding directorship in Choice International Limited & its subsidiaries, private companies, foreign companies and companies under Section 25 of the Companies Act, 1956

(2)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.

Membership Term

The Board constantly evaluates the contribution of its members and periodically shares updates with the shareholders about re-appointments as per statute. The current law in India mandates the retirement of one third of the Board members (who are liable to retire by rotation) every year, qualifies the retiring members for re-appointment. Executive Director is to be appointed by the shareholders for a maximum period of upto five years at a time, but is eligible for re-appointment upon completion of his term. Non- executive Director does not have a specified term, but retire by rotation as per law.

CA. Ajay Kejriwal and CA. Manak Chand Daga retires and being eligible seeks re-appointment at the ensuing Annual general Meeting. The details of Directors seeking appointment/re-appointment have been attached along with the Notice of the Annual general Meeting.

Remuneration Policy

The remuneration committee determines and recommends to the Board the remuneration payable to the directors. All the Board level remuneration is approved by the Shareholders and separately disclosed

in the financial statements. The details of the remuneration paid are as follows:

a) Managing and Executive Director

The company pays remuneration to its Managing and executive Director by way of salary, commission and perquisites. The detail of the remuneration paid to the Managing Director during the year is as follows:

Name of the Director	Salary & Perquisties
Kamal Poddar	₹ 12,00,000/-

b) Non – Executive Directors

The Non Executive Directors are paid remuneration by way of sitting fees & commission. The company pays sitting fees of ₹ 10000/- per meeting of the Board to the Non Executive Directors for attending the meetings of the Board. During the year, the company did not pay any commission to the Non Executive Directors.

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.

Shares and Convertible instruments held by the Non- Executive Directors:

The details of the shares and convertible instruments held by the Non-Executive Directors as on March 31, 2012 are as follows:

Name of the Directors	No of Shares held
Hemlata Poddar	1,00,000
Ajay Kejriwal	2,000
Manak Chand Daga	Nil
Brij Mohan Agarwal	Nil
Dr. Kali Mohan Bhattacharya	Nil
Deb Kumar Goswami	Nil
Dr. Satish Chandra Kulhari	Nil

B. BOARD MEETINGS

The dates of the Board Meetings in the ensuing year are decided well in advance and communicated to the Directors. The agenda along with the explanatory notes are sent in advance to the Directors. The Board meets at least once a quarter to review the quarterly results and other items on the agenda. Additional meetings of the Board are held when deemed necessary by the Board. Committees of the Board usually meet the day before the formal Board meeting, or whenever the need arises for transacting business. During the year under review, the Board of Directors of the Company met six (6) times and the period between any the meetings did not exceed three months. These were held on May 30, 2011; August 12, 2011; September 30, 2011; November 14, 2011; December 21, 2011; February 14, 2012.

The attendance of the Directors at the Board meeting during the financial year and Annual General Meeting:

Name of the Director	No of the Board Meetings		Attendance at the last AGM
	Held	Attended	
Kamal Poddar	6	6	Yes
Hemlata Poddar	6	6	Yes
Ajay Kejriwal	6	6	Yes
Dr. Satish Chandra Kulhari	6	4	No
Brij Mohan Agarwal	6	4	Yes
Manak Chand Daga	6	5	Yes
Dr. Kali Mohan Bhattacharya	6	5	Yes
Deb Kumar Goswami	6	5	Yes

Information to the Board:

The Board of Directors has complete access to the information within the Company which inter-alia includes:-

- Annual revenue budgets and capital expenditure plans

- Quarterly results and results of operations of business segments

- Financing plans of the Company

- Minutes of meeting of the Board of Directors, Audit Committee, Remuneration Committee, Shareholders grievance committee and its subsidiaries.

- General notices of interest received from directors

- Dividend Data

- Information on recruitment and remuneration of senior officers just below the Board level.

- Development on human resources

- Materially important litigations show cause notices, demand, prosecution and penalty notices.

- Fatal or serious accidents, dangerous occurrences and issues related to material effulent or pollution.

- Sale of material nature, of investments, subsidiaries and assets, which are not in the normal course of business.

- Non-compliance of any regulatory, statutory or listing requirements, as well as shareholder services such as non- payment of dividend and delays in share transfer.

Code of Conduct:

The Company has adopted a Code of Conduct for its Executive and Non Executive Directors and all Non – Executive Directors have affirmed compliance with the said code. All the Senior Management of the Company has affirmed compliance with the Choice Code of Conduct. The Code of Conduct is also displayed on the Company's website. The Annual Report of the Company contains a Certificate duly signed by the Managing Director (CEO) in this regard.

Materially Significant Related Party Transactions:

There have been no materially significant related party transactions, monetary transactions or relationships between the Company and directors, the management, subsidiary or relatives, except for those disclosed in the financial statements for the year ended March 31,2012.

Risk Management Framework:

The Company has a well defined risk management framework in place. The risk Management framework adopted by the Company is discussed in the Management Discussion and Analysis chapter of this Annual Report. The Board assesses the risk and the procedures being followed by the Company and steps taken by it to mitigate these risks.

C. BOARD COMMITTEES:

Your Company has three major Board level Committees:

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

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

i. Audit Committee

Our Audit Committee comprises of two independent directors:-

- Brij Mohan Agarwal, Chairman
- Dr. Satish Kulhari , Member
- Kamal Poddar, Member

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

Terms of Reference

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

Audit Committee attendance during the financial year ended March 31, 2012.

The Committee had 4 meetings during the year under review i.e. May 30, 2011, August 12, 2011, November 14, 2011 and February 12, 2012. The time gap between any two meetings was less than four months.

Name of the Directors	No of Meetings	
	Held	Attended
Brij Mohan Agarwal	4	4
Dr. Satish Chandra Kulhari	4	4
Kamal Poddar	4	4

ii. Remuneration Committee

Our Remuneration Committee comprises of three non-executive directors:

- Dr. Satish Chandra Kulhari, Chairman

- Mrs. Hemlata Poddar, Member
- Brij Mohan Agarwal, Member

Remuneration Committee Attendance during the financial year ended March 30, 2012

The remuneration committee meets annually and this year they met on May 30, 2011. All the members of the committee were present.

Name of the Directors	No of Meetings	
	Held	Attended
Dr. Satish Chandra Kulhari	1	1
Mrs. Hemlata Poddar	1	1
Brij Mohan Agarwal	1	1

Terms of Reference

The purpose of this committee of the Board of Directors ('the Board') is to discharge the Board's responsibilities related to remuneration of the Company's executive directors and senior management. The Remuneration Committee has responsibility of formulating policies on specific remuneration packages and designing and implementation of performance appraisal systems and discretionary performance bonus payments for them and such other functions as may be delegated to it by the Board of Directors.

The details of the remuneration paid to the directors are provided in the section remuneration policy stated above.

iii. Shareholders/Investor Grievance Committee

Our shareholder/investor grievance committee comprises of two non- executive directors:

- Mrs. Hemlata Poddar- Chairperson
- Dr. Satish Chandra Kulhari –Member

CS Mahavir Toshniwal, Company Secretary is the secretary of the Committee.

Shareholders/Investor Grievance Committee Attendance during the year

The committee met four times during the year under review i.e. May 30, 2011; August 14, 2011; November 11, 2011 and February 14, 2012.All the members of the committee were present in all the meetings.

Name of the Directors	No of Meetings	
	Held	Attended
Mrs. Hemlata Poddar	4	4
Dr. Satish Chandra Kulhari	4	4

Terms of Reference

The committee looks into the redressal of shareholder's/ investor's complaints such as transfer or credit of shares, non- receipt of dividend/notices/annual reports, etc. The committee overseas the performance of the Registrars and Transfer Agents of the Company and recommends measures for overall improvement in the quality of investor services. The committee also look into other matters as

the Board may from time to time request the committee to examine, recommend and approve.

Name and designation of Compliance Officer:

Mahavir Toshniwal – Company Secretary
Phone: 022 6707 9999
Email Id: info@choiceindia.com

Status Report of Investor's Complaints for the year ended March 31, 2012

No of Complaints Received – 6
No of Complaints Resolved – 6
No of Complaints Pending - Nil

D. GENERAL BODY MEETINGS:

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

Year	Date	Venue	Time	No of Special Resolution Passed
2008-09	Sept 30, 2009	Sahara Star, Domestic Airport, Vile Parle (E), Mumbai – 400 099	11.00 hrs	Nil
2009-10	July 30, 2010	Ambassador Hotel, Veer Nariman Road, Churchgate, Mumbai – 400 001	11.00 hrs	Two
2010-11	Sept 30, 2011	Anchorage Hall, Hotel Suba International, 211, Chakala Sahar Road, Andheri (E), Mumbai – 400 099	11.00 hrs	Two

E. POSTAL BALLOT:

No resolution was passed through postal ballot pursuant to Section 192A of the Companies Act, 1956 read with Companies (Passing of the Resolution by Postal Ballot) Rules, 2011 for obtaining the concent of the Shareholders of the Company during the year 2011-12.

F. DISCLOSURES:

- i. There have been no materially significant related party transactions, monetary transactions or relationships between the Company and directors, the management, subsidiary or relatives , except for those disclosed in the financial statements for the year ended March 31,2012.
- ii. The financial statements have been prepared in accordance with the accounting standards and policies generally accepted in India.
- iii. The CEO/CFO certification of the financial statements for the year is enclosed after Director's Report.
- iv. 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 Remuneration Committee, the details whereof are given under the heading “Remuneration Committee”. The quarterly and half yearly financial results are displayed on the Company's website and are published in the newspapers.
- v. As required by Clause 49 of the Listing Agreement, a certificate from Auditor certifying the compliance

by the Company with the provisions of Corporate Governance of the Listing Agreement is given as at the beginning of this Report.

G. 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 issued/paid up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held by the NSDL and CDSL.

H. MEANS OF COMMUNICATION

- i. The quarterly un-audited financial results are published in leading English and Vernacular newspapers. The half yearly report is not sent separately to the Shareholders. Annual Reports are sent to the shareholders at their registered address with the company and also put up

on Company's website www.choiceindia.com.

- ii. The Management Discussion and Analysis Report, in compliance with the requirements of Clause 49 of the Listing Agreement is annexed to the Directors' Report and forms part of this Annual Report being sent to all the members of the Company. All matters pertaining to industry structure and developments, opportunities and threats, segment/product wise performance, outlook, risks and concerns, internal control and systems, etc. are discussed in the said report.
- iii. The Company's website is a comprehensive reference on Choice International's management, vision, mission, policies, corporate governance, corporate sustainability, investor relations, sales network, updates and news. The section on ‘Investor Relations’ serves to inform the shareholders, by giving complete financial details, shareholding patterns, corporate benefits, information relating to stock exchanges, registrars and share transfer agents.
- iv. Extensive Business Reporting Language (XBRL) is a language for electronic communication of business and financial data. It offers major benefits to all those who have to create, transmit, use or analyze such information which aids better analysis and decision making. Ministry of Corporate Affairs (MCA) vide its circular No. 37 / 2011 dated June 7, 2011, had mandated certain companies to file their Annual Accounts vide this mode. NBFC companies are exempted from filing Annual

Accounts through XBRL therefore the Company has not filed its Annual Accounts through XBRL, however its subsidiary companies annual accounts has been filed through XBRL with MCA.

v. The Company has periodically filed all the necessary documents with the MCA.

vi. 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.

vii. The consolidated financial statements of the Company and its subsidiaries form part of this Annual Report.

I. SUBSIDIARY COMPANIES

During the year 2011-12, your Company has one material non-listed Indian subsidiary i.e. Choice Capital Advisors 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. The Board of directors has decided to appoint Mr. Deb Kumar Goswami, Independent Director of Choice International Limited as a director on the board of Choice Capital Advisors Private Limited.

Currently, the company has six subsidiaries under its umbrella. However, 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.

Shareholder’s Information:

1. Annual General Meeting

- Date and Time

- Venue

: September 28, 2012, 11.00 a.m

: Shree Shakambhari Corporate Park, Plot No. 156-158, Chakravarti Ashok Society, J. B. Nagar, Andheri (East), Mumbai- 400 099
2. Financial Year (Tentative)

- Financial reporting for the quarter ending June 30, 2012

- Financial reporting for the half year ending September 30, 2012

- Financial reporting for the quarter ending December 31, 2012

- Financial reporting for the year ending March 31, 2013

- Annual General Meeting for the year ended March 31, 2013

: 2nd week of August, 2012

: 2nd week of November, 2012

: 2nd week of February, 2013

: 2nd week of May, 2013

: Last week of September, 2013
3. Dates of Book Closure

: September 25, 2012 to September 28, 2012 (both days inclusive)
4. Dividend Payment Date

: Upto October 27, 2012
5. Registered Office

: 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 : info@choiceindia.com

Website: www.choiceindia.com
6. Listing on Stock Exchanges

: Bombay Stock Exchange Limited
7. Stock Code

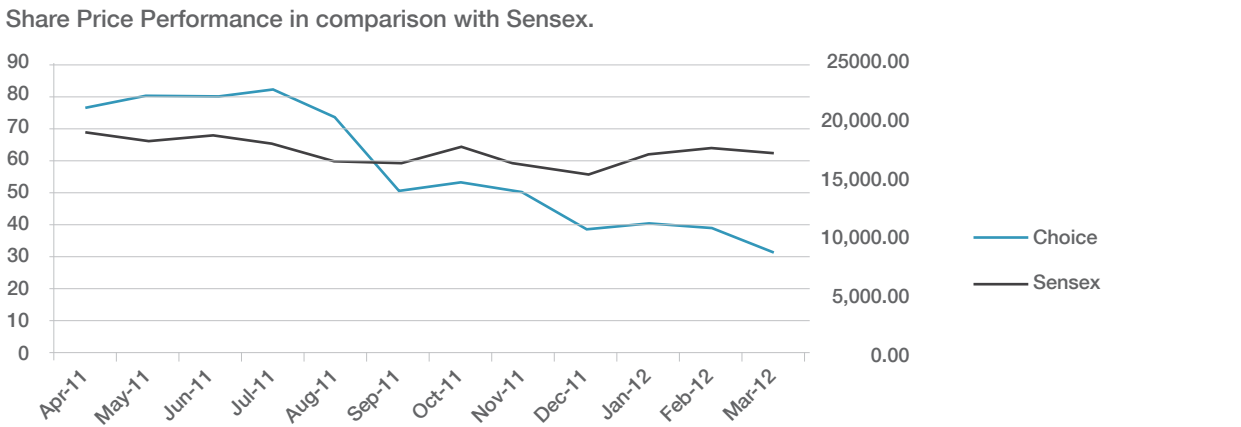
: BSE – 531358
8. ISIN No.

: INE102B01014
9. Payment of Annual Listing fees

: Listing fees for the financial year 2012-13 has been paid to the Bombay Stock Exchange Limited.

Market Price Data: High /Low of daily closing market price of the Company’s shares traded at BSE during each month during the financial year ended March 31, 2012 are as under:

Month	High	Low	Close Price	Trade Quantity	Sensex
April – 2011	84.80	74.30	76.75	12,60,409	19,135.96
May – 2011	83.50	71.05	80.50	25,04,977	18,503.28
June – 2011	84.00	77.00	80.15	27,17,409	18,845.87
July – 2011	93.80	80.00	82.65	24,87,460	18,197.20
August – 2011	84.35	72.15	73.60	25,62,287	16,676.75
September – 2011	99.40	48.35	50.85	1,54,57,957	16,453.76
October – 2011	58.00	48.35	53.00	23,27,553	17,705.01
November – 2011	66.00	40.75	50.25	55,44,921	16,123.46
December – 2011	52.00	38.00	38.65	17,10,899	15,454.92
January – 2012	43.90	37.70	40.50	12,37,694	17,193.55
February – 2012	42.00	31.40	38.70	7,00,180	17,752.68
March – 2012	39.90	30.35	31.55	12,10,967	17,404.20



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 within 15 days from the date of lodgement as per SEBI ammendment 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 is placed at every Board meeting/Shareholders'/Investors' Grievance Committee. 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, 2012.

Number of Shares	Number of Shareholders	% to total No of Shareholders	Share Amount (in ₹)	% to total share capital
1-100	1059	36.21	3713380	4.95
101-200	396	13.54	2770050	3.69
201-500	596	20.38	3307850	4.41
501-1000	346	11.83	2264220	3.02
1001-5000	393	13.44	1884150	2.51
5001-10000	48	1.64	1776550	2.37
10001-100000	78	2.67	3437010	4.58
100001 to Above	9	0.31	55894790	74.48
Total	2925	100.00	75048000	100.00

Categories of Shareholders as at March 31,2012.

Sr. No	Description	No. of Shares	% to Capital
A.	Promoters & Promoters Group	2396527	31.93
B.	Public Shareholding		
	-NRI/OCBs	4472	0.06
	-Bodies Corporate	1849089	24.64
	- Individuals	2913126	38.82
	-Clearing Member	341586	4.55
	Total	7,504,800	100.00

Registrar and Transfer Agent:

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

Dematerialization of Shares and liquidity:

The shares of the company are traded on the Bombay Stock Exchange Limited only in the dematerialized form. As on March 31,2012, 85.53% of the Company’s shares were in dematerialized form.

Plant Location:

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

Address for Correspondence:

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

Members may contact 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

Other Useful Information for Shareholders:

Unpaid/Unclaimed Dividends:

Demand Drafts in respect of the Dividend declared in September 2011 have been dispatched to the shareholders at the addresses registered with the Company. Those shareholders 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 its 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.

Share Transfer/Dematerialization:

Equity Shares of the Company are under compulsory demat trading by all investors. 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.

Correspondence with the Company:

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

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 divided till last AGM September 30, 2012, 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:

Financial Year	Date of declaration of Dividend	Proposed Date of transfer to IEPF*
2008-09	September 30, 2012	October 21, 2016
2009-10	July 30, 2011	August 10, 2017
2010-11	September 30, 2011	October 21, 2018

* Indicative dates, actual dates may vary.

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.

For Choice International Limited

Sd/-

Kamal Poddar
Managing Director

Sd/-

Ajay Kejriwal
Director

Mumbai, August 14, 2012

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

To,
The Members of Choice International Limited

We have examined the compliance of conditions of Corporate Governance by Choice International Limited for the year ended 31 March 2012, 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, 2012

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

Sd/-
Kamal Poddar
Managing Director & Chief Executive Officer

Mumbai, August 14, 2012

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, 2012 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, 2012 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

Mumbai, August 14, 2012

AUDITOR’S REPORT

To,
The members of
Choice International Limited.
Mumbai

- 1. We have audited the attached Balance Sheet as at March 31, 2012 and also the Profit and Loss Account and Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the company’s management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3. As required by the Companies (Auditor’s Report) Order, 2003 (as amended) issued by the Central Government in terms of section 227 (4A) of the Companies Act, 1956, we enclose in the annexure a statement, on the matters specified in paragraphs 4 & 5 of the said order.
- 4. Further to our comments in the Annexure referred to in above, we report that:
 - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appear from our examination of the books of the Company;
 - (c) The Balance Sheet and Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub section 3 (C) of section 211 of the Companies Act, 1956 to the extent applicable;
 - (e) On the basis of the written representations received from the directors as on March 31, 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - (f) In our opinion, and to the best of our information and according to the explanations given to us, the said financial statements, read together with the accounting policies and other notes given in Note No. 1 to 29 give the information required by the Companies Act, 1956 in the manner so required and present a true and fair view in conformity with the accounting principles generally accepted in India;
 - i) In the case of Balance Sheet, of the state of affairs of the Company as at March 31, 2012;
 - ii) In the case of Profit and Loss Account, of the Profit for the year ended on that date; and
 - iii) In the case of Cash Flow Statement, of the Cash Flows for the year ended on that date.

For **Gupta Shyam & Company**
Chartered Accountants
FRN: 103450W

Sd/-

Shyamsunder Gupta
(Proprietor)
Membership No. 038484

Mumbai, August 14, 2012

ANNEXURE TO THE AUDITOR’S REPORT

(*Referred to in Paragraph (3) of our report of even date on the accounts of **CHOICE INTERNATIONAL LIMITED** for the year ended March 31, 2012)

- i. a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
b) As per the information given to us the fixed assets have been physically verified by the management during the year. In our opinion the frequency of verification is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the company and such disposal has, in our opinion, not affected the going concern status of the company.
- ii. a) The stock in trade of shares and securities held in the physical format has been physically verified and those held in the dematerialized format have been verified from the relevant statement received from the depository, during the year and at the end of the year, by the management. In our opinion, having regard to the nature of stocks, the frequency of the verification is reasonable.
b) In our opinion and according to the information given to us, the procedure of physical verification of inventories followed by the management is reasonable and adequate in relation to the size of the company and nature of its business.
c) In our opinion the Company is maintaining proper records of Stock in trade of Shares and Securities. No discrepancies were noticed on such verification.
- iii. a) The company has granted unsecured loan to five subsidiary companies covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was ₹ 155.32 Lakhs and the year-end balance of loans granted to such parties was ₹ 5.73 Lakhs.
b) In our opinion, and according to the information and explanations given to us, the rate of interest and other terms & conditions for such loans are not, prima facie, prejudicial to the interest of the company.
c) The loans are repayable on demand and whenever the loans are called for the company has received the principle amount accordingly.
d) Since there is no stipulation as regards payment schedule, clause 4(iii)(d) is not applicable.
e) The company had taken loan from five parties covered in register maintained in under section 301 of the Companies Act, 1956 during the year. The maximum amount involved during the year was ₹ 55.09 Lakhs and the year-end balance of loans taken from such parties was ₹ 21.44 Lakhs.
f) In respect of loan taken, the terms and conditions are not, prima facie, prejudicial to the interest of the company.
g) As informed by the management there is no stipulation regarding the repayment.
- iv. In our opinion and according to the information and explanations given to us, there are internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of shares and securities, fixed assets and with regard to sale of shares and securities. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control.
- v. a) In our opinion and according to the information and explanations given to us, the transactions that need to be entered into the register maintained under section 301 of the Act have been so entered.
b) In our opinion and according to the information and explanations given to us, these contract and arrangement have been made at prices, which are reasonable having regard to the prevailing market prices, for such goods, materials or services at the relevant time. However, wherever no similar transaction taken place during the year with other parties, we are unable to comment whether the same is on prevailing prices or not.
- vi. The Company has not accepted any deposits from the public within the meaning of section 58A of the Companies Act, 1956 and the Rules framed there under.
- vii. In our opinion and as per the information given to us, the company does not have a formal internal audit system, however it has adequate internal control system in commensurate with its size and nature of its business.
- viii. As per the information and explanation given to us, Central Government has not prescribed maintenance of cost records under clause (d) of Section 209 of the Companies Act, 1956.

- ix. a) According to the information and explanations given to us, the company is generally regular, except few cases, in depositing the undisputed statutory dues including income tax, sales tax, wealth tax, service tax, customs duty and other statutory dues with the appropriate authorities, applicable to it. According to the information and explanations given to us, there are no significant undisputed amount payable in respect of aforesaid statutory dues which have remained outstanding as at March 31, 2012 for the period of more than six months from the date they became payable.
- b) According to the Information and explanation given to us by the management and the records of company examined by us, there were no disputed statutory dues outstanding as at March 31, 2012.
- x. As per the record examined by us, the companies do not have accumulated losses at the end of the financial year and it has not incurred cash losses during the current and in the immediately preceding financial year.
- xi. In our opinion and according to information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- xii. According to the information and explanation given and based on documents produced before us, the company has not granted loans and advances on the security by way of pledge of shares, debentures or any other securities
- xiii. In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund/ society. Therefore, the paragraph 4 (xiii) of the Company (Auditor’s Report) Order, 2003 are not applicable to the company.
- xiv. In our opinion the Company has maintained proper records of transactions and contracts in respect of dealing and trading in shares, securities, debentures and other investments during the year and timely entries have been generally made therein. All shares, debentures and other investments have been held by the Company in its own name subject to the provision of the section 49 of the Companies Act, 1956.
- xv. In our opinion and according to the information and the management representation given to us, the terms and conditions on which the company has given guarantees for loans taken by its subsidiaries from banks are, prima facie, not prejudicial to the interest of the Company.
- xvi. In our opinion, and according to the information and explanation given to us, the term loans have been applied for the purpose for which they are raised.
- xvii. On examination of records, funds raised for short term basis have not been utilized for long term purpose.
- xviii. According to the information and explanation given to us, the company has made preferential allotment of warrant convertible in equity shares to parties and companies covered in the register maintained under Section 301 of the Act. In our opinion, the price at which warrant convertible in equity shares have been issued is not prejudicial to the interest of the company. Further the company has not made any preferential allotment of equity shares during the year
- xix. The company has not issued any secured debentures during the year under review.
- xx. The Company has not raised any money by way of public issue during the year; therefore paragraph 4(xx) of the Order is not applicable.
- xxi. According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For **Gupta Shyam & Company**
Chartered Accountants
FRN: 103450W

Sd/-

Shyamsunder Gupta
(Proprietor)
Membership No. 038484

Mumbai, August 14, 2012

BALANCE SHEET AS AT MARCH 31, 2012

(Figures in ₹)

Particulars	Note No.	March 31, 2012	March 31, 2011
I EQUITY & LIABILITIES			
1. Shareholders' Funds			
(a) Share Capital	2	7,50,48,000	7,50,48,000
(b) Reserves and Surplus	3	21,24,58,440	21,00,98,284
(c) Money Received Against Share Warrants	29(A)	6,02,47,500	-
		34,77,53,940	28,51,46,284
2. Non - Current Liabilities			
(a) Long -Term Borrowings	4	13,39,91,379	15,79,91,379
(b) Deferred Tax Liabilities (Net)	5	1,52,23,896	1,20,41,476
(c) Long - Term Provisions	6	1,08,890	-
		14,93,24,164	17,00,32,855
3. Current Liabilities			
(a) Short - Term Borrowings	7	80,43,811	17,10,000
(b) Trade Payables	8	37,60,503	2,64,74,150
(c) Other Current Liabilities	9	3,75,41,580	7,21,70,072
(d) Short - Term Provisions	10	77,51,738	1,10,57,755
		5,70,97,632	11,14,11,977
TOTAL		55,41,75,736	56,65,91,116
II ASSETS			
1. Non - Current Assets			
(a) Fixed Assets	11		
(i) Tangible Assets		26,26,41,912	23,97,62,702
(ii) Intangible Assets		1,40,33,665	2,10,69,719
(iii) Capital Work-in-Progress		-	2,83,79,263
(b) Non - Current Investments	12	21,19,36,945	12,42,36,945
(c) Long - Term Loans and Advances	13	71,65,595	34,66,860
(d) Other Non - Current Assets	14	1,46,466	9,998
		49,59,24,584	41,69,25,487
2. Current Assets			
(a) Inventories	15	1,62,72,619	2,42,78,646
(b) Trade Receivables	16	85,07,711	12,28,88,134
(c) Cash and Cash Equivalents	17	4,97,469	9,96,929
(d) Short - Term Loans and Advances	18	31,92,520	15,01,920
(e) Other Current Assets	19	2,97,80,834	-
		5,82,51,153	14,96,65,629
TOTAL		55,41,75,736	56,65,91,116

The accompanying notes are an integral part of the financial statement
Significant Accounting Policies 1
Notes forming part of the accounts 2-29

In terms of our report of even date

For Gupta Shyam & Co.

Chartered Accountants
F. R. No. : 103450W

Sd/-

Shyamsunder Gupta
Proprietor
Membership No. : 038484

Mumbai, August 14, 2012

For and on behalf of Board of Directors

Sd/-

Kamal Poddar
Managing Director

Sd/-

Ajay Kejriwal
Director

Sd/-

Mahavir Toshniwal
Company Secretary

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2012

(Figures in ₹)

Particulars	Note No.	March 31, 2012	March 31, 2011
I Revenue from Operations	20	24,00,22,045	47,04,80,964
II Other Income	21	1,65,646	36,743
III Total Revenue (I + II)		24,01,87,691	47,05,17,707
IV Expenses			
Operating Expenses	22	-	2,12,62,500
Purchases of stock-in-trade	23	16,55,47,980	32,47,20,372
Changes in Inventories	24	80,06,027	(1,99,29,252)
Employee Benefits Expense	25	65,67,584	4,47,17,979
Finance Costs	26	2,53,25,532	1,04,43,155
Depreciation and Amortization Expense	11	97,62,550	77,86,590
Other Expense	27	1,12,50,643	3,23,92,879
Total Expense		22,64,60,316	42,13,94,223
V Profit Before Tax (III-IV)		1,37,27,375	4,91,23,484
VI Tax Expense:			
(a) Current Tax Expense		27,80,000	98,00,000
(b) MAT Credit		(21,00,000)	(28,61,860)
(c) Deferred Tax	5	31,82,420	90,35,081
		38,62,420	1,59,73,221
VII Profit/(Loss) for the Period (V-VI)		98,64,956	3,31,50,263
VIII Earnings Per Equity Share (Face Value ₹ 10 Per Share):	28		
(1) Basic (₹)		1.31	5.08
(2) Diluted (₹)		1.20	5.08

The accompanying notes are an integral part of the financial statement

Significant Accounting Policies

1

Notes forming part of the accounts

2-29

In terms of our report of even date

For Gupta Shyam & Co.

Chartered Accountants

F. R. No. : 103450W

sd/-

Shyamsunder Gupta

Proprietor

Membership No. : 038484

Mumbai, August 14, 2012

For and on behalf of Board of Directors

sd/-

Kamal Poddar

Managing Director

sd/-

Ajay Kejriwal

Director

sd/-

Mahavir Toshniwal

Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

(Figures in ₹)

Particulars	March 31, 2012	March 31, 2011
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before extra-ordinary items and tax	1,37,27,375	4,91,23,484
Adjustments for:		
Finance costs	2,53,25,532	1,04,43,155
Depreciation and amortisation	97,62,550	77,86,590
Interest income	(1,65,646)	(6,793)
Provision for expenses	1,08,890	-
Operating profit before Working Capital changes	4,87,58,701	6,73,46,436
Changes in Working Capital		
Adjustments for (increase)/decrease in operating assets		
- Trade Receivables	11,43,80,423	(10,48,17,960)
- Other Current Assets	(2,07,97,982)	82,50,000
- Short Term loans & advances	(3,97,420)	6,24,649
- Long Term loans & advances	1,01,265	(1,05,000)
- Inventories	80,06,027	(1,99,29,252)
Adjustments for increase/(decrease) in operating liabilities		
- Trade Payables	(2,27,13,647)	2,52,70,678
- Other Current Liabilities	(3,54,55,478)	4,38,49,127
Cash generated from operations	9,18,81,889	2,04,88,678
Net Income Taxes (paid) / refund	(48,68,551)	(1,05,85,673)
Net cash flow from/(used in) from Operating Activities	8,70,13,338	99,03,005
B. CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure on fixed assets	(62,09,296)	(27,08,61,151)
Deposits, Loans & advances (given)/realised		
- Subsidiaries	4,90,000	(10,63,000)
- Others	(34,64,000)	21,00,000
Purchase of long term investments		
- Associates	(8,88,00,000)	-
- Subsidiaries	-	(5,44,00,000)
- Others	-	(1,59,99,960)
Proceeds from sale of long term investments - Subsidiaries	11,00,000	-
Interest received	9,998	6,55,933
Net cash flow from/(used in) Investing Activities	(9,68,73,298)	(33,95,68,178)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Finance cost	(2,64,98,546)	(84,38,513)
Dividend & dividend distribution tax paid	(87,22,266)	(38,05,145)
Proceeds from/(Repayment of) Long term borrowings	(2,20,00,000)	17,99,91,379
Proceeds from/(Repayment of) Short term borrowings	63,33,811	(90,000)
Proceeds from issue of equity shares	-	15,80,00,000
Proceeds from issue of share warrants	6,02,47,500	-
Net cash flow from/(used in) Financing Activities	93,60,499	32,56,57,721
Net increase/(decrease) in Cash and Cash Equivalents	(4,99,460)	(40,07,452)
Opening Cash and Cash Equivalents	9,96,929	50,04,381
Closing Cash and Cash Equivalents	4,97,469	9,96,929

In terms of our report of even date

For Gupta Shyam & Co.

Chartered Accountants

F. R. No. : 103450W

sd/-

Shyamsunder Gupta

Proprietor

Membership No. : 038484

Mumbai, August 14, 2012

For and on behalf of Board of Directors

sd/-

Kamal Poddar

Managing Director

sd/-

Ajay Kejriwal

Director

sd/-

Mahavir Toshniwal

Company Secretary

ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31, 2012

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

A Basis of accounting and preparation of financial statements

The financial statements are prepared and presented under the historical cost convention, on the accrual basis of accounting and in accordance with the provisions of the Companies Act, 1956 ('the Act'), and the accounting principles generally accepted in India and comply with the accounting standards prescribed in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government, in consultation with the National Advisory Committee on Accounting Standards, to the extent applicable.

B 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.

C Inventories

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

D Cash and cash equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), 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, 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 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. Depreciation on addition to fixed assets is provided on a pro-rata basis from the date of addition.

The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation method is revised to reflect the changed pattern. Computer softwares are amortised over a period of 6.17 years being the useful life thereof.

G Revenue recognition

Revenue and cost are generally accounted on accrual basis as they are earned/incurred, except in case significant uncertainties.

- ❖ Fees are recognised when reasonable right of recovery is established and the revenue can be reliably measured and on accrual basis. the performance of services is measured under the proportionate completion method which relates the revenue to the work accomplished.
- ❖ Profit/Loss from dealing in shares and securities are recognized on the day of settlement of transaction.
- ❖ Dividend is accounted when the right to receive payment is established.
- ❖ Interest and other income is accounted on accrual basis.
- ❖ Profit/loss on equity derivative transactions is 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 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 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.

I 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.

J Investments

The company is regulated as Non-Banking Finance Company (NBFC) by the RBI. Accordingly, investments are classified under two categories viz. Current and Long Term and are valued in accordance with the RBI Guidelines and Accounting Standard 13 on "Accounting for Investments".

Long-term investments (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.

K 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 recognized in the period in which the employee renders the related service.

The present value of the obligation under employees gratuity fund scheme is determined based on actuarial valuation using the Projected Unit Credit Method. The obligation is measured at the present value of the estimated future cash flows. The discount rate used for determining the present value of the obligation is based on the market yield on government securities of a maturity period equivalent to the weighted average maturity profile of the related obligations at the balance sheet date.

L 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.

M 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.

N 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 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.

O Provision and Contingencies

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes.

ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31, 2012

(Figures in ₹)

Particulars	March 31, 2012	March 31, 2011
2. SHARE CAPITAL:		
a) Details of authorised, issued and subscribed share capital		
Authorised -		
1,01,00,000 (PY 76,00,000) Equity Shares of ₹ 10/- each	10,10,00,000	7,60,00,000
Issued		
75,04,800 (PY 75,04,800) Equity Shares of ₹ 10/- each	7,50,48,000	7,50,48,000
Subscribed and Paid-up		
75,04,800 (PY 75,04,800) Equity Shares of R10/- each fully paid up	7,50,48,000	7,50,48,000
Total	7,50,48,000	7,50,48,000
<i>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.</i>		
b) Reconciliation of number of shares outstanding at the beginning and at the end of the reporting period		
No. of shares at the beginning of the year	75,04,800	65,04,800
Add : shares issued during the year	-	10,00,000
No. of shares at the end of the year	75,04,800	75,04,800
c) Shareholders holding more than 5% of equity shares as at the end of the year		
Name of the Shareholder	Relationship	March 31, 2012
Vinita Sunil Patodia	Promoter	10,28,927
		13.71%
3. RESERVES AND SURPLUS:		
a. Capital Reserve		
Opening Balance	8,69,500	8,69,500
Add : additions during the year	-	-
Closing Balance	8,69,500	8,69,500
b. Securities Premium Reserve		
Opening Balance	16,17,17,300	1,37,17,300
Add : received on shares issued during the year	-	14,80,00,000
Closing Balance	16,17,17,300	16,17,17,300
c. Statutory Reserve		
Opening Balance	1,21,00,000	54,00,000
Add : transferred from surplus in Statement of Profit and Loss Account	20,00,000	67,00,000
Closing Balance	1,41,00,000	1,21,00,000
d. Surplus in Statement of Profit and Loss		
Opening Balance	3,54,11,484	1,76,83,487
Add : profit for the year	98,64,956	3,31,50,263
Less : transferred to statutory reserves	20,00,000	67,00,000
Less : proposed dividend	75,04,800	75,04,800
Less : dividend distribution tax on proposed dividend	-	12,17,466
Closing Balance	3,57,71,640	3,54,11,484
Grand Total	21,24,58,440	21,00,98,284

ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31, 2012

(Figures in ₹)

Particulars	March 31, 2012	March 31, 2011
4. LONG-TERM BORROWINGS		
Secured Loans		
Term Loan from bank*	15,79,91,379	17,99,91,379
Less : current portion of long term borrowings	2,40,00,000	2,20,00,000
Total	13,39,91,379	15,79,91,379
<i>*The loan was taken from State Bank of India and is secured by way of first charge on Land and Building. The loan is repayable in monthly principal installments and interest, ending in April 2017.</i>		
5. DEFERRED TAX LIABILITIES (NET)		
The major components of deferred tax liabilities/assets (net) as recognized in the financial statements is as follows:		
Deferred Tax Liabilities		
On difference between book balance and tax balance of fixed assets	1,52,57,543	1,20,41,476
	1,52,57,543	1,20,41,476
Deferred Tax Assets		
Provision for gratuity	33,647	-
	33,647	-
Net	1,52,23,896	1,20,41,476
6. LONG-TERM PROVISIONS		
Provision for employee benefits		
Gratuity	1,08,890	-
Total	1,08,890	-
7. SHORT-TERM BORROWINGS		
Unsecured Loans		
Loans & Advances From Related Parties*	21,43,811	17,10,000
Other loans & Advances**	59,00,000	-
Total	80,43,811	17,10,000
<i>*The loans taken from related parties are interest free and repayable on demand. Refer to Note No.29(J) "Related Party Disclosure".</i>		
<i>**The loan is taken for the purpose of business, interest free and repayable on demand.</i>		
8. TRADE PAYABLES		
Dues to Micro, Small and Medium Enterprises*		
Other than Micro, Small and Medium Enterprises	37,60,503	2,64,74,150
Total	37,60,503	2,64,74,150
<i>*There are no parties who have been identified as micro, small and medium enterprises based on the confirmations circulated and responses received by the management.</i>		
9. OTHER CURRENT LIABILITIES		
Current portion of long term borrowings	2,40,00,000	2,20,00,000
Interest accrued but not due on borrowings	8,31,628	20,04,642
Unclaimed Dividend	65,715	65,715
Other Liabilities & Statutory Dues	1,26,44,237	4,80,99,715
Total	3,75,41,580	7,21,70,072

ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31, 2012

Particulars	March 31, 2012	March 31, 2011
(Figures in ₹)		
10. SHORT-TERM PROVISIONS		
Provision for tax (net of taxes paid)	2,46,938	23,35,489
Proposed dividend	75,04,800	75,04,800
Tax on proposed dividend	-	12,17,466
Total	77,51,738	1,10,57,755
<i>*According to the special provisions 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 for the year 2011-12.</i>		
12. NON-CURRENT INVESTMENTS		
a)		
Other Investments in Equity Shares fully paid up		
Quoted		
<i>Associate Company:</i>		
52,57,850 (PY 15,57,850) shares of ₹ 10/- each of Choice Infra Ventures Limited	9,58,36,985	70,36,985
<i>Other:</i>		
5,33,332 (PY 5,33,332) shares of ₹ 10/- each of Shekhavati Poly-yarn Limited	1,59,99,960	1,59,99,960
Trade Investments In Equity Shares fully paid up		
Unquoted		
<i>Subsidiary Companies:</i>		
50,50,000 (PY 50,50,000) shares of ₹ 10/- each of Choice Capital Advisors P. Ltd.	5,05,00,000	5,05,00,000
30,80,000 (PY 30,80,000) shares of ₹ 10/- each of Choice Equity Broking P. Ltd.	3,44,00,000	3,44,00,000
10,00,000 (PY 10,00,000) shares of ₹ 10/- each of Choice Merch. Broking P. Ltd.	1,00,00,000	1,00,00,000
5,00,000 (PY 5,00,000) shares of ₹ 10/- each of Choice Insurance Brokers P. Ltd.	50,00,000	50,00,000
Nil (PY 1,10,000) shares of ₹ 10/- each of Choice Realty P. Ltd.	-	11,00,000
10,000 (PY 10,000) shares of ₹ 10/- each of Choice Business Services P. Ltd.	1,00,000	1,00,000
10,000 (PY 10,000) shares of ₹ 10/- each of Choice Wealth Management P. Ltd.	1,00,000	1,00,000
	21,19,36,945	12,42,36,945
Less : Provision for dimunition in the value of Investments	-	-
Total	21,19,36,945	12,42,36,945
b) Details of quoted / unquoted investments		
Aggregate Book value of:		
Quoted fully paid up (Market Value)	11,18,36,945 (14,64,97,785)	2,30,36,945 (4,90,20,511)
Unquoted fully paid up	10,01,00,000	10,12,00,000
13. LONG-TERM LOANS AND ADVANCES		
a. Security deposits		
Unsecured, considered good	3,735	1,05,000
b. Loans and advances to employees		
Unsecured, considered good	9,00,000	-
c. MAT credit entitlement		
Unsecured, considered good	49,61,860	28,61,860
d. Deposit with Co-op. Credit Society		
Unsecured, considered good	13,00,000	5,00,000
Total	71,65,595	34,66,860

ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31, 2012

Description	Gross Block		Depreciation		Net Block	
	As at April 1, 2011	Additions	Deductions / Adjustments	As at March 31, 2012	As at March 31, 2012	As at March 31, 2011
(i) Tangible Assets:						
Freehold Land	2,79,77,910	-	-	2,79,77,910	2,79,77,910	
Buildings Owned	20,27,53,360	1,20,23,464	-	54,84,648	20,92,92,176	20,06,68,906
Computer Hardware	1,15,00,606	19,05,358	97,59,740	11,35,451	25,10,773	78,73,785
Furnitures and Fixtures	14,10,946	1,36,74,609	93,500	9,36,061	1,40,55,994	8,85,265
Vehicles	16,67,380	-	-	2,48,345	14,19,035	15,77,437
Office Equipments	11,35,386	67,92,389	-	5,41,751	73,86,024	7,79,399
Total	24,64,45,588	3,43,95,820	98,53,240	83,46,256	26,26,41,912	23,97,62,702
(ii) Intangible Assets:						
Computer software	2,62,95,000	1,92,739	56,16,000	68,38,074	1,40,33,665	2,10,69,719
Total	2,62,95,000	1,92,739	56,16,000	68,38,074	1,40,33,665	2,10,69,719
Grand Total	27,27,40,588	3,45,88,559	1,54,69,240	1,51,84,329	27,66,75,577	26,08,32,421
Previous Year	3,02,58,700	24,24,81,888	-	1,19,08,167	26,08,32,421	2,61,37,123
(iii) Capital Work-In-Progress						
(excluding Capital Advances)					-	2,83,79,263

ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31, 2012

(Figures in ₹)

Particulars	March 31, 2012	March 31, 2011
14. OTHER NON-CURRENT ASSETS		
Interest accrued on deposits with co-operative credit society	1,46,466	9,998
Total	1,46,466	9,998
15. INVENTORIES		
Stock-in-trade		
Shares and Securities*	1,62,72,619	2,42,78,646
Total	1,62,72,619	2,42,78,646
*Market Value - ₹1,65,05,958 (PY ₹2,42,78,646)		
16. TRADE RECEIVABLES		
Trade receivables outstanding for a period exceeding six months		
Unsecured, considered good	5,09,999	3,41,90,624
Others		
Unsecured, considered good	79,97,712	8,86,97,510
Total	85,07,711	12,28,88,134
17. CASH AND BANK BALANCES		
a. Cash & Cash Equivalents		
Cash on Hand	12,288	97,162
Bank Balances in:		
In current accounts	4,18,986	8,33,572
	4,31,274	9,30,734
b. Other Bank balances:		
Earmarked balances:		
Unclaimed dividend accounts	66,195	66,195
	66,195	66,195
Grand Total	4,97,469	9,96,929
18. SHORT-TERM LOANS AND ADVANCES		
a. Security deposits		
Unsecured, considered good	3,39,000	3,39,000
b. Loans and advances to related parties*		
Unsecured, considered good	5,73,000	10,63,000
c. Loans and advances to employees		
Unsecured, considered good	3,24,180	41,000
d. Prepaid expenses		
Unsecured, considered good	4,56,340	58,920
e. Other advances		
Unsecured, considered good	15,00,000	-
	31,92,520	15,01,920
*The loans given to related parties are interest free and repayable on demand. Refer to Note No.29(J) "Related Party Disclosure".		
19. OTHER CURRENT ASSETS		
Margin - Equity Stock / Index Futures	1,89,44,333	-
Less : Provision for loss	(2,45,471)	-
	1,86,98,862	-
Other receivables from related parties*	1,10,81,972	-
	1,10,81,972	-
Grand Total	2,97,80,834	-
*Refer to Note No.29(J) "Related Party Disclosure".		

ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31, 2012

(Figures in ₹)

Particulars	March 31, 2012	March 31, 2011
20. REVENUE FROM OPERATIONS:		
Sale of shares and securities	21,85,87,513	31,48,73,441
Income from services rendered	2,14,34,532	15,56,07,523
Total	24,00,22,045	47,04,80,964
21. OTHER INCOME:		
Interest Income on deposits	1,46,466	6,793
Interest Income on employee loan	19,180	-
Dividend	-	29,950
Total	1,65,646	36,743
22. OPERATING EXPENSES:		
Equity Research charges	-	97,20,000
Service charges	-	1,15,42,500
Total	-	2,12,62,500
23. PURCHASES OF STOCK-IN-TRADE:		
Purchases of shares and securities	16,55,47,980	32,47,20,372
Total	16,55,47,980	32,47,20,372
24. CHANGES IN INVENTORIES:		
a. At the end of the period		
Shares & Securities	1,62,72,619	2,42,78,646
	1,62,72,619	2,42,78,646
b. At the beginning of the period		
Shares & Securities	2,42,78,646	43,49,394
	2,42,78,646	43,49,394
Net	(80,06,027)	1,99,29,252
25. EMPLOYEE BENEFIT EXPENSES:		
Salaries and Incentives	61,00,372	4,45,58,573
Leave salary	2,08,322	1,30,856
Staff Welfare Expenses	1,50,000	28,550
Gratuity	1,08,890	-
Total	65,67,584	4,47,17,979
26. FINANCE COST:		
Interest Expenses:		
Borrowings	2,50,48,929	1,03,41,395
Others	2,76,603	1,01,760
Total	2,53,25,532	1,04,43,155

ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31, 2012

(Figures in ₹)

Particulars	March 31, 2012	March 31, 2011
27. OTHER EXPENSES:		
Bank charges	7,650	21,684
Books and Periodicals	80,316	3,62,918
Electricity charges	4,97,605	2,65,843
Director Sitting fees	1,20,000	40,000
Office expenses	10,96,453	5,92,671
Rent including lease rentals	11,14,086	9,44,000
Repairs and maintenance- Computer	4,99,953	20,10,048
Repairs and maintenance- Others	24,921	5,81,995
Insurance	95,833	63,032
Rates and taxes	9,01,716	-
Communication expenses	3,26,302	7,72,451
Printing and stationery	10,21,340	56,40,722
Donations	5,48,403	33,600
Legal and professional	11,04,311	26,98,474
Payment to Auditors:		
Audit fees	60,000	60,000
Tax audit fees	25,000	25,000
For other services	44,672	64,500
Business promotion expenses	1,14,773	4,01,240
Conference and meeting expenses	1,81,618	20,21,750
Travelling and conveyance	8,84,536	32,19,134
Marketing and advertisement expenses	25,01,155	1,25,73,817
Total	1,12,50,643	3,23,92,879
28. EARNING PER EQUITY SHARE:		
Profit/(Loss) attributable to Equity shareholders	98,64,956	3,31,50,263
Weighted average number of equity shares	75,04,800	65,23,978
Basic Earnings Per Share	1.31	5.08
Face value per Share	10	10
Profit after adjusting interest on potential equity shares	98,64,956	3,31,50,263
Weighted average number of equity share after considering potential equity shares	82,03,430	65,23,978
Dilutive Earnings per Share	1.20	5.08

ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS AS AT MARCH 31, 2012

NOTE 29 : OTHER NOTES FORMING PART OF THE ACCOUNTS

A. Monies received against Share Warrants

The Board of Directors of the Company at their meeting held on August 12, 2011 and as approved at its Annual General Meeting held on September 30, 2011 have resolved to create, offer, issue and allot up to 25,00,000 warrants, convertible into 25,00,000 equity shares of ₹10/- each on a preferential allotment basis, pursuant to Section 81(1A) of the Companies Act, 1956, at a conversion price of ₹81/- per equity share of the Company, arrived at in accordance with the SEBI Guidelines in this regard and subsequently these warrants were allotted on December 21,2011 to the promoters and non-promoters, and the company has received the amount of ₹6,02,47,500 as application money which is more than the minimum limit prescribed as per SEBI guidelines. The warrants may be converted into equivalent number of shares on payment of the balance amount at any time on or before June 20, 2013. In the event the warrants are not converted into shares within the said period, the Company is eligible to forfeit the amounts received towards the warrants.

(Figures in ₹)		
Particulars	March 31, 2012	March 31, 2011
B. Contingent Liabilities not provided for		
Corporate Guarantees to Axis bank for subsidiaries:		
Choice Equity Broking Private Limited	3,00,00,000	3,00,00,000
Choice Merchandise Broking Private Limited	2,00,00,000	1,00,00,000
Total	5,00,00,000	4,00,00,000
C. Value of Imports on CIF basis		
Capital Goods	18,94,839	12,80,246
Total	18,94,839	12,80,246
D. 1. Particulars of Traded Goods purchases		
Purchase of shares & securities	10,63,50,484	32,46,77,112
Total	10,63,50,484	32,46,77,112
2. Particulars of Sales and Inventory position		

For the year ended March 31, 2012			
	Sales	Closing Inventory	Opening Inventory
Shares & securities	16,43,22,842	1,62,72,619	2,42,78,646
	(31,48,73,441)	(2,42,78,646)	(43,49,394)
Total	16,43,22,842	1,62,72,619	2,42,78,646
	(31,48,73,441)	(2,42,78,646)	(43,49,394)

* Previous year figures are in brackets

(Figures in ₹)		
	March 31, 2012	March 31, 2011
3. Particulars of Services rendered		
Investment banking	1,73,30,504	15,56,07,523
Leasing and support services	41,04,028	-
Total	2,14,34,532	15,56,07,523

- E. 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.
- F. 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.

G. Segment Information

The Company has identified operating segments as its primary segment. Operating segments are primarily NBFC operations and Investment Banking 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.

(Figures in ₹)

Particulars	For the year ended 31 March, 2012			
	Operating segments NBFC	Investment Banking	Total (Segments)	Total (Enterprise)
Segment Revenue				
External Sales/Income	22,26,91,541 (31,43,04,441)	1,73,30,504 (15,61,76,523)	24,00,22,045 (47,04,80,964)	
Inter-segment Sales/Income	- -	- -	- -	
Total Revenue	22,26,91,541 (31,43,04,441)	1,73,30,504 (15,61,76,523)	24,00,22,045 (47,04,80,964)	
Total revenue of each segment as a percentage of total revenue of all segments	92.78% (66.80%)	7.22% (33.20%)		
Segment Result: Profit / (Loss) before interest and taxes	4,91,37,534 (1,01,25,581)	1,73,30,504 (13,43,45,023)	6,64,68,038 (14,44,70,604)	6,64,68,038 (14,44,70,604)
Less: Finance Cost			2,53,25,532 (1,03,13,044)	
Less: Unallocable expenses (net)			2,75,80,777 (8,50,70,819)	
Add: Other income (net)			1,65,646 (36,743)	
Profit before tax			1,37,27,375 (4,91,23,484)	
Less: Tax expense			38,62,420 (1,59,73,221)	
Net profit for the year			98,64,956 (3,31,50,263)	

* Previous year figures are in brackets

H. Statutory Reserve

The management has created a Statutory Reserve of ₹20,00,000/- (PY ₹67,00,000/-) as per the provisions of Section 45-IC of Reserve Bank of India Act, 1934.

I. The Revised Schedule VI has become effective from 1 April, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year’s figures have been regrouped / reclassified wherever necessary to correspond with the current year’s classification / disclosure.

J. Related Party Disclosure

1. Details of Related Parties

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

2. Details of Related Party transactions during the year ended March 31, 2012

(Figures in ₹)

Particulars	Subsidiaries	Associates	KMP and Relatives of KMP	Individuals owning directly or indirectly interest in voting power that gives them control & their relatives	Enterprises over which (c) & (d) are able to exercise Significant Influence	Total
	(NIL)	-	-	-	-	(NIL)
Infusion of Equity	(5,44,00,000)	-	-	-	-	(5,44,00,000)
Salary and Perquisites	-	-	12,00,000	-	-	12,00,000
	-	-	(6,00,000)	-	-	(6,00,000)
Operating Expenses	7,93,455	-	-	-	-	7,93,455
	(12,277)	-	-	-	-	(12,277)
Director's Sitting Fees	-	-	10,000	-	-	10,000
	-	-	(NIL)	-	-	(NIL)
Transfer of fixed assets & expenses reimbursible	1,10,01,546	-	-	-	-	1,10,01,546
	(NIL)	-	-	-	-	(NIL)
Leasing and support services	24,28,903	1,66,403	-	-	15,08,722	41,04,028
	(NIL)	(NIL)	-	-	(NIL)	-
Loan Taken	4,50,000	35,00,000	13,09,000	-	2,50,000	55,09,000
	(3,29,00,000)	(NIL)	(44,00,000)	-	(82,00,000)	(4,55,00,000)
Loan Given	1,55,32,000	-	-	-	-	1,55,32,000
	(1,08,58,000)	-	-	-	-	(1,08,58,000)
Balances outstanding at the end of the year						
Trade receivables	24,24,052	-	-	-	15,58,889	39,82,941
	(20,18,109)	-	-	-	(NIL)	(20,18,109)
Loans and advances	5,73,000	-	-	-	-	5,73,000
	(10,63,000)	-	-	-	-	(10,63,000)
Trade payables	37,60,503	-	-	-	-	37,60,503
	(NIL)	-	-	-	-	-
Other Receivables	1,09,91,972	-	-	-	90,000	1,10,81,972
	(NIL)	-	-	-	(NIL)	-
Borrowings	-	1,34,811	20,09,000	-	-	21,43,811
	-	(NIL)	(17,10,000)	-	-	(17,10,000)

* 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
Membership No. : 038484
Mumbai, August 14, 2012

For and on behalf of Board of Directors
sd/-
Kamal Poddar
Managing Director
sd/-
Ajay Kejriwal
Director
sd/-
Mahavir Toshniwal
Company Secretary

NBFC AUDITOR'S CERTIFICATE

To,
The Board of Directors of
Choice International Limited.

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

1. The company has applied for the registration on July 7, 1997 as provided in the section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) and the company has received certificate of Registration No.13.00128 dated February 26, 1998 from Reserve Bank of India, Department of Non-Banking Supervision, Mumbai Regional Office.
2. The Board of Directors in their meeting held on February 14, 2012 has passed a resolution for non-acceptance of any public deposit in the financial year 2012-13 without prior approval of Reserve Bank of India in writing.
3. As per the information and explanation given to us and as appears from the books of account of the company, company has not accepted any deposit from public during the year ended on March 31, 2012
4. In our opinion and as per the information and explanation given to us the company has compiled with prudential norms relating to income recognition, accounting standard, asset classification, and provisioning of bad and doubtful debt as applicable to it for the year ended on March 31, 2012.

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

Sd/-
Shyamsunder Gupta
(Proprietor)
Membership No. 038484

Mumbai, August 14, 2012

CONSOLIDATED AUDITOR'S REPORT

To,
The Board of Directors of
Choice International Limited.
Mumbai.

- We have examined the attached Consolidated Balance Sheet of Choice International Limited, its Subsidiaries and Associates as at March 31, 2012 and also the Consolidated Profit and Loss Account and Consolidated Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management and have been prepared by the Management on the basis of separate financial statements and other financial information regarding components.
- We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- We have not audited the financial statements of any of the Subsidiaries and Associates, whose financial statements reflect the total assets of ₹1456.98 Lakhs, revenue of ₹2440.49 lakhs and the profit of ₹267.22 lakhs and cash outflows of ₹18.38 lakhs in these financial statements. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors.
- We report that the Consolidated Financial statements have been prepared by the Choice International Limited Management in accordance with the requirement of Accounting Standard (AS) 21 – "Consolidated Financial Statements" and Accounting Standard (AS) 23 – "Accounting for Investments in Associates in Consolidated Financial statements" notified pursuant to the Companies (Accounting Standard) Rules, 2006 on the basis of the separate audited financial statement of the Choice Group included in the consolidated financial statements.
- On the basis of the information and explanation given to us and on the consideration of the separate audit reports on individual audited financial statements of Choice International Limited and its aforesaid Subsidiaries. We are of the opinion that the attached consolidated financial statements, read together with the accounting policies and other notes given in Note No. 1 to 29, 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 Group as at March 31, 2012;
 - In the case of the consolidated profit & loss account, of the profit for the year ended on that date; and
 - In the case of consolidated cash flow statement, of the cash flows of the group for the year ended on that date.

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

Sd/-

Shyamsunder Gupta
(Proprietor)
Membership No. 038484

Mumbai, August 14, 2012

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2012

(Figures in ₹)

Particulars	Note No.	March 31, 2012	March 31, 2011
I Equity & Liabilities			
1. Shareholders' funds			
(a) Share Capital	2	7,50,48,000	7,50,48,000
(b) Reserves and Surplus	3	23,62,00,338	24,15,11,446
(c) Money Received Against Share Warrants	29 (A)	6,02,47,500	-
		37,14,95,838	31,65,59,446
2. Minority Interest		92,272	3,13,06,548
3. Non - Current Liabilities			
(a) Long -Term Borrowings	4	13,39,91,379	15,79,91,379
(b) Deferred Tax Liabilities (Net)	5	1,64,46,884	1,22,70,726
(c) Long - Term Provisions	6	4,52,141	-
		15,08,90,404	17,02,62,105
4. Current Liabilities			
(a) Short - Term Borrowings	7	3,06,97,959	17,10,000
(b) Trade Payables	8	3,25,04,004	3,41,39,126
(c) Other Current Liabilities	9	4,50,15,065	7,29,07,057
(d) Short - Term Provisions	10	1,40,39,774	1,08,63,872
		12,22,56,802	11,96,20,055
TOTAL		64,47,35,315	63,77,48,154
II Assets			
1. Non - Current Assets			
(a) Fixed Assets	11		
(i) Tangible Assets		27,13,81,956	24,08,78,219
(ii) Intangible Assets		2,19,47,432	2,61,08,950
(iii) Capital Work-in-Progress		-	2,83,79,263
(b) Non - Current Investments	12	16,73,43,500	2,35,88,454
(c) Long - Term Loans and Advances	13	3,50,08,796	9,67,04,196
(d) Other Non - Current Assets	14	7,23,244	1,57,287
		49,64,04,928	41,58,16,369
2. Current Assets			
(a) Inventories	15	1,62,72,619	2,42,78,646
(b) Trade Receivables	16	5,91,72,365	12,66,08,865
(c) Cash and Bank Balances	17	3,24,21,216	2,18,80,652
(d) Short - Term Loans and Advances	18	2,14,70,747	4,90,08,603
(e) Other Current Assets	19	1,89,93,441	1,55,019
		14,83,30,387	22,19,31,785
TOTAL		64,47,35,315	63,77,48,154

The accompanying notes are an integral part of the financial statement
Significant Accounting Policies 1
Notes forming part of the accounts 2-29

In terms of our report of even date

For Gupta Shyam & Co.

Chartered Accountants

F. R. No. : 103450W

Sd/-

Shyamsunder Gupta

Proprietor

Membership No. : 038484

Mumbai, August 14, 2012

For and on behalf of Board of Directors

Sd/-

Kamal Poddar
Managing Director

Sd/-

Ajay Kejriwal
Director

Sd/-

Mahavir Toshniwal
Company Secretary

CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2012

(Figures in ₹)

Particulars	Note No.	March 31, 2012	March 31, 2011
I Revenue from Operations	20	47,82,59,734	47,23,17,216
II Other Income	21	27,54,816	10,88,366
III Total Revenue (I + II)		48,10,14,550	47,34,05,582
IV Expenses			
Operating Expenses	22	7,76,56,304	2,17,50,297
Purchases of stock-in-trade	23	16,49,92,689	32,47,95,752
Changes in Inventories	24	80,06,027	(1,99,29,252)
Employee Benefits Expense	25	12,10,52,932	4,70,06,424
Finance Costs	26	2,64,46,110	1,06,75,829
Depreciation and Amortization Expense	11	1,08,40,578	79,71,436
Other Expense	27	2,14,83,273	3,49,25,810
Total Expense		43,04,77,912	42,71,96,296
V Profit Before Tax (III-IV)		5,05,36,638	4,62,09,286
VI Tax Expense:			
(a) Current Tax expense for Current Year		1,18,74,000	98,09,336
(b) (Less) : MAT Credit		(21,00,000)	(28,71,196)
(c) Net Current Tax expense		97,74,000	69,38,140
(d) Deferred Tax	5	41,76,159	92,64,331
		1,39,50,159	1,62,02,471
VII Profit/(Loss) After Tax (before adjustment for Minority Interest)		3,65,86,479	3,00,06,815
Less/(Add): Share of minority interest		(2,170)	(2,67,256)
IX Profit/(Loss) for the Period (V-VI)		3,65,88,649	3,02,74,071
X Earnings Per Equity Share (Face Value R 10 Per Share):	28		
(1) Basic (₹)		4.88	4.64
(2) Diluted (₹)		4.46	4.64

The accompanying notes are an integral part of the financial statement

Significant Accounting Policies

1

Notes forming part of the accounts

2-29

In terms of our report of even date

For Gupta Shyam & Co.

Chartered Accountants

F. R. No. : 103450W

sd/-

Shyamsunder Gupta

Proprietor

Membership No. : 038484

Mumbai, August 14, 2012

For and on behalf of Board of Directors

sd/-

Kamal Poddar

Managing Director

sd/-

Ajay Kejriwal

Director

sd/-

Mahavir Toshniwal

Company Secretary

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

(Figures in ₹)

Particulars	March 31, 2012	March 31, 2011
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before extra-ordinary items and tax	5,05,36,638	4,62,09,286
Adjustments for:		
Finance costs	2,64,46,110	1,06,75,829
Depreciation and amortisation	1,08,40,578	79,71,436
Interest income	(26,78,472)	(10,58,416)
Profit on sale of Mutual Fund	(1,786)	-
Provision for expenses	4,52,141	-
Operating profit before Working Capital changes	8,55,95,208	6,37,98,135
Changes in Working Capital		
Adjustments for (increase)/decrease in operating assets		
- Trade Receivables	6,74,36,500	(10,85,38,691)
- Other Current Assets	(1,87,88,862)	82,50,000
- Short Term loans & advances	(3,35,435)	(14,53,252)
- Long Term loans & advances	(18,200)	-
- Inventories	80,06,027	(1,99,29,252)
Adjustments for increase/(decrease) in operating liabilities		
- Trade Payables	(15,72,192)	3,28,72,595
- Other Current Liabilities	(2,82,14,517)	4,45,04,256
Cash generated from operations	11,21,08,529	1,95,03,791
Net Income Taxes (paid)/ refund	(87,08,472)	(1,07,65,849)
Net cash flow from/(used in) from Operating Activities	10,34,00,057	87,37,942
B. CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure on fixed assets	(88,03,534)	(27,35,87,330)
Deposits, Loans & advances (given)/realised - Others	1,27,81,735	(6,45,30,671)
Profit on sale of Mutual Fund	1,786	-
Purchase of long term investments		
- Associates	(8,88,00,000)	-
- Others	(5,49,55,046)	(1,65,51,469)
Proceeds from sale of long term investments - Subsidiaries	11,00,000	-
Interest received	20,43,775	16,52,379
Net cash flow from/(used in) Investing Activities	(13,66,31,284)	(35,30,17,091)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Finance cost	(2,76,19,124)	(86,71,187)
Dividend & dividend distribution tax paid	(87,22,266)	(37,39,430)
Proceeds from/(Repayment of) Long term borrowings	(2,20,00,000)	17,99,91,379
Proceeds from/(Repayment of) Short term borrowings	2,89,87,959	17,10,000
Proceeds from issue of equity shares	-	15,80,00,000
Proceeds from issue of share warrants	6,02,47,500	-
Net cash flow from/(used in) Financing Activities	3,08,94,069	32,72,90,762
Net increase/(decrease) in Cash and Cash Equivalents	(23,37,159)	(1,69,88,387)
Opening Cash and Cash Equivalents	72,68,152	2,42,56,539
Less : Eliminated on disposal of subsidiary	(2,72,278)	-
Closing Cash and Cash Equivalents	46,58,716	72,68,152

In terms of our report of even date

For Gupta Shyam & Co.

Chartered Accountants

Firm's Registration No. : 103450W

sd/-

Shyamsunder Gupta

Proprietor

Membership No. : 038484

Mumbai, August 14, 2012

For and on behalf of Board of Directors

sd/-

Kamal Poddar

Managing Director

sd/-

Ajay Kejriwal

Director

sd/-

Mahavir Toshniwal

Company Secretary

ACCOMPANYING NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2012

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

A. Basis of accounting and preparation of financial statements

The financial statements are prepared and presented under the historical cost convention, on the accrual basis of accounting and in accordance with the provisions of the Companies Act, 1956 ('the Act'), and the accounting principles generally accepted in India and comply with the accounting standards prescribed in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government, in consultation with the National Advisory Committee on Accounting Standards, to the extent applicable.

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 subsidiaries, over the net assets at the time of acquisition of shares in the subsidiaries 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 subsidiaries 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 subsidiaries 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 subsidiaries have been accounted as per Accounting Standard - 13 on "Accounting for Investments" prescribed by the Companies (Accounting Standard) Rules, 2006.
- ❖ the financial statements of the subsidiaries used in the consolidation are drawn upto the same

reporting dates as that of the holding company i.e. March 31, 2012.

- ❖ the subsidiaries considered in the consolidated financial statements are as follows:

Sr No.	Name of the entity	Country	Ownership as on March 31, 2012
1	Choice Equity Broking Private Limited	India	100.00%
2	Choice Merchandise Broking Private Limited	India	100.00%
3	Choice Business Services Private Limited	India	100.00%
4	Choice Capital Advisors Private Limited	India	100.00%
5	Choice Wealth Management Private Limited	India	100.00%
6	Choice Insurance Brokers Private Limited	India	98.04%

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. Inventories

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

E. Cash and cash equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

F. Cash flow statement

Cash flows are reported using the indirect method, 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.

G. 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. Depreciation on addition to fixed assets is provided on a pro-rata basis from the date of addition.

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

H. Revenue recognition

Revenue and cost are generally accounted on accrual basis as they are earned/incurred, except in case significant uncertainties.

- ❖ Fees are recognised when reasonable right of recovery is established and the revenue can be reliably measured and on accrual basis. the performance of services is measured under the proportionate completion method which relates the revenue to the work accomplished.
- ❖ Profit/Loss from dealing in shares and securities are recognized on the day of settlement of transaction.
- ❖ Brokerage Income from dealing in Shares & Securities are recognised on the settlement date basis.
- ❖ Dividend is accounted when the right to receive payment is established.
- ❖ Interest and other income is accounted on accrual basis.
- ❖ Profit/loss on equity derivative transactions is 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 Statament 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.

I. 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 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.

J. 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.

K. Investments

The company is regulated as Non-Banking Finance Company (NBFC) by the RBI. Accordingly, investments are classified under two categories viz. Current and Long Term and are valued in accordance with the RBI Guidelines and Accounting Standard 13 on "Accounting for Investments".

Long-term investments (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.

L. 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 recognized in the period in which the employee renders the related service.

The present value of the obligation under employees gratuity fund scheme is determined based on actuarial valuation using the Projected Unit Credit Method. The obligation is measured at the present value of the estimated future cash flows. The discount rate used for determining the present value of the obligation is based on the market yield on government securities of a maturity period equivalent to the weighted average maturity profile of the related obligations at the balance sheet date.

M. 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.

N. 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.

O. 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 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. Provision and Contingencies

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes.

ACCOMPANYING NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2012

Particulars	(Figures in ₹)	
	March 31, 2012	March 31, 2011
2. SHARE CAPITAL:		
a) Details of authorised, issued and subscribed share capital		
Authorised -		
1,01,00,000 (PY ₹ 76,00,000) Equity Shares of ₹ 10/- each	10,10,00,000	7,60,00,000
Issued		
75,04,800 (PY ₹ 75,04,800) Equity Shares of ₹ 10/- each	7,50,48,000	7,50,48,000
Subscribed and Paid-up		
75,04,800 (PY ₹ 75,04,800) Equity Shares of ₹ 10/- each fully paid up	7,50,48,000	7,50,48,000
Total	7,50,48,000	7,50,48,000
<i>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.</i>		
b) Reconciliation of number of shares outstanding at the beginning and at the end of the reporting period		
No. of shares at the beginning of the year	75,04,800	65,04,800
Fresh Issue	-	10,00,000
No. of shares at the end of the year	75,04,800	75,04,800
c) Shareholders holding more than 5% of equity shares as at the end of the year		
Name of the Shareholder	Relationship	
Vinita Sunil Patodia	Promoter	
	March 31, 2012	March 31, 2011
	10,28,927	10,28,927
	13.71%	13.71%
3. RESERVES AND SURPLUS:		
a. Capital Reserve		
Opening Balance	8,69,500	8,69,500
Add : additions during the year	-	-
Closing Balance	8,69,500	8,69,500
b. Securities Premium Reserve		
Opening Balance	19,88,41,110	4,72,41,110
Add : received on shares issued during the year	-	15,16,00,000
Less : on disposal of Subsidiary	(3,35,23,810)	-
Closing Balance	16,53,17,300	19,88,41,110
c. Statutory Reserve		
Opening Balance	1,21,00,000	54,00,000
Add : transferred from surplus in Statement of Profit and Loss Account	20,00,000	67,00,000
Closing Balance	1,41,00,000	1,21,00,000
d. General Reserve		
Opening Balance	-	-
Add : transferred from surplus in Statement of Profit and Loss Account	5,55,000	-
Closing Balance	5,55,000	-
e. Surplus / (Deficit) in Statement of Profit and Loss		
Opening Balance	2,97,00,836	1,48,49,031
Add : profit for the year	3,65,88,649	3,02,74,071
Less : transferred to statutory reserves	(20,00,000)	(67,00,000)
Less : transferred to general reserve	(5,55,000)	-
Less : proposed dividend	(75,04,800)	(75,04,800)
Less : dividend distribution tax on proposed dividend	(12,28,854)	(12,17,466)
Add : Reversal of accumulated loss on disposal of subsidiary	3,57,707	-
Closing Balance	5,53,58,538	2,97,00,836
Grand Total	23,62,00,338	24,15,11,446

ACCOMPANYING NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2012

(Figures in ₹)

Particulars	March 31, 2012	March 31, 2011
4. LONG-TERM BORROWINGS		
Secured Loans		
Term Loan from bank*	15,79,91,379	17,99,91,379
Less : current portion of long term borrowings	2,40,00,000	2,20,00,000
Total	13,39,91,379	15,79,91,379
*The loan was taken from State Bank of India and is secured by way of first charge on Land and Building. The loan is repayable in monthly principal installments and interest, ending in April 2017.		
5. DEFERRED TAX LIABILITIES (NET)		
The major components of deferred tax liabilities/assets (net) as recognized in the financial statements is as follows:		
Deferred Tax Liabilities		
On difference between book balance and tax balance of fixed assets	1,65,86,486	1,22,70,726
	1,65,86,486	1,22,70,726
Deferred Tax Assets		
Provision for gratuity	1,39,602	-
	1,39,602	-
Net	1,64,46,884	1,22,70,726
6. LONG-TERM PROVISIONS		
Provision for employee benefits		
Gratuity	4,52,141	-
Total	4,52,141	-
7. SHORT-TERM BORROWINGS		
Unsecured Loans		
Bank Overdraft Account*	1,26,54,148	-
Loans & Advances From Related Parties**	21,43,811	17,10,000
Other loans & Advances***	1,59,00,000	-
Grand Total	3,06,97,959	17,10,000
*The bank overdraft account is secured against fixed deposits provided by the directors, promoters and their relatives.		
**The loans taken from related parties are interest free and repayable on demand. Refer to Note No.29(J) "Related Party Disclosure".		
***The loan is taken for the purpose of business, interest free and repayable on demand.		
8. TRADE PAYABLES		
Dues to Micro, Small and Medium Enterprises*	-	-
Other than Micro, Small and Medium Enterprises	3,25,04,004	3,41,39,126
Total	3,25,04,004	3,41,39,126
*There are no parties who have been identified as micro, small and medium enterprises based on the confirmations circulated and responses received by the management.		

ACCOMPANYING NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2012

(Figures in ₹)

Particulars	March 31, 2012	March 31, 2011
9. OTHER CURRENT LIABILITIES		
Current portion of long term borrowings	2,40,00,000	2,20,00,000
Interest accrued but not due on borrowings	8,31,628	20,04,642
Employee benefits payable	3,74,596	1,35,419
Unclaimed dividend	65,715	65,715
Payable for expenses	20,44,502	21,390
Advance received from trade receivables	35,99,984	5,00,000
Other liabilities & Statutory Dues	1,40,98,640	4,81,79,891
Total	4,50,15,065	7,29,07,057
10. SHORT-TERM PROVISIONS		
Provision for taxation (net of taxes paid)	53,06,120	21,41,606
Proposed dividend	75,04,800	75,04,800
Tax on proposed dividend	12,28,854	12,17,466
Total	1,40,39,774	1,08,63,872
12. NON-CURRENT INVESTMENTS		
(a)		
Other Investments In Equity Shares fully paid up		
Quoted		
Associate Company:		
52,57,850 (PY ₹ 15,57,850) shares of ₹ 10/- each of Choice Infra Ventures Ltd.	9,58,36,985	70,36,985
Others		
5,00,000 (PY NIL) shares of ₹ 10/- each of The Byke Hospitality Ltd.	5,00,96,906	-
980 (PY ₹ 980) shares of ₹ 10/- each of GSL Securities Ltd.	5,740	5,740
5 (PY ₹ 5) shares of ₹ 10/- each of Seasa Goa Ltd.	1,853	1,853
62,516 (PY ₹ 62,516) shares of ₹ 10/- each of Lawreshwar Polymers Ltd.	5,43,916	5,43,916
1,19,000 (PY NIL shares) shares of ₹ 10/- each of Upsurge Investment & Finance Ltd.	48,58,140	-
5,33,332 (PY ₹ 5,33,332) shares of ₹ 10/- each of Shekhavati Poly-yarn Ltd.	1,59,99,960	1,59,99,960
	16,73,43,500	2,35,88,454
Less : Provision for diminution in the value of Investments	-	-
Total	16,73,43,500	2,35,88,454
(b) Details of quoted / unquoted investments		
Aggregate Book value of:		
Quoted fully paid up / partly paid up	16,73,43,500	2,35,88,454
(Market Value)	(21,54,06,348)	(4,94,59,556)

ACCOMPANYING NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2012

11. FIXED ASSETS

(Figures in ₹)

Description	Gross Block		Depreciation		Net Block	
	As at April 1, 2011	Additions	Deductions / Adjustments	As at March 31, 2012	As at March 31, 2012	As at March 31, 2011
(i) Tangible Assets - Owned						
Land	2,79,77,910	-	-	-	2,79,77,910	2,79,77,910
Buildings	20,27,53,360	1,20,23,464	-	54,84,648	20,92,92,176	20,06,68,906
Plant and Machinery	84,600			6,144	78,456	82,475
Furnitures and Fixtures	14,10,946	1,36,74,609	93,500	9,36,061	1,40,55,994	8,85,265
Vehicles	16,67,380	-	-	2,48,345	14,19,035	15,77,437
Office Equipments	11,35,386	67,96,339	-	5,42,586	73,89,139	7,79,399
Computer	1,28,85,796	43,55,526	2,30,250	58,41,826	1,11,69,246	89,06,827
Total	24,79,15,378	3,68,49,938	3,23,750	1,30,59,610	27,13,81,956	24,08,78,219
(ii) Intangible Assets - Owned						
Goodwill on consolidation	36,13,415	-	-	-	36,13,415	36,13,415
Computer Softwares	2,75,51,389	3,32,859	-	95,50,231	1,83,34,017	2,24,95,535
Total	3,11,64,804	3,32,859	-	95,50,231	2,19,47,432	2,61,08,950
Grand Total	27,90,80,182	3,71,82,797	3,23,750	2,26,09,841	29,33,29,388	26,69,87,169
Previous Year	3,02,72,115	24,88,08,067	-	1,20,93,013	26,69,87,169	2,61,50,538
(iii) Capital Work-In-Progress						
(excluding Capital Advances)					-	2,83,79,263

ACCOMPANYING NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2012

(Figures in ₹)

Particulars	March 31, 2012	March 31, 2011
13. LONG-TERM LOANS AND ADVANCES		
a. Capital advances		
Unsecured, considered good	-	3,05,00,000
b. Security deposits		
Unsecured, considered good	2,21,28,736	2,26,33,000
c. Loans and advances to employees		
Unsecured, considered good	9,00,000	-
d. Prepaid expenses		
Unsecured, considered good	18,200	-
e. MAT credit entitlement		
Unsecured, considered good	49,61,860	28,71,196
f. Fixed deposit with co-operative credit society		
Unsecured, considered good	60,00,000	37,00,000
g. Loan to business parties		
Unsecured, considered good	10,00,000	3,70,00,000
Total	3,50,08,796	9,67,04,196
14. OTHER NON-CURRENT ASSETS		
Interest accrued on deposits	7,23,244	1,57,287
Total	7,23,244	1,57,287
15. INVENTORIES		
Stock-in-trade		
Shares and securities*	1,62,72,619	2,42,78,646
Total	1,62,72,619	2,42,78,646
*Market Value - R 1,65,05,958 (PY 2,42,78,646)		
16. TRADE RECEIVABLES		
Trade receivables outstanding for a period exceeding six months		
Unsecured, considered good	14,02,681	3,41,90,624
Others		
Unsecured, considered good	5,77,69,684	9,24,18,241
Total	5,91,72,365	12,66,08,865

ACCOMPANYING NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2012

(Figures in ₹)

Particulars	March 31, 2012	March 31, 2011
17. CASH AND BANK BALANCES		
a. Cash & Cash Equivalents		
Cash on Hand	2,04,072	1,76,645
Bank Balances in:		
In current accounts	43,88,449	39,25,312
In Fixed Deposits with short term maturity	-	31,00,000
	<u>45,92,521</u>	<u>72,01,957</u>
b. Other Bank balances:		
Fixed deposits held against bank guarantee*	2,77,62,500	1,46,12,500
Earmarked balances:		
Unclaimed dividend accounts	66,195	66,195
	<u>2,78,28,695</u>	<u>1,46,78,695</u>
Grand Total	<u><u>3,24,21,216</u></u>	<u><u>2,18,80,652</u></u>
18. SHORT-TERM LOANS AND ADVANCES		
a. Security deposits		
Unsecured, considered good	65,14,000	5,64,000
b. Advances to related parties*		
Unsecured, considered good	-	27,243
c. Loans and advances to employees		
Unsecured, considered good	3,93,060	3,06,000
d. Prepaid expenses		
Unsecured, considered good	15,70,879	10,04,852
e. Balances with government authorities		
Unsecured, considered good		
Service Tax credit receivable	2,17,808	4,48,400
f. Other Advances		
Unsecured, considered good	1,27,75,000	4,66,58,108
Grand Total	<u><u>2,14,70,747</u></u>	<u><u>4,90,08,603</u></u>
*Refer to Note No.29(J) "Related Party Disclosure".		
19. OTHER CURRENT ASSETS		
Margin - Equity Stock / Index Futures	1,89,44,333	-
Less : Provision for loss	2,45,471	-
	<u>1,86,98,862</u>	-
Other receivables from related parties*	90,000	-
Others:		
Interest receivables	1,52,370	-
Interest accrued on deposits	52,209	1,55,019
	<u>2,04,579</u>	<u>1,55,019</u>
Total	<u><u>1,89,93,441</u></u>	<u><u>1,55,019</u></u>
*Refer to Note No.29(J) "Related Party Disclosure".		

ACCOMPANYING NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2012

(Figures in ₹)

Particulars	March 31, 2012	March 31, 2011
20. REVENUE FROM OPERATIONS		
Sale of shares and securities	21,85,87,513	31,48,62,803
Income from services rendered	25,56,45,910	15,74,54,413
Other Operating Revenues	40,26,311	-
Total	<u><u>47,82,59,734</u></u>	<u><u>47,23,17,216</u></u>
21. OTHER INCOME		
Interest Income	26,78,472	10,58,416
Dividend:		
From Others	-	29,950
Profit on sale of mutual fund	1,786	-
Net gain on foreign currency transaction and translation	59,445	-
Miscellaneous income	15,113	-
Total	<u><u>27,54,816</u></u>	<u><u>10,88,366</u></u>
22. OPERATING EXPENSES		
Equity Research charges	-	97,20,000
Service charges	5,88,10,965	1,15,42,500
Transaction charges	77,603	-
DP Charges	1,81,089	92,212
Lease Line Renewal Fees	3,85,590	1,45,326
Computer & Software Expenses	6,07,140	1,33,814
Membership and Subscription Charges	2,92,250	1,16,445
Remeshire Expenses	1,59,97,710	-
Processing Charges	58,747	-
Share trading and deriative expenses	17,975	-
Other Operating Expenses	12,27,235	-
Total	<u><u>7,76,56,304</u></u>	<u><u>2,17,50,297</u></u>
23. PURCHASES OF STOCK-IN-TRADE		
Purchases of Shares and Securities	16,49,92,689	32,47,95,752
Total	<u><u>16,49,92,689</u></u>	<u><u>32,47,95,752</u></u>
24. CHANGES IN INVENTORIES		
a. At the end of the period		
Shares and Securities	1,62,72,619	2,42,78,646
	<u>1,62,72,619</u>	<u>2,42,78,646</u>
b. At the beginning of the period		
Shares and Securities	2,42,78,646	43,49,394
	<u>2,42,78,646</u>	<u>43,49,394</u>
Net	<u><u>(80,06,027)</u></u>	<u><u>1,99,29,252</u></u>
25. EMPLOYEE BENEFIT EXPENSES		
Salaries, Incentives and Wages	12,01,57,906	4,68,16,545
Leave Salary	2,38,885	1,61,329
Staff Welfare Expenses	2,04,000	28,550
Gratuity	4,52,141	-
Total	<u><u>12,10,52,932</u></u>	<u><u>4,70,06,424</u></u>

ACCOMPANYING NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2012

(Figures in ₹)

Particulars	March 31, 2012	March 31, 2011
26. FINANCE COST		
Interest Expenses:		
Borrowings	2,57,13,216	1,03,62,120
Others	2,87,062	1,02,294
Bank guarantee charges	4,45,832	2,11,415
Total	2,64,46,110	1,06,75,829
27. OTHER EXPENSES		
Bank charges	54,037	42,934
Books and periodicals	1,41,423	3,65,078
Directors sitting fees	1,20,000	40,000
Sub-brokerage expenses	19,400	1,60,155
Electricity expenses	10,09,467	3,37,320
Office expenses	18,07,240	6,45,485
Rent including lease rentals	19,60,040	17,31,440
Repairs and maintenance- computer	4,99,953	20,10,048
Repairs and maintenance- Others	40,070	5,85,545
Insurance	1,04,333	95,746
Rates and taxes	9,16,716	18,500
Communication	9,74,818	7,99,228
Recruitment charges	-	18,500
Conference and meeting expenses	1,81,618	20,21,750
Business promotion expenses	1,14,773	4,01,240
Marketing and advertisement expenses	37,93,735	1,25,76,817
Donations and contributions	5,48,403	33,600
Legal and professional	43,71,373	37,55,836
Payment to Auditors:		
Audit fees	92,472	97,060
Tax audit fees	35,618	25,000
For other services	44,672	64,500
Printing and stationery	19,34,870	58,03,896
Travelling and conveyance	27,18,243	32,96,132
Total	2,14,83,273	3,49,25,810
28. EARNING PER EQUITY SHARE		
Profit/(Loss) attributable to Equity shareholders	3,65,88,649	3,02,74,071
Weighted average number of equity shares	75,04,800	65,23,978
Basic Earnings Per Share	4.88	4.64
Face value per Share	10	10
Profit after adjusting interest on potential equity shares	3,65,88,649	3,02,74,071
Weighted average number of equity share after considering potential equity shares	82,03,430	65,23,978
Dilutive Earnings per Share	4.46	4.64

ACCOMPANYING NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2012

NOTE 29 : OTHER NOTES FORMING PART OF THE ACCOUNTS

A. Monies received against Share Warrants

The Board of Directors of the Company at their meeting held on August 12, 2011 and as approved at its Annual General Meeting held on September 30, 2011 have resolved to create, offer, issue and allot up to 25,00,000 warrants, convertible into 25,00,000 equity shares of ₹10/- each on a preferential allotment basis, pursuant to Section 81(1A) of the Companies Act, 1956, at a conversion price of ₹ 81/- per equity share of the Company, arrived at in accordance with the SEBI Guidelines in this regard and subsequently these warrants were allotted on December 21, 2011 to the promoters and non-promoters, and the company has received the amount of ₹ 6,02,47,500 as application money which is more than the minimum limit prescribed as per SEBI guidelines. The warrants may be converted into equivalent number of shares on payment of the balance amount at any time on or before June 20, 2013. In the event the warrants are not converted into shares within the said period, the Company is eligible to forfeit the amounts received towards the warrants.

Particulars	March 31, 2012	March 31, 2011
B. Contingent Liabilities not provided for		
Corporate Guarantees by holding company to Axis bank for its subsidiaries:		
Choice Equity Broking Private Limited	30,000,000	30,000,000
Choice Merchandise Broking Private Limited	20,000,000	10,000,000
Bank Guarantees by subsidiaries to Axis bank:		
Bombay Stock Exchange Limited	13,375,000	11,875,000
National Securities Clearing Corporation Limited	16,800,000	11,300,000
MCX-SX	4,050,000	800,000
Total	84,225,000	63,975,000
C. 1. Value of Imports on CIF basis		
Capital Goods	1,894,839	1,280,246
Total	1,894,839	1,280,246
2. Earnings in Foreign Currency (on accrual basis)		
Business support service	3,219,372	-
Total	3,219,372	-
D. 1. Particulars of Traded Goods purchases		
Purchase of shares & securities	164,992,689	324,795,752
Total	164,992,689	324,795,752

2. Particulars of Sales and Inventory position

For the year ended March 31, 2012			
	Sales	Closing Inventory	Opening Inventory
Shares & Securities	218,587,513	16,272,619	24,278,646
	(314,862,803)	(24,278,646)	(4,349,394)
Total	218,587,513	16,272,619	24,278,646
	(314,862,803)	(24,278,646)	(4,349,394)

* Previous year figures are in brackets

3. Particulars of Services rendered

	March 31, 2012	March 31, 2011
Business support service	50,281,258	790,250
Shares and securities broking	32,058,925	992,058
Commodity and securities broking	5,785,588	-
Mutual fund, IPO and Bond Broking	1,330,282	64,582
Investment banking and consultancy	162,085,828	155,607,523
Leasing and support services	4,104,028	-
Total	255,645,910	157,454,413

E. 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.

F. 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.

G. Segment Information

The Company has identified Business segments as its primary segment. Business segments are primarily NBFC operations, Investment Banking services, Broking services and outsourcing. 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, 2012					Total (Segments)	Total (Segments)
	NBFC	Broking	Investment Banking	Outsourcing	Unallocated		
Segment Revenue							
External Sales/Income	222,691,541 (314,304,441)	43,994,562 (970,622)	162,085,828 (156,176,523)	52,710,161 (790,250)	- (472,241,836)	481,482,092	
Less: Inter-segment Sales/ Income	2,428,903 -	793,455 (10,638)	- -	- -	- (10,638)	3,222,358	
Total Revenue	220,262,638 (314,304,441)	43,201,107 (959,984)	162,085,828 (156,176,523)	52,710,161 (790,250)	- (472,231,198)	478,259,734	
Total revenue of each segment as a percentage of total revenue of all segments	46.06% (66.56%)	9.03% (0.20%)	33.89% (33.07%)	11.02% (0.17%)	0.00% 0.00%		
Segment Result: Profit / (Loss) before interest and taxes	47,502,086 (9,523,961)	16,261,907 (-16,18,241)	34,255,403 (134,463,191)	6,032,886 (9,736)	(110,693) -	103,941,588 (142,378,647)	103,941,588 (142,378,647)
Less: Interest expenses							25,713,216 (10,362,120)
Less: Unallocable expenses (net)							27,857,379 (85,976,204)
Add: Other income (net)							165,646 (168,963)
Profit before tax							50,536,638 (46,209,286)
Less: Tax expense							13,950,159 (16,202,471)
Net profit for the year							3,65,86,479 (30,006,815)

* Previous year figures are in brackets

H. Statutory Reserve

The management has created a Statutory Reserve of ₹20,00,000/- (PY ₹67,00,000/-) as per the provisions of Section 45-IC of Reserve Bank of India Act, 1934.

I. The Revised Schedule VI has become effective from 1 April, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

J. Related Party Disclosure

1. Details of Related Parties

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

2. Details of Related Party transactions during the year ended March 31, 2012

(Figures in ₹)

Particulars	Associates	KMP and Relatives of KMP	Individuals owning directly or indirectly interest in voting power that gives them control & their relatives	Enterprises over which (c) & (d) are able to exercise Significant Influence	Total
Salary and Perquisites	-	12,00,000	-	-	12,00,000
	-	(6,00,000)	-	-	(6,00,000)
Director's Sitting Fees	-	10,000	-	-	10,000
	-	-	-	-	(NIL)
Leasing and business support services	1,66,403	-	-	15,08,762	16,75,165
	-	-	-	-	(NIL)
Loan Taken	35,00,000	-	-	4,50,000	39,50,000
	-	(44,00,000)	-	(82,00,000)	(1,26,00,000)
Loan Given	-	-	-	90,000	90,000
	-	-	-	-	(NIL)
Balances outstanding at the end of the year					
Trade receivables	-	-	-	15,58,889	15,58,889
	-	-	-	-	(NIL)
Other receivables	-	-	-	90,000	90,000
	-	-	-	-	(NIL)
Borrowings	1,34,811	18,09,000	-	2,00,000	21,43,811
	-	(17,10,000)	-	-	(17,10,000)

* 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

Membership No. : 038484

Mumbai, August 14, 2012

For and on behalf of Board of Directors

sd/-

Kamal Poddar
 Managing Director

sd/-

Ajay Kejriwal
 Director

sd/-

Mahavir Toshniwal
 Company Secretary

notice

Notice is hereby given that the Nineteenth Annual General Meeting of the members of the Company will be held on Friday, September 28, 2012 at 11.00 a.m at the registered office of the Company Shree Shakambhari Corporate Park, Plot no. 156-158, Chakravarti Ashok Society, J. B. Nagar, Andheri (East), Mumbai-400 099 to transact the following businesses:

Ordinary Business:

1. To Consider and adopt the audited Balance Sheet as at March 31, 2012, the Profit and Loss Account for the year ended on that date and the reports of the Board of 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 2011-12.
3. To appoint a Director in place of CA. Ajay Kejriwal who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of CA. Manak Chand Daga who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration and in this regard 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 Section 224 and other applicable provisions, if any, of the Companies Act, 1956, M/s. Gupta Shyam & Co., Chartered Accountants, who retire but, being eligible, offer themselves for re-appointment, be and is hereby appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting to the conclusion of the next Annual General Meeting at such remuneration, plus service tax as applicable and reimbursement of out-of-pocket expenses in connection with the audit as the Board of Directors may fix in this behalf.”

For and on behalf of the Board of Directors

Sd/-

Mahavir Toshniwal

Company Secretary & Compliance officer

Mumbai, August 14, 2012

Registered Office:

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

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/HERSELF AND PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING A PROXY MUST BE DEPOSITED, DULY COMPLETED AND SIGNED, WITH THE COMPANY AT ITS REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
- 2. Corporate Members intending to send their authorized representatives 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.
- 3. The Transfer Register and the Register of Members shall remain closed from September 25, 2012 to September 28, 2012 (both days inclusive)
- 4. Members are requested to intimate changes, if any, immediately to the Company's Registrar and Transfer Agents, Sharex Dynamic (India) Pvt. Ltd, in their registered address, in case of shares held in physical form and to the respective Depository Participants in case of shares held in electronic mode.
- 5. All documents referred to in the notice are open for inspection at the registered office of the companies during office hours.
- 6. As a measure to save the cost, copies, of the annual report will not be distributed at the Annual General Meeting. Members are therefore requested to bring their copies of the annual report to the meeting.
- 7. Members desirous of obtaining any information concerning the accounts and operations of the company are requested to send their queries at least seven days before the date of the Meeting of the company so that the information required may be made available at the meeting
- 8. Members/ Proxies are requested to bring the Attendance Slip sent herewith duly filled alongwith their identity proof for attending the Meeting.
- 9. Pursuant to clause 49 of the Listing Agreement, the particulars of Directors seeking appointment/ re-appointment at the meeting are annexed.
- 10. Members may note that the Company' website is www.choiceindia.com.
- 11. The Board of Directors requests the shareholders to kindly register their email id with the Company/ Registrar and Share Transfer Agent to implement the "Go Green Initiative" started by the Ministry of Corporate Affairs and to enable us to send the communications/ informations/ Annual Reports to the shareholders thus making the process much faster.

As per the requirement of Clause 49 of the listing agreement on Corporate Governance for seeking appointment of the Directors/ re-appointment of the retiring Directors of the forthcoming Annual General Meeting of the Company, a statement containing details of the concerned Directors is given below:

	CA. Ajay Kejriwal	CA. Manak Chand Daga
Date of Birth	February 11, 2012	May 25, 1970
Expertise in specific Functional Area	Finance and Taxation	Broking and Finance
Qualification	Chartered Accountant	Chartered Accountant
Details of shares held in the Company	2000	NIL
Directorship in Public Limited Company	NIL	NIL
Chairmanship/ Membership of the Committees* of other Public Limited Companies in which he is director as on March 31, 2012.	NIL	NIL

* The Committees include the Audit Committee and Shareholders'/ Investors Grievance Committee and Remuneration Committee.

For and on behalf of the Board of Directors

Sd/-

Mahavir Toshniwal

Company Secretary & Compliance officer

Mumbai, August 14, 2012

Registered Office:

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



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

ATTENDANCE SLIP

(Please complete this Attendance slip and hand it over at the entrance of the Meeting Hall)

Regd. Folio No. _____

DP ID* _____

No. of Shares Held : _____

Client ID* _____

Name and Address of the Shareholder_____

I hereby record my presence at the 19TH ANNUAL GENERAL MEETING of the Company held on Friday, September 28, 2012 at 11.00 a.m. at registered office of the company at Shree Shakambhari Corporate Park, Plot No. 156-158, Chakravarti Ashok Society, J.B. Nagar, Andheri (East), Mumbai- 400 099

Signature of Shareholder/ Proxy

* Applicable for investors holding shares in electronic form



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

PROXY FORM

Regd. Folio No. _____

DP ID* _____

No. of Shares Held : _____

Client ID* _____

I/We _____ of _____ being a member(s) of Choice International Limited hereby appoint _____ of _____ or failing him/her _____ of _____ as my/our proxy to vote for me/us and on my/our behalf at the 19TH ANNUAL GENERAL MEETING of the Company to be held on Friday, September 28, 2012 11.00 a.m. at registered office of the company at Shree Shakambhari Corporate Park, Plot No. 156-158, Chakravarti Ashok Society, J.B. Nagar, Andheri (East), Mumbai- 400 099 or / and any adjournment thereof.

Signed this _____ day of _____ 2012.

Signature_____

* Applicable for investors holding shares in electronic form

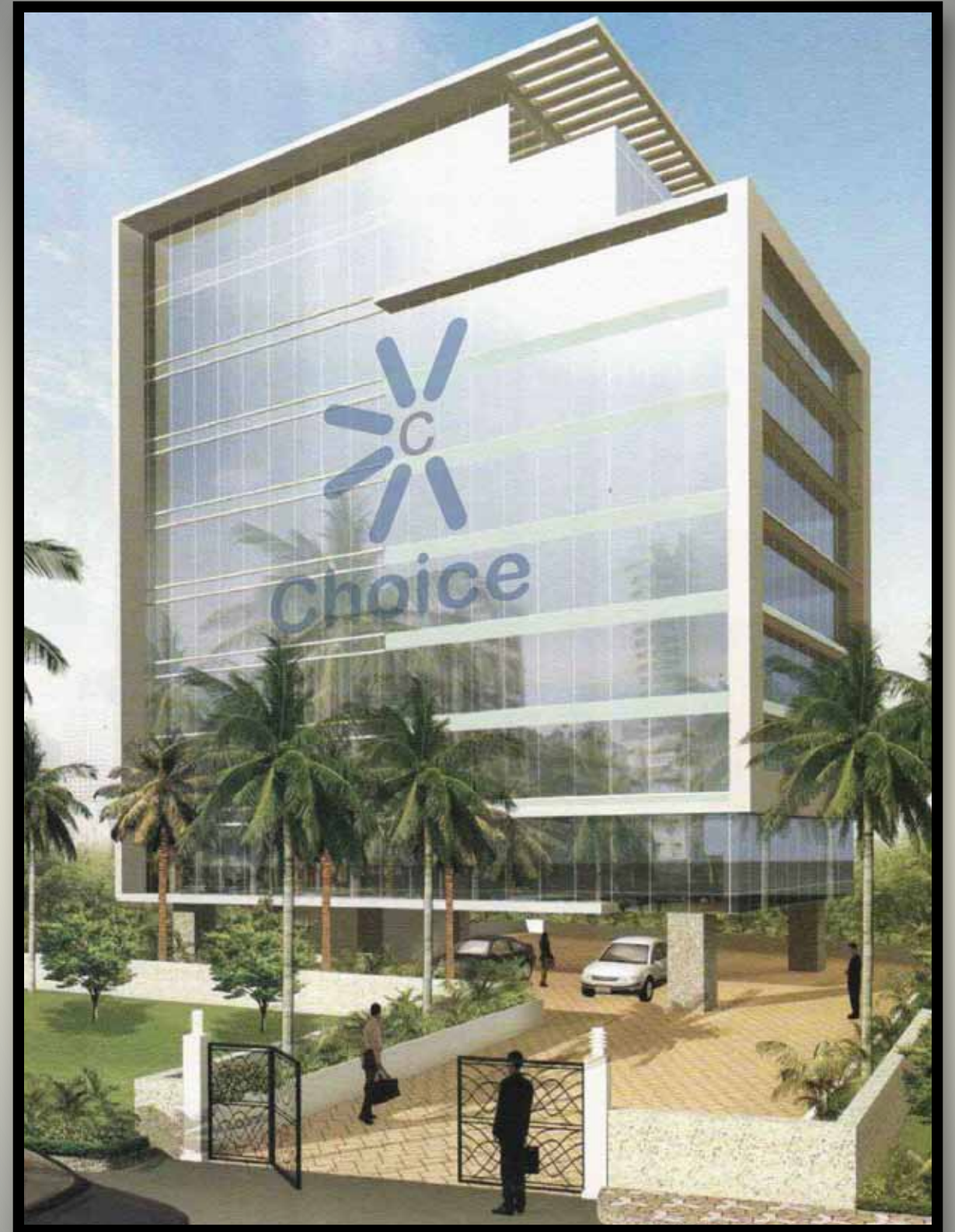
Affix ₹ /-
Revenue
Stamp

NOTE:

The proxy form must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding of the meeting. The Proxy need not be a member of the Company.

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SHREE SHAKAMBHARI CORPORATE PARK



HEAD OFFICE

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



Shree Shakambhari Corpoarte Park, Plot 156-158, Chakravarti Ashok Society,
J. B. Nagar, Andheri (East), Mumbai - 400099. Tel: 022-6707 9999 Telefax: 022-6707 9959 www.choiceindia.com

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